



your pension our world

London Pensions Fund Authority

Supporting our employers,  
members and communities

Pension Fund Annual Report  
2024-25



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# Executive Summary

## About us

The LPFA is a single purpose Administering Authority with a sole purpose of delivering a well-run pension fund to benefit our members and employers. We are not part of the wider operations of a local authority but are instead governed by an independent Board primarily consisting of pension and investment specialists overseen by local government representatives.

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.\* Our key purpose is to ensure our members receive the pensions to which they are entitled, and we are committed to investing responsibly, providing a well-run, collaborative 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 (LPPI) and Local Pensions Partnership Administration (LPPA).

We did this as part of the Government's reforms to create investment 'pools' from the 86 LGPS Funds in England and Wales to help reduce costs and improve investment performance. At the time of writing, LPPI is one of eight national LGPS investment pools and is jointly owned by us and LCC. LPPI also manages around £26.5 billion of pensions assets for investors using eight investment pooling vehicles.

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

\* As at 31 March 2025, LPPA provides pensions administration services to more than 706,000 LGPS, Police and Firefighters' pension scheme members for around 1,485 employers.

## Executive Summary continued

### Chair's statement



**“We remain supportive of Government plans for the LGPS, and we continue to work closely with our pool, LPPI, and our partner Funds, Lancashire and Berkshire, to help shape the future of our sector.”**

Welcome to the LPFA's Annual Report for the year to 31 March 2025.

The LPFA, the LGPS and the UK pensions industry are undergoing a period of great change. I am pleased to say that throughout it all, our members' pensions are safe and secure, and our Fund remains both well administered and effectively governed.

### Investment highlights

The Fund's investments remain well diversified across regions, asset classes and sectors and our commitment to being a responsible investor remains unchanged. Our investment performance is detailed below. As long-term investors, the Board remains comfortable that our return is commensurate with our long-term goal to provide members' benefits and the level of risk that we are prepared to take as a Fund. Further details of our performance are shown on page 70 onwards in the Investments & funding section of this report.

Return metric	One year (%)	Three year (% p.a.)	Five year (% p.a.)
Total Return	3.1	4.4	8.5
Return Objective	6.0	8.8	8.5
Policy Portfolio Benchmark	5.2	6.0	10.3

### Adapting to change

Over the period, we engaged with Government and provided our responses to their consultations as plans for the development of pooling and the consolidation of the LGPS took shape. We remain supportive of Government plans for the LGPS, and we continue to work closely with our pool, LPPI, and our partner Funds, Lancashire and Berkshire, to help shape the future of our sector. While we are sympathetic to the Government's need to stimulate the economy and the focus on local investments, it is important that the changes also deliver maximum benefit for all LGPS members.

Against this fluid backdrop, our then CEO, Robert Branagh, retired in August after more than six years leading the organisation.

The Board and I would like to extend our thanks to him for his commitment and leadership of the LPFA.

In his absence, the day-to-day operations were ably managed by our Senior Leadership Team as we recruited a new leader. Jo Donnelly joined the LPFA in April 2025 and we are delighted to have someone with such in-depth knowledge now leading our organisation.



## Understanding our impact

In line with Government intentions to stimulate local investments in the UK, we continued our efforts to understand the impact that the Fund has on communities around the country. Following the publication of our 'Investing in the UK' report in March 2024, we launched an interactive map in October allowing our members and other stakeholders to see how the LPFA is investing in communities across the UK. It has been an effective member engagement tool.

## Investing in a sustainable future

We have also made progress in ensuring greater accountability on our net zero journey with the appointment of a vote monitoring provider. We now have much greater comfort that voting by our asset managers on climate-related matters is aligned with our policies and objectives. I am proud of the headway that we have made and encourage you to visit our website where we share our progress.

## 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 £121 million in fee savings since pooling. Our administrator, LPPA, continues to improve their service, meeting their Service Level Agreements and seeing customer satisfaction improving and call waiting times down. Clearly, there is always more that can be done and LPPA is committed to improving service even further.

I would like to extend my thanks to 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 them thrive. I would also like to thank our LCC colleagues for their continued support and partnership.

## Ensuring a well-run fund

Governance is paramount in ensuring that we remain a well-run Fund and that our members' pensions are protected. Over the period, we have further enhanced our approach to Governance through an investment in Protecht, a software as a service (SaaS) provider that helps organisations like the LPFA manage risk and regulatory compliance through a centralised platform.

We noted feedback from our internal auditors identifying improvements required in some areas and I'm pleased to see that improvements are now in place. More information can be found in our [Annual Governance Statement](#) on our website.

I am proud of the progress that we have made over the last few years, and I thank you for your continued support.

John Preston | LPFA Chair

## Executive Summary continued

### CEO's statement



**"I look forward to working with my colleagues across the LGPS as we work to improve life in retirement for our members."**

It's been a pleasure and a privilege to have joined the LPFA in April 2025 as Chief Executive Officer. While I joined the LPFA outside of the reporting period of this Annual Report, I did want to take this opportunity to reflect on the LGPS, some specific areas of focus for me and how we are responding to change.

It is true that the last decade or so in public sector pensions, and especially in the LGPS, has brought almost constant change, with increasingly complex scheme regulations and growing Government interest in how the LGPS is run.

#### **A well-run public sector scheme**

One thing that has not changed is the external view of the LGPS. It is viewed as a well-run scheme, unique amongst the large public sector schemes as the only scheme with investments, rather than being funded on a "pay as you go" basis. Having worked within the LGPS since the beginning of 2021 (and before that in central government on broader public sector pensions policy), I am very familiar with the sector and know how hard those in the sector work for our members and employers.

Like other Funds, the LPFA has played its part as our sector has evolved. Working with LCC, we created LPP (made up of the investment pool LPPI and third-party administration provider LPPA). As we outline on page 10, our pooling model continues to deliver significant fee savings. We've also adapted and brought some previously outsourced services in-house to drive service improvements. Change is constant of course, and we will continue to adjust our model to prepare for the changes ahead.

The LGPS, as a public sector pension scheme, is undoubtedly one of the best pension schemes to be a member of in the United Kingdom. It offers a secure, index-linked pension in retirement, as well as important benefits to family members should a scheme member sadly die. LGPS members – including those working for our 116 employers – are undertaking some of the most important, and sometimes lowest paid, jobs in our communities. The ethos of public service, which is central to the daily working lives of so many of our members and their employers, runs through our work at the LPFA, and is something that I will continue to champion in my role.

#### **Tackling the gender pensions gap**

We will also do what we can to tackle the gender pensions gap.

Many of our members are women working part-time and many are affected by the financial impact of caring responsibilities. A woman taking time out of the workforce to look after children or elderly relatives will mostly miss out on pension savings for that period. This lower savings rate is complicated by women living longer than men. This is the gender pensions gap, and the result is that many women have a more financially difficult retirement. While the gender pay gap has been reported on by



companies for a number of years, the gender pensions gap has not received the same attention. Fortunately, this is changing. Evidence published by the [Scheme Advisory Board](#) (SAB), amongst others, is worth reading.

In terms of improving or narrowing the gap, there are a limited number of things that can be done. Societal norms and biological factors mean that women are – still – largely the ones taking breaks during their careers to care for others. That said, we will do what we can. We, along with other LGPS funds, will be reporting on the gender pensions gap. We will also work with our employers, for example, to ensure they have the information and tools they need to educate their employees, our members, about the impact of their career decisions on their pension.

I am pleased to see Government taking practical action on this issue. Making changes to the LGPS scheme rules to improve fairness and make it easier for those taking career breaks to fill some of the gaps in their pension service are excellent steps forward.

### **The evolution of pooling**

We are also pleased to see pooling evolve.

The Government's recent consultation on the future of investment pooling in the LGPS, "Fit for the Future" has naturally led to a focus on their proposals and, alongside our investment pool LPPI, we have been responding to Government on their proposals. As the creation of GLIL and the London Fund shows, we have a long history of collaboration and are keen to work with others in the LGPS and the wider pensions sector, to share best practice and learn from one another. We will continue to encourage our officers to seek involvement in sector-wide, as well as project-specific, groups convened by the [Scheme Advisory Board](#) and other stakeholders.

The Government has clearly set out its desire for UK pension schemes, including the LGPS, to invest more in the UK. Our primary duty as a pension fund is, of course, to act in accordance with our fiduciary duty and to protect the financial interests of our beneficiaries. We can already demonstrate a sector-leading level of investment in UK assets and infrastructure. Our fiduciary duty will continue to guide and inform our decisions around strategic and tactical asset allocation, of course, and we will continue to work with our investment pool LPPI, and our pooling partners, to find the most beneficial, appropriate, investment opportunities.

The Government's 'Fit for the Future' consultation also contained proposals to strengthen governance in the LGPS, which are welcome and which we support. Strong and transparent governance is key to our Fund and is something the LGPS community takes seriously. Government changes are aimed at ensuring that members and employers receive the best outcomes, which includes harnessing the benefits of scale when it comes to investments – both in terms of professionalisation and returns, but also lower costs. Ensuring strong investment returns helps to keep employer contribution rates stable. With a primary contribution rate of around 15%, the LPFA has historically had one of the lowest employer contribution rates across the LGPS.

### **A single purpose administering authority**

Many of the other proposed governance changes won't affect the LPFA. Our structure and constitution are different to most other LGPS Funds, and we are not part of, or linked to, a council. I look forward to working with my colleagues across the LGPS as we work to improve life in retirement for our members.

**Jo Donnelly** | LPFA CEO

## Executive Summary continued

# Our strategic aims:

Our strategic aims are set out in our [Strategic Policy Statement \(SPS\)](#). While the LGPS evolves and consolidates, our central mission stays the same:

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

In our SPS, we outline the three pillars that underpin this objective. These are listed below with a brief accompanying narrative.



Governing well



Building resilience and capacity



Preparing for change

## Governing well

### Strategic management of LPP

Alongside LCC, our LPFA colleagues and Board members continue to provide effective governance and oversight of LPPI and LPPA.

### Working with LPPI

#### Fund growth

- Our net assets have increased from £8.03 billion to £8.08 billion.

#### Investment performance

- Our investment return was 3.1% over the period.

#### Savings from pooling

- Since pooling began, we have made £121 million in fee savings as a Fund. Fee savings this year totalled £19 million.

### Working with LPPA

#### The performance of our administrator

- LPPA's performance improved over this period with SLA performance of 98.3% against the 95% target.
- The average wait time for calls to LPPA's Contact Centre was 2 minutes 44 seconds, well within the four minute target.
- There is work to do to improve overall rates of member satisfaction, particularly around processes like the retirement areas.



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## Member complaints

- Complaints over the year have dropped by over a third in the last reporting period.

## Member contact statistics

- Registrations to our online member portal, PensionPoint, have increased over the period from 32,132 to 37,442.

## Costs

- Cost-per-member has increased in 2024-25 to £74 up from £66. This comprises £31 for administration provided by LPPA and £43 for oversight and governance. Further details on costs are provided on page 93 of this Report.

# Building resilience and capacity

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## Developing a high performing culture

Our staff work across four directorates: Finance, People & Corporate Services, Employer Management Services and Compliance, Pensions & Risk.

Formal objective setting, performance reviews and regular training are in place to ensure that all our staff are equipped to deliver on our mission, and staff turnover is low.

We have a committed team which continues to run our operations well and provides solid oversight of our own daily operations as well as those of LPPI and LPPA.

## Preparing for change

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We support Government aspirations for improvements in the management and governance of LGPS funds, as well as larger investment pools. Over the last few years, we've successfully and cost-effectively, brought previously outsourced functions in-house.

The savings that we have made since pooling – over £121 million – show that our model works and it is encouraging to see that the Government's direction on pooling is broadly in line with our approach.

We know, of course, that governance and accountability are as important as cost savings.

As a single purpose Administering Authority (i.e. that is, not part of the wider operations of a local authority), we have one purpose: to deliver a well-run pension fund to benefit our members and employers. We are well governed by an independent Board, primarily consisting of pension and investment specialists, overseen by local government representatives.

There are legislative and regulatory changes pending too. The implications of the McCloud ruling are far-reaching and are challenging for administrators and employers alike. Preparation is also needed for the launch of the Pensions Dashboard, Task force on Climate-related Financial Disclosures (TCFD) reporting and Stewardship Reporting.



## Executive Summary **continued**

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# Our mission:

We want to provide a high-quality 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 societal 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 member 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.

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# 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



# 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 it
6. Managing risk and performance through robust internal controls and strong public financial management
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability

This Annual Report follows the structure, and includes the content required by the 2024 DLUHC/SAB/CIPFA "Preparing the Pension Fund Annual Report" Guidance.

# Milestones for the year:

- August 2024 – Retirement of LPFA CEO Robert Branagh
- September 2024 – Appointment of Minerva as vote monitoring provider
- October 2024 – Launch of interactive 'Investing in the UK' map
- December 2024 – Jo Donnelly appointed LPFA CEO with effect from 1 April 2025
- December 2025 – LPFA holds largest ever Fund Member Forum
- February 2025 – Launch of the LPFA's 2025 Fund Member Survey
- February 2025 – The LPFA supports Asset Owner Statement on Climate Stewardship
- March 2025 – Jo Donnelly appointed to PLSA Policy Board



## Executive Summary continued

### Key facts and highlights of 2024-25 as at 31 March 2025

Number of members in our Fund:

100,652

Number of employers in our Fund:

116

Primary employer contribution rate:

15.2%\*

Value of the Fund:

£8.08bn

Asset management fee savings for the year (LPFA only):

£19m

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

£121m

\* Accurate as at date of 2022 valuation. Latest valuation figures will be available in 2026.



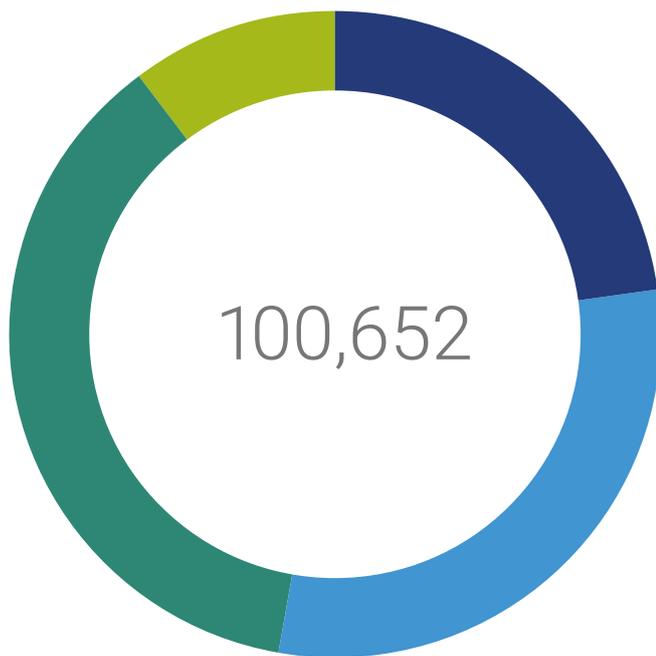
### Member numbers

2020-21	91,675
2021-22	94,638
2022-23	96,796
2023-24	99,585
2024-25	100,652

### Balance sheet value

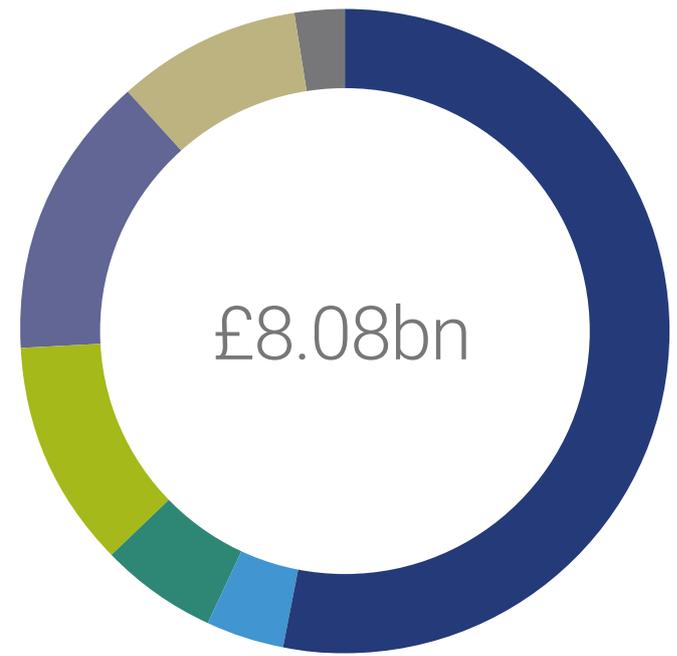
2020-21	£6.9bn
2021-22	£7.6bn
2022-23	£7.7bn
2023-24	£8.0bn
2024-25	£8.08bn

### Membership breakdown



- 22,958 Active contributors
- 30,437 Deferred beneficiaries
- 36,919 Pensioners and dependants
- 10,338 Undecided leavers and frozen refunds

### Asset allocation (%)

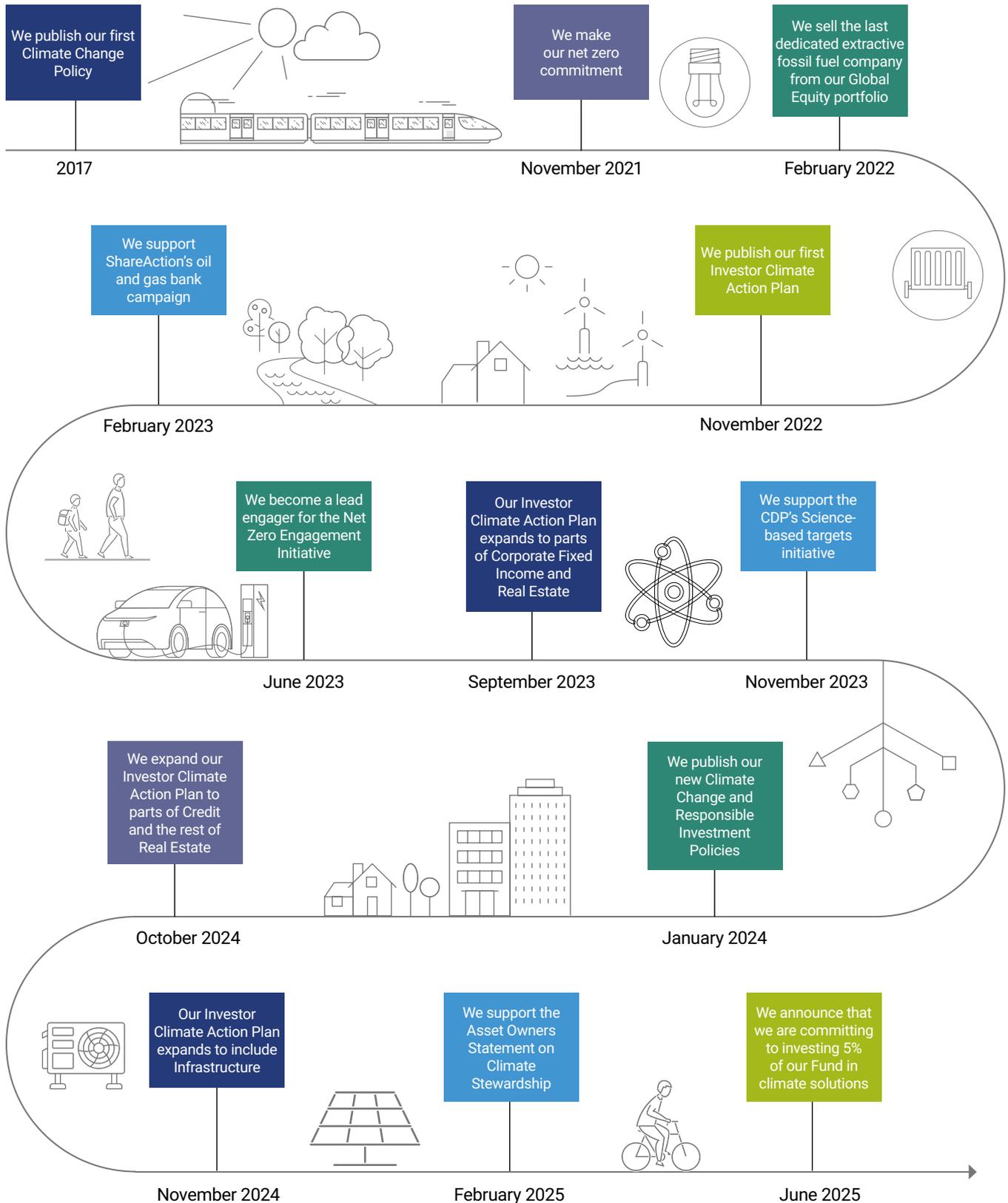


- 53.3 Public Equity
- 3.8 Fixed Income
- 5.7 Private Equity
- 11.4 Infrastructure
- 14.4 Credit
- 9.1 Real Estate
- 2.3 Cash



# Executive Summary continued

## Our main milestones – Our climate risk and net zero timeline



### 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 to read our reports on our progress, please visit our [website](#).



# Overall Fund management

“We recognise that effective and meaningful risk management involves taking a balanced view of risk and opportunity.”





# Overall Fund management

## Scheme management and advisors

The Administering Authority (AA) of the LPFA Pension Fund (the Fund) is the London Pensions Fund Authority (LPFA).

### Senior officers

Joanne Donnelly: CEO (from 1 April 2025)

Lana Watson: Funding and Investment Director

Anastasia Klimenko: Chief of Staff

Mark Anderson: Director of Compliance and Risk

Christina Thompson: S151 Officer

### Asset Pool and Asset Pool operator

Local Pensions Partnership (LPP)

First Floor, 1 Finsbury Avenue

London EC2M 2PF

T: 020 7369 6000

E: [info@localpensionspartnership.org.uk](mailto:info@localpensionspartnership.org.uk)

### Scheme advisors

#### Operational

EVERSHEDS  
SUTHERLAND

Legal Advisor  
020 7919 4500



Risk and Compliance Platform  
020 3978 1360



Internal Auditor  
020 7583 5000



Bankers  
0345 300 0000



External Auditors  
020 7951 2000



Custodian  
020 7964 6161



Actuarial consultants  
0333 111 1222



Administrators  
0300 323 0260



AVC provider  
0345 600 0343



Fund Actuary  
0333 111 1222

#### Investments

GREATER  
LONDON  
AUTHORITY

Treasury  
020 7983 4000

Tangency/Capital

Investment managers\*  
0800 111 6768



Delegated investment manager  
020 7369 6000

IMPAX Asset Management

Investment managers\*  
020 3912 3000



Investment managers\*  
+1 441 405 4800

THE  
LONDON  
FUND

Investment managers\*  
020 7369 6000



Investment managers\*  
01753 852 222

REDINGTON

Investment consultants  
020 7250 3331

BlackRock

Investment managers\*  
020 7743 3000

\* Note: As the LPFA's delegated investment managers, LPP manage all investment managers listed above.



## Risk management

### Introduction

Risk management is an integral part of good governance and corporate management. We understand that we cannot avoid all risks and be successful. We recognise that effective and meaningful risk management involves taking a balanced view of risk and opportunity to ensure that we deliver on our aims for our Fund members and employers. Much of our focus has been ensuring that we use automation to efficiently manage the differing requirements from The Pensions Regulator (TPR), the SAB, the Financial Conduct Authority and the Ministry of Housing, Communities and Local Government.

### At a glance

A notable achievement over the period was the introduction of Protecht – an Enterprise Risk Management and Compliance advisory service. Through our use of this software, we are using technology to strengthen our risk culture and approach to compliance monitoring. It underlines our commitment to continuous improvement in the way that we govern and manage our Fund and our third-party service providers. It illustrates how we are evolving our offering to reflect the direction of travel set out by TPR and good practice for the sector.

Our Protecht platform maps out core obligations from the Pensions Regulator's General Code and this provides our management team with a single, centralised point from which to monitor and manage the risks to our organisation and our Fund and identify strategic improvements.

The data gathered by the platform is also identifying strategic areas for improvements; for example, death grant data captured and analysed through the platform has initiated communication campaigns to encourage more members to nominate a beneficiary. This is a small but vital piece in ensuring that we deliver on the right benefits, to the right

people at the right time. Employer contacts are also included on the platform, allowing us the connection to our employer obligations measures, monitoring and ensuring compliance with regulatory requirements and protecting member benefits.

Protecht allows us to automate activities, helping to support our teams in their roles, providing clear audit and governance across the wide-ranging activities of the Fund. This is an important part of our strategic planning and has led to measurable improvements in the running of the Fund.

For example, Freedom of Information (FOI) requests through our [website](#) are now captured directly in the Protecht platform workflow process reducing the risks of delayed responses.

### The risks that we face

As an LGPS Administering Authority, we face five main risk categories:

1. Governance
2. Funding and Investment
3. Operational
4. Pensions Administration
5. Shareholder

### How we manage the risks to our Fund

Along with tracking our governance, risk and compliance activity, our platform brings together major aspects of pension fund governance and maps our activities back to our obligations under TPR's General Code of Practice. Further work is ongoing to bring together other key obligations aligning us with best practices wherever possible.

We have developed real-time dashboards which provide organisation-wide insights into how we are run and how well we are managing the risks that we face to help to frame conversations and decision-making. This approach ensures consistent decision-making and helps us remain a well-run and well-governed organisation.



## Overall Fund management continued

The table below shows the main risk areas and the controls in place.

Risk areas identified	Principal controls
<p><b>Governance</b></p> <p>Risks associated with the policies, principles, processes and resources used to govern the LPFA</p>	<ul style="list-style-type: none"> <li>• Formal governance structure in place</li> <li>• Internal audits</li> <li>• Formal risk management process</li> <li>• Regular training for Board, Local Pension Board (LPB) and Officers</li> </ul>
<p><b>Funding and investment</b></p> <p>Risks of the LPFA having insufficient financial resources (assets) to pay its liabilities as they fall due</p>	<ul style="list-style-type: none"> <li>• Diversified investment strategy, with focus on long-term returns</li> <li>• Triennial actuarial valuations</li> <li>• Security over employer assets</li> <li>• Liquidity management processes</li> <li>• Oversight of LPPI as the third-party investment manager</li> </ul>
<p><b>Operational</b></p> <p>Risks associated with operational processes of the LPFA to achieve its operational objectives and desired operational results</p>	<ul style="list-style-type: none"> <li>• CEO and SLT oversight of LPFA operations, reporting to Board and Committees in line with constitutional document</li> <li>• Business continuity plan</li> <li>• Policy and process management</li> </ul>
<p><b>Pensions administration</b></p> <p>Risks associated with the LPFA's interactions with members and employers, including record keeping and the LPFA's regulatory obligations</p>	<ul style="list-style-type: none"> <li>• Oversight of LPPA operations by the LPFA management team</li> <li>• Regular reporting and monitoring meetings</li> <li>• Well documented processes and procedures</li> </ul>
<p><b>Shareholder</b></p> <p>Risks associated with the LPFA's ownership of LPP Group</p>	<ul style="list-style-type: none"> <li>• LPFA representation on the LPP Board</li> <li>• (2 x Shareholder Non-Executive Directors)</li> </ul>



## Risk responsibilities

Individual risks are identified and monitored through our Risk and Compliance team and are reviewed monthly by our SLT to ensure that risks and controls are assessed and monitored for any change. While our CEO is responsible for the overall risk management process, our approach to risk

management is also scrutinised by the Audit and Risk Committee (ARC) and our Board. The roles, responsibilities, and reporting requirements of the different groups within the LPFA in relation to risk are listed below.

Group	Roles and responsibilities	Reporting
Risk Owner	<ul style="list-style-type: none"> <li>Responsibility for management of assigned risk</li> <li>Escalate urgent issues or emerging risk events to the Compliance and Risk Director as necessary</li> </ul>	<ul style="list-style-type: none"> <li>Risk Owners to escalate issues or incidents as they occur</li> <li>Initial escalation is to the Compliance and Risk Director and our CEO</li> </ul>
Control Owner	<ul style="list-style-type: none"> <li>Responsibility for management of control of assigned risk</li> <li>Providing assurance to Risk Owner that the control is operating effectively</li> </ul>	
Senior Leadership Team (SLT)	<ul style="list-style-type: none"> <li>Monthly horizon scanning for new risks</li> <li>Approving changes to risk scores proposed by Risk Owners</li> </ul>	<ul style="list-style-type: none"> <li>Review of Risk Register</li> </ul>
Compliance and Risk Director	<ul style="list-style-type: none"> <li>Operational responsibility for maintaining the Risk Register</li> <li>Together with Risk Owners, consider appropriate controls</li> <li>Facilitate monthly reviews of Risk Register by our SLT</li> <li>Escalate urgent issues or emerging risk events to our CEO as necessary</li> </ul>	
CEO	<ul style="list-style-type: none"> <li>Ensuring progress on actions in the Register</li> <li>Reporting to Board, ARC and the LPB</li> <li>Authorising risk controls where the time or monetary costs of a control are significantly lower than the benefits derived in terms of reduced risk</li> <li>Authorise action to address urgent issues or emerging risk events</li> <li>Inform the LPFA Board and/or ARC of actions taken to address urgent issues or emerging risk events</li> </ul>	
Audit and Risk Committee (ARC)	<ul style="list-style-type: none"> <li>Responsible for monitoring the Risk Management process</li> <li>Monitoring the Risk Register and the effectiveness of risk controls</li> <li>Recommending Risk Appetite to the Board</li> <li>Using the Risk Register to inform audits and Committee decision-making</li> <li>Authorising risk controls when requested by our CEO</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly reporting to ARC by our Compliance and Risk Director and our Finance Director/S151 Officer</li> <li>Current version of Risk Register</li> <li>Summary of changes since previous version of Risk Register</li> </ul>
LPFA Board	<ul style="list-style-type: none"> <li>Overall responsibility for the Risk Management process</li> <li>Overall responsibility for Risk Appetite</li> <li>Using the Risk Register to inform Board decision-making</li> </ul>	<ul style="list-style-type: none"> <li>Six monthly reporting by CEO and Compliance and Risk Director to Board</li> <li>Any existing and new risks/update on 'high' ('red') risks</li> <li>Any changes to risk Impact and Likelihood scores</li> <li>Any overdue actions</li> <li>Triennial Review of risk appetite and full Risk Register by the ARC and then by LPB and the Board</li> </ul>
Local Pension Board (LPB)	<ul style="list-style-type: none"> <li>Annual review of the Risk Register as it relates to Fund risks</li> <li>Liaise with the LPFA CEO on the effectiveness of the risk controls</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly reporting by CEO and Compliance and Risk Director to Board</li> <li>Any changes to risk Impact and Likelihood scores</li> <li>Any overdue actions</li> <li>Review of risk appetite and full Risk Register by the ARC and subsequently by LPB and the Board</li> </ul>
Local Pensions Partnership (LPPI and LPPA)	<ul style="list-style-type: none"> <li>Provide LPFA with regular updates on risks LPP is managing on our behalf</li> <li>Inform LPFA of any new or emerging risks relating to LPFA</li> </ul>	



## Overall Fund management continued

### Internal review and control

PricewaterhouseCoopers (PwC) were appointed as the internal auditor for the LPFA in April 2020. As internal auditors, they participate in the 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.

### The management of specific risks

Below we set out our approach to specific areas of risk management as required by the April 2024 Guidance on Preparing the Pension Fund Annual Report. These are third-party risk, investment and funding risk, pooling and cyber risk.

#### Third-party risk

This includes late payment of contributions and data provision by employers and overall performance by scheme employers.

#### Contributions

Contributions are monitored by our Employer Management Services (EMS) team. Employer contributions and investment returns ensure the future financial sustainability of the Fund, so it is important to collect employer contributions swiftly and accurately. If any employer has not paid by the 22nd of the following month then the LPFA Finance team contact the employer to chase and request payment.

#### Data provision

There are a number of risks posed by the provision of late or inaccurate data from employers to the LPFA or LPPA. These include:

- **Late or missing data submissions** – Employers not submitting monthly data returns on time can cause delays in updating pension records and processing member benefits.
- **Incorrect or incomplete data** – Errors or omissions in employer submitted data can result in incorrect benefit calculations or delayed payments.
- **Employer unfamiliarity with submission processes** – A lack of employer knowledge or training on the data submission system and requirement can result in avoidable errors and delays.

- **Non-adherence to data provision standards** – Failure to meet required formats or deadlines (for example, monthly returns by the 10th of the month) undermines efficient fund administration and timely member service.

### Overall performance by scheme employers

Our EMS team leads on employer engagement, while LPPA is responsible for delivering day-to-day administration. The EMS team is responsible for shaping and co-ordinating the employer engagement plan, including the scheduling of employer forums, hosting Lunch and Learn sessions for Fund employers, issuing quarterly newsletters and holding employer discussions. LPPA delivers employer training on our behalf, including guidance on monthly return processes. LPPA reports the monthly performance of scheme employers. This collaborative model ensures employers are consistently well supported and that any issues are identified and addressed promptly.

### Investment and funding risks

Our main funding objective is to ensure that we meet all liabilities as they fall due. We need to manage the risks that might prevent us from achieving this objective. A summary of key Investment and Funding risks is set out in our [Funding Strategy Statement \(FSS\)](#) and our [Investment Strategy Statement \(ISS\)](#), together with a summary of how these risks are managed. Three of the key risks are summarised below.

#### Pooling risks

Type of risk	Risk description
Funding risk	The risk that the value of assets and/or the value of liabilities change in such a way that contributions are needed from employers at an unaffordable level.
Environmental, Social and Governance risk (ESG)	The risk that our investments are made in a way that does not consider the full range of ESG factors affecting return.
Performance risk	See Funding risk.



## Overall Fund management continued

Our day-to-day investment decisions are outsourced to our asset pool, LPPI. How we manage LPPI, govern the process and monitor implementation is included in the [Investment Strategy Statement](#) and is also summarised in the Governance section (page 22).

Government plans to evolve pooling do potentially pose added risks but these will be outlined in the 2025-26 reporting year.

### Cyber risk

We manage cyber risk through our partnership with LPPI, which provides IT services underpinned by ISO 27001 certification. In 2024-25, LPPI successfully achieved both Cyber Essentials and Cyber Essentials Plus certifications, demonstrating robust cybersecurity practices and alignment with UK Government standards.

Cybersecurity assurance is delivered through a combination of internal controls and external testing. Over the period, LPPI conducted both internal vulnerability assessments and external penetration testing. LPFA-specific phishing simulations were also carried out, with follow-up training provided to staff as needed. These activities are supported by a Security Incident Response Procedure (SIRP), which outlines escalation paths, service levels, and mitigation protocols in the event of a cyber incident.

In addition, the LPFA commissioned internal audits on business continuity planning and cyber risk, undertaken by PwC. The audits were part of a broader programme to strengthen cyber resilience and to understand best practice

as our organisation moves towards a dedicated LPFA IT tenancy. The audit focused on governance, detection, and response capabilities. It concluded that while LPPI operates ISO-aligned controls and a robust disaster recovery environment, the LPFA's documented oversight requires further enhancement.

We remain committed to preserving the confidentiality, integrity, and availability of information assets. This commitment is reinforced through proactive risk management, regular staff training, and continuous monitoring of emerging threats. [Our Information Security Policy](#) is reviewed periodically to ensure alignment with strategic objectives and regulatory expectations.

### 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 whilst keeping employer contributions stable and affordable. 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 ARC for review. More detailed reporting of the Fund's investment risk profile is considered through our Investment Committee (IC) 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
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
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
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
Projected average total contribution rate	Identifies potential situations in which employer contributions could need to increase significantly from current levels



# Overall Fund management continued

## Examples of additional controls and reporting

Reporting examples	
<p><b>Annual report and accounts</b></p> <p>Regulation 57 of The LGPS Regulations 2013 (England and Wales) requires the Fund 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 on preparing the <a href="#">Fund Annual Report</a> (2024). This Report includes all relevant information and follows the new structure.</p>	<p><b>Code of Corporate Governance</b></p> <p>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.</p>
<p><b>Freedom of Information (FOI)</b></p> <p>We adhere to the Freedom of Information Act 2000. This document outlines the process for providing different types of information. For example, the LPFA provides publicly available information under the model publication scheme, which is available on the the LPFA <a href="#">website</a>.</p>	<p><b>External review</b></p> <p>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 of fees by the start of each financial year. The LPFA Board has ratified the PSAA's proposal to appoint Ernst &amp; Young LLP (EY) as the external auditors for LPFA for a five-year term, effective from 1 April 2024. The Independent Auditor's Report (see page 112) presents the opinion of the external auditors on the financial statements, while the <a href="#">Auditor's Annual Report</a> provides an evaluation of the arrangements implemented by LPFA to secure value for money.</p>
<p><b>Equality</b></p> <p>Our Equal Opportunities, Diversity &amp; Dignity at Work Policy ensures equal opportunities in employment and services. The LPFA promotes workforce diversity and meets the diverse needs of members and employers.</p>	<p><b>Health and safety</b></p> <p>We act 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 2024-25.</p>
<p><b>Quality of data</b></p> <p>We have various processes in place to ensure that 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's Record-Keeping Guidance on Common and Scheme Specific Data. The Pensions Regulator's General Code of Practice also requires LPFA to maintain certain standards of data management, risk management processes and communication with members and employers</p>	<p><b>Fraud control</b></p> <p>To mitigate potential instances of fraud and to reduce the risk of pension overpayments, we work with LPPA on 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.</p> <p><b>National Fraud Initiative (NFI)</b></p> <p>We continue to participate in the National Fraud Initiative.</p> <p><b>Overseas pensioners verification</b></p> <p>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 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, which helps to safeguard members' pensions.</p>

## Governance & training

A woman with dark hair and a grey top is speaking into a yellow microphone. She is looking to her right. In the background, several other people are seated and listening. The scene is set in a conference room with warm lighting.

“Our aim is to provide members and employers with a high-quality, cost-effective and professional pension service.”



## Governance & training continued



### 11 Board members

Our Board is made up of four men and seven women

### 9 Members of the Local Pension Board (LPB)

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

#### Introduction

**Our aim is to provide members and employers with a high-quality, cost-effective and professional pension service. To achieve this, we must operate as a professional and well-governed Fund. Governance refers to the systems and processes that guide and manage our organisation, and it plays a central role in helping us deliver on our purpose.**

**This section sets out our approach to governance and describes the structures we have in place to ensure the Fund is well-managed and effectively run. It includes an overview of the distinct roles and responsibilities of our Committees, Board, LPB and SLT. The Annual Report from the Chair of our LPB is included on page 30.**

#### At a glance

In December 2024, we appointed a new CEO, Jo Donnelly, following the retirement of Robert Branagh in August 2024. Ms Donnelly joined in April 2025, with our Fund being run by the SLT in the intervening period.



## Our constitutional framework

We operate under a unique constitutional status within the UK, defined by specific legal rights and responsibilities under the Local Government Act 1998. As an Administering Authority that is not linked to a local authority, we operate under our own legal constitution.

Our corporate governance framework follows the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This framework sets out the systems and processes through which we are controlled. It also reflects our culture, values, and the activities for which we are accountable.

Each year, we are subject to an independent external audit to assess the effectiveness of our internal controls. While a summary of our control environment is provided below, further information is available on our [website](#), within our [Annual Governance Statement](#), and in our LGPS Governance Compliance Statement.

We are also required by law to publish an Annual Report detailing our activities for the previous financial year by 1 December. For the 2024-25 reporting period, our Pension Fund Annual Report and Statement of Accounts were published in advance of the deadline.

### Conflicts of interest

All members of our Boards and Committees must complete an annual declaration of any conflicts of interest. In addition, members must declare any new or emerging conflicts at the start of each meeting. These can be found in the profile of each of our Board members on our [website](#).

These declarations are recorded in our Register of Interests. The Register is reviewed annually and monitored by the Audit and Risk Committee to ensure transparency and good governance.

## How we are governed

### Our Boards and Committees

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 on our [website](#).

### The LPFA Board

The LPFA Board is the main governing body responsible for overseeing the strategic direction and overall management of the Fund. 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 Constitutional Document specifies areas reserved for Board decision-making, along with our Standing Orders. Board papers, including minutes, agendas and decisions, are posted on our [website](#).

Additionally, the Board undertakes the appraisal, objective setting, and remuneration of the CEO. The Board meets four times a year, with additional time allocated for an annual Board Strategy session. In 2024-25, the Strategy session took place in September 2024 over a two-day period. Discussions covered a range of topics, including business priorities, preparations for growth, shareholder matters, a Triennial Valuation briefing and training, responsible investment, and environmental opportunities targets.

### Audit and Risk Committee (ARC)

The ARC is responsible for monitoring and reviewing the effectiveness of our internal controls, risk management systems, and financial reporting. The Committee ensures that our processes meet the highest standards of accountability and transparency.

It is composed of Board members, all with voting rights. It 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.

### Investment Committee (IC)

The IC is responsible for overseeing the Fund's investment strategy, ensuring that investments are managed sensibly and in line with the Board's objectives. The IC has delegated authority to monitor the operation of our investment and funding arrangements and to make recommendations to our Board. The Committee monitors the performance of our investment manager, LPPI, sets and reviews the strategic asset allocation, and ensures compliance with investment policies. Members of the IC have voting rights, and the IC is also attended by senior investment representatives from LPPI.



## Governance & training continued

### Local Pension Board (LPB)

The LPB acts as an oversight body for the administration and governance of the pension scheme. It ensures that the Fund is managed in accordance with the relevant regulations and best practices. The LPB reviews the performance of the pension administration service and makes recommendations for improvement. The Annual Report from the Chair of our Local Pension Board is included on page 30.

Our LPB is formed of four member and four employer representatives, with an independent Chair. It helps our Officers and our Board ensure that our Fund is run efficiently, governed well, meets all required regulations, and communicates effectively with our members and employers. LPB members are encouraged to attend external training to support their professional development and understanding of the LGPS. LPB members were also invited to attend our December 2024 Fund Member Forum.

### Our Senior Leadership team

Our SLT for the 2024-25 period comprised the then Chief Executive Officer (until August 2024), S151 Officer, Investment and Funding Director, Director of Compliance and Risk and Chief of Staff. Our previous CEO, Robert Branagh, retired in August 2024. Jo Donnelly joined as CEO in April 2025, having been appointed in December 2024.

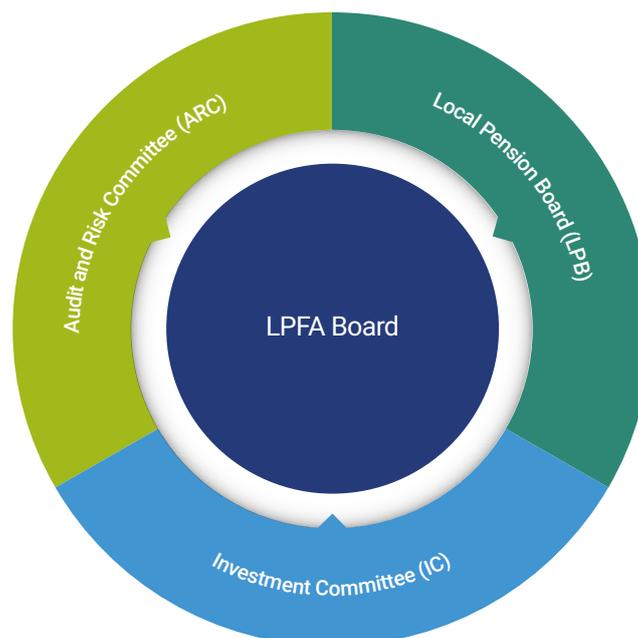
During the interim period, the Investment and Funding Director acted as Head of Paid Service, with other responsibilities effectively managed by members of the SLT. The SLT is responsible for ensuring that resources are used efficiently and effectively and that organisational objectives are achieved. This team plays a key role in strategic decision-making, operational oversight, and maintaining the overall health and compliance of our organisation. Their combined expertise supports best practices in governance, risk and compliance management, and financial stewardship.

### Our auditors

#### Our external auditors

Our external auditor is Ernst & Young (EY), who provide independent oversight and assurance of our financial reporting. They are appointed under PSAA arrangements. The Auditor's Annual Report for the LPFA is published on our [website](#) and summarises key findings from the audit of the financial statements and the auditor's commentary on our value-for-money arrangements.

### Our Governance structure





### Our internal auditors

Our internal auditors are PwC. They provide independent assurance over the effectiveness of our internal controls, governance arrangements, operational activities, and oversight functions. PwC also review the outsourced services provided by LPPA and LPPI to ensure these services meet expected standards. Audit findings and recommendations are reported to our CEO and to the Audit and Risk Committee. A summary of the audit findings can be found in our Annual Governance Statement on our [website](#).

### Board appointments and changes

Conrad Hall was appointed as a new Board member in April 2024. This appointment forms part of our ongoing commitment to maintaining a strong, experienced, and diverse Board.

All new Board members are provided with a comprehensive induction programme, which includes an assessment of their individual skills and competencies. This approach ensures that induction training is tailored to each member's needs, enabling them to contribute effectively from an early stage and helping to uphold the high standards of governance expected of the Board.

### Board development and training

Over the period, our Board continued to invest in enhancing its collective understanding of emerging regulatory changes, policy developments, and governance responsibilities. The training programme, tailored to support the Board in its strategic oversight role, included the following thematic areas:

#### Regulatory reform and compliance readiness

In light of the introduction of TPR's new General Code of Practice, Board members were briefed on the consolidated Code's structure, purpose, and implications for scheme governance. This session supported the Board in understanding how the Code aligns with the LPFA's internal control framework and how the Fund's gap analysis has helped identify areas of improvement. The discussion enabled the Board to assess its readiness against evolving compliance expectations.

### McCloud remedy – Strategic and operational implications

A deep-dive session explored the operational and governance impacts of the McCloud remedy, particularly its implications for scheme administration, member engagement, and resourcing. Board members considered how the LPFA and LPPA are responding to the complex requirements arising from the remedy and what it means for effective stewardship of the Fund over the medium term.

### Financial stewardship and transparent reporting

To support effective scrutiny of the Fund's financial health and reporting standards, a session was held on the Annual Report and Accounts. Board members engaged with the financial narrative, including actuarial assumptions, funding levels, and disclosures, reinforcing the importance of clarity and transparency in public sector reporting.

### 2025 Triennial valuation – strategic preparation and scenario planning

In preparation for the upcoming 2025 valuation, Board members undertook training to build a shared understanding of the valuation process, key actuarial assumptions, and the potential impact on future employer contribution strategies. The session provided a forward-looking view of funding dynamics and explored how economic and demographic trends could affect the Fund's long-term sustainability.

### Digital transformation and the Pensions Dashboard Programme

With the Government's Pensions Dashboard Programme progressing towards implementation, the Board received an update on the key milestones, delivery responsibilities, and the implications for the LPFA's systems and data readiness. This session provided strategic context on how the initiative aligns with broader digital engagement objectives and how the Fund is preparing to meet its legal obligations.



## Governance & training 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 a 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 advisor. 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 experience, leading investment teams at Royal London & 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 OEIC 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 Advisor 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 for Chartered Accountants for 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 advisor to Cabinet minister, John Reid, in six cabinet roles including Health, Transport and Northern Ireland.

By profession, Richard is a government relations and communications advisor. 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 in 2012 became Leader of the Council. She is also one of the Vice Chairs of London Councils and a Deputy Chair of the Local Government Association Executive.

She plays an active role in local government in London and presently is a member of the London Transition Board (chaired by the Rt Hon Robert Jenrick MP), the London Recovery Board and the London Health Board (both chaired by the Mayor of London).

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. She has extensive experience across a wide range of sectors from natural resources, agri-commodities, marine and energy through the supply chain to, retail and utilities. She founded strategy consultancy Decarbonize Ltd and is currently a non-executive board member of the Marine Management Organisation and Digital Catapult. She serves on the Defence Safety and Environment Committee and as a member of the Export Guarantees Advisory Council. She holds an M.Phil in Biochemistry, 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 30 years and is currently a non-executive and independent advisor to a number of public sector pension funds. She specialises in governance and investment oversight and is a qualified actuary.

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, in-sourcing investment management, managing actuarial valuations, and establishing the Pension Board. Prior to that Clare worked as an investment consultant.

She lives in East Lothian and enjoys gardening.



## Governance & training continued

### Board member committee representation and attendance 1 April 2024 – 31 March 2025

Board member	Appointment period	Experience	Appointed as part of a London Council	Board attendance*	Committee Membership 2024-25	Attendance at Committee meetings
<b>John Preston</b> LPFA Chair LPP Shareholder Rep	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	LPFA Shareholder Representative – LPP Board Investment Committee Observer Audit and Risk Committee Observer Local Pension Board Observer	3 out of 3 1 out of 1 1 out of 1 1 out of 1
<b>Irshaad Amad</b> Investment Committee Chair	01-01-2020 – 01-12-2023 (1st Term) 01-01-2024 – 01-12-2027 (2nd Term) 01-01-2024 – 01-12-2027 (1st Term)	Investment Management	No	3 out of 4	Investment Committee	4 out of 4
<b>Rita Bajaj</b>	18-05-2021 – 30-04-2025 (1st Term)	Investment Management and Risk	No	3 out of 4	Investment Committee	4 out of 4
<b>Ruth Dombey</b>	19-10-2018 – 31-03-2023 (1st Term) 01-04-2023 – 31-03-2027 (2nd Term)	Local Government Administration Finance	Yes	4 out of 4	N/A	N/A
<b>Conrad Hall</b> Audit and Risk Committee Chair	01-04-2024 – 31-03-2028 (1st Term)	Local Authority and Public Sector Finance	Yes	3 out of 4	Audit and Risk Committee	4 out of 4
<b>Belinda Howell</b>	18-05-2021 – 30-04-2025 (1st Term) 01-05-2025 – 30-04-2029 (2nd Term)	Environmental Social and Governance Stewardship and Responsible Investment	No	4 out of 4	Investment Committee	4 out of 4
<b>Sophia Morrell</b>	01-04-2022 – 31-03-2026	Pensions policy, financial services regulation, Communications	No	3 out of 4	Investment Committee	4 out of 4
<b>Richard Olszewski</b>	01-01-2023 – 31-03-2027 (1st Term)	Local Authority and Public Sector	Yes	3 out of 4	Audit and Risk Committee	3 out of 4
<b>Deborah Rees</b>	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
<b>Mandy Kaur-Sadler</b>	01-01-2024 – 31-12-2027	Public Sector Pensions Legal and Compliance	No	4 out of 4	Audit and Risk Committee	4 out of 4
<b>Clare Scott</b> LPP Shareholder Rep	18-05-2021 – 30-04-2025 (1st Term) 01-05-2025 – 30-04-2029 (2nd Term)	Local Authority, Public Sector and LGPS Actuarial, Investment	No	4 out of 4	LPFA Shareholder Representative – LPP Board	4 out of 4

\* Excludes attendance at the LPFA Board Strategy Away Day.



## Governance and oversight of asset pooling

In 2016, together with LCC, we set up Local Pensions Partnership, now known as LPP. Both the LPFA and LCC are equal shareholders in LPP, which consists of a group holding company and two subsidiaries: the asset pool, Local Pensions Partnership Investments (LPPI) and Local Pensions Partnership Administration (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 in addition to the LPFA, and we engage with them in dual capacities, both as a shareholder and a client.

This section outlines our relationship with these organisations and how we exercise oversight in our roles.

### Our role as a shareholder of LPP

As a shareholder, our role is to ensure that both LPPI and LPPA deliver high-quality services to all their clients.

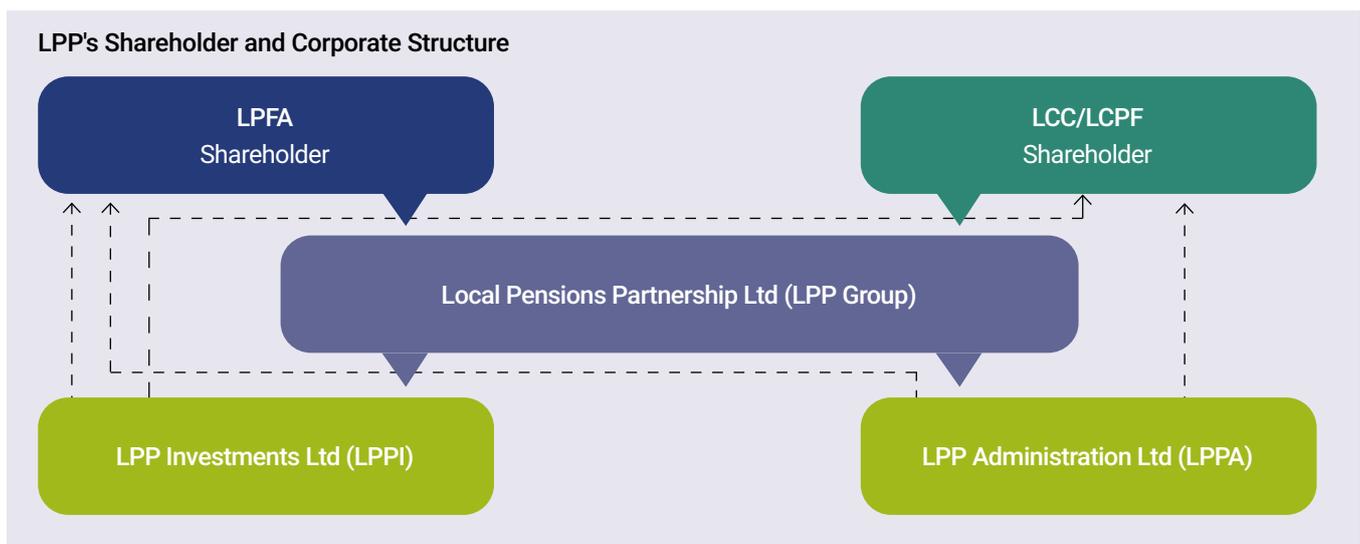
The LPP Board is made up of four shareholder-appointed Non-Executive Directors. Two are appointed by LPFA and two by LCC, with an independent Chair providing additional oversight. As shareholders, we retain approval rights over selected matters, including remuneration, strategic planning, and the annual budget.

To support effective oversight, the LPFA Board includes a standing agenda item for feedback from LPP Board meetings and shareholder forums. Informal meetings between our Governance Manager and senior LPP executives also take place to help maintain robust performance and a collaborative working relationship.

LPP's performance is reviewed quarterly at our Board meetings. LPPI and LPPA each provide updates on their progress against the agreed Service Level Agreements (SLAs).

### 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 LPFA 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 on page 91.



## Governance & training continued

From Andy Cunningham, Chair of our Local Pension Board



“Regular dialogue between the LPFA Chair, senior LPFA officers, and myself as LPB Chair ensures effective coordination and integration of the LPB’s contributions into the wider governance of the Fund.”

The Local Pension Board (LPB) of the LPFA continues to fulfil its oversight role effectively as it enters its tenth year of operation. The LPB supports the LPFA Board (“the Board”) by reviewing reports and providing assurance on compliance and effectiveness, thereby contributing to the overall governance of the Fund.

The LPB comprises members representing both employers and scheme members, who bring valuable perspectives and expertise to their roles, enhancing the Board’s governance framework.

Each year, the LPB operates according to a Forward Plan, which is reviewed and agreed at each meeting. This approach ensures that all statutory duties and responsibilities are addressed in alignment with the LPFA Board’s activities, promoting a unified governance structure.

Regular dialogue between the LPFA Chair, senior LPFA officers, and myself as LPB Chair ensures effective coordination and integration of the LPB’s contributions into the wider governance of the Fund. The Chair of the LPFA

Board, alongside other Board Members, also attends one LPB meeting annually as an observer, further reinforcing this governance link.

LPPA, the Fund’s third-party administrator, reports to each LPB meeting, ensuring that Board members have direct engagement with the administration managers responsible for the day-to-day delivery of pension administration services.

My statement for this period begins with an overview of the LPB’s operational processes and member training requirements. It then outlines the LPB’s activities over the past 12 months and concludes with a forward look, highlighting our key focus areas for the coming year.

### Membership of the Local Pension Board

The LPB comprises nine members: four representing employers, four representing scheme members, and one Independent Chair. All members, except for the Chair, serve on a voluntary basis and are reimbursed only for expenses incurred in attending meetings and training.

The table below sets out the current membership of the LPB and their attendance at meetings during the reporting period:

LPB Board membership and attendance 01-04-2024 – 31-03-2025

LPB Members		Total attendance
<b>Chair</b>	Andy Cunningham	4 of 4
<b>Member Representatives</b>	Mike Allen	4 of 4
	James Cherry	4 of 4
	Surendra Wanza	4 of 4
	Natalie Watt	4 of 4
<b>Employer Representatives</b>	Stephen Boon	4 of 4
	Luke Rigg	4 of 4
	Tadija Popovic	3 of 4
	Amy Sweeting	1 of 1



The LPB meets quarterly. As Chair, I provide an annual report to the LPFA Board outlining the LPB's activities. I also conduct an annual review to identify areas for improvement, with the findings reported separately to the LPFA Board.

Information about the LPB, including meeting agendas, minutes, and other related materials, is publicly available on the Fund's [website](#) at LPFA Local Pension Board. While the LPB does not operate with a dedicated internal budget, all associated expenses are approved and covered by the Fund. For the current year, total LPB-related costs amounted to £749.89.

#### **McCloud remedy and its impact on LPFA and LPPA:**

A comprehensive session was conducted to educate LPB members on the implications of the McCloud remedy, which addresses age discrimination in public sector pension schemes. The training covered how these changes affect both the LPFA and its administrator, LPPA, ensuring members are informed about the adjustments required in scheme administration and member communications.

#### **The Pensions Regulator (TPR) General Code and Fund**

**Gap analysis:** Members received training on the new TPR General Code of Practice, effective from 27 March 2024, which consolidates existing codes into a single, more accessible document. The session included a review of the Fund's gap analysis against the Code's requirements, highlighting areas for improvement in governance and risk management practices.

**Pension Fund Annual Report and Accounts:** An informative session was held to guide members through the structure and content of the LPFA's Annual Report and Accounts. This training aimed to enhance members' understanding of financial statements, funding positions, and the significance of transparent reporting in maintaining stakeholder confidence.

**Pensions Dashboard Programme:** LPB members were briefed on the upcoming Pensions Dashboard Programme, which will allow individuals to access their pension information across all arrangements they have in place, including non-Local Government Pension Scheme benefits, online in one place. The training covered the objectives of the programme, the responsibilities of pension schemes in preparing for dashboard connectivity, and the anticipated benefits for scheme members.

## **Activities during the year**

At every meeting, we review LPPA's 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.

LPB members have been pleased to see that LPPA's administration performance against SLAs during the year has exceeded the required thresholds. Sign-ups to the member portal have continued to increase and a high percentage of employers are now submitting monthly returns and doing so in a timely manner. As Chair, I am particularly pleased to see the high take-up of monthly returns as receiving accurate monthly data from employers has many follow-on benefits for the Fund, such as the ability to issue a high percentage of annual benefit statements in a timely manner and to enable efficient member-level processing.

Furthermore, the LPB has been reassured that LPPA is undertaking deep dives into reviewing its processes to improve efficiency and to undertake root cause analysis when complaints occur.

Alongside the LPPA's focus on business-as-usual work, the LPB has received assurance through presentations and its questioning of officers that national-level regulatory projects, in particular McCloud and Pension Dashboards, have remained on track ahead of the key deadlines that occur later in 2025. The LPB has also monitored LPFA's adoption and compliance with the Pension Regulator's General Code of Practice.

More widely, the LPB have monitored administration risks at each meeting, member and employer communications arrangements, other emerging governance changes such as those resulting from the 'Fit for the Future' programme, including the review of asset pooling arrangements and the Government's planned adoption of the Good Governance proposals made by the Scheme Advisory Board.



## Governance and training continued

### Looking forward to next year

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

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

In the first category, the LPB will continue to monitor the LPFA's compliance with the Pension Regulator's (TPR) General Code of Practice, compliance with all aspects of the McCloud remedy and the Pension Dashboard's Integrated Service Provider (ISP) connection deadline (and the overall Pension Dashboard connection, when that date becomes known).

The LPB is also anticipating amendments to LGPS regulations during 2025 which are likely to implement the Good Governance proposals, other technical benefit regulations changes and changes to the existing admitted body arrangements.

In respect of the second area of focus, the LPB considers the completion of the employer monthly return rollout, the review of process efficiencies and of complaints to be particularly important to ensure that key compliance measures are met and customer satisfaction levels are high. Accurate and timely data remains key, and it remains important for LPFA and LPPA to work closely and effectively with employers to achieve the desired outcomes for members.

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.

As Chair, as well as being pleased with the work undertaken and the direction of travel, as outlined above, I have also welcomed the strong levels of engagement and interaction from the LPB and the willingness and support from LPFA and LPPA officers to answer questions and seek to provide the additional information requested by the LPB.

**Andy Cunningham**

Independent Chair of the LPFA Local Pension Board

5 June 2025

## Financial performance

“The LPFA is responsible for the provision of pension benefits for its 100,652 members.”



## Financial performance continued



# 116

There are 116 employers participating in the Fund

# £8.08 billion

The value of the Fund has increased over the year

### Introduction

The LPFA is the largest Local Government Pension Scheme (LGPS) Fund in London. The Pension Fund had net assets of £8.08 billion as at 31 March 2025 and is responsible for the provision of pension benefits for 100,652 members. Of these, 22,958 are employees working for not-for-profit, charity, private sector and local government employers, 30,487 are deferred members, 36,919 are pensioners and dependents, and 10,288 are undecided leavers and frozen refunds.



## Pension Fund actual results compared to budget

	Actual 2024-25 £'000	Budget 2024-25 £'000	Variance 2024-25 £'000	Variance 2024-25 %
<b>Dealings with members and employers</b>				
Contributions	162,039	154,830	7,209	4.7%
Transfers in from other funds	22,929	10,100	12,829	127.0%
Benefits payable	(332,382)	(320,130)	(12,252)	(3.8%)
Payments on account of leavers	(36,719)	(19,400)	(17,319)	(89.3%)
<b>Net additions/(withdrawals) from dealings with members</b>	<b>(184,133)</b>	<b>(174,600)</b>	<b>(9,533)</b>	<b>(5.5%)</b>
<b>Management expenses</b>				
Investment management	(84,889)	(109,230)	24,341	22.3%
Administration	(3,078)	(3,080)	2	0.1%
Oversight & governance	(4,402)	(6,120)	1,718	28.1%
Investment services fee LPPI	(214)	(1,000)	786	78.6%
<b>Total management expenses</b>	<b>(92,583)</b>	<b>(119,430)</b>	<b>26,847</b>	<b>22.5%</b>
<b>Returns on investments</b>				
Net investment income	256,055	148,500	107,555	72.4%
Taxes on income	(915)	–	(915)	0.0%
Profit and loss on disposal and change in market value	67,605	538,120	(470,515)	(87.4%)
<b>Total return on investments</b>	<b>322,745</b>	<b>686,620</b>	<b>(363,875)</b>	<b>(53.0%)</b>
<b>Net inflow (outflow) to the Fund</b>	<b>46,029</b>	<b>392,590</b>	<b>(346,561)</b>	<b>(88.3%)</b>

### Overview of the year

The net inflow from the Fund for the year was £46.1 million compared to a budgeted inflow of £392.6 million. The net inflow is below the budgeted net inflow by £346.5 million, predominantly due to the lower than expected profit and loss on disposal and change in market value of the investments.

### Dealings with members and employers

The total Fund membership to 31 March 2025 grew by 1,067, an increase of 1.07%. Active members decreased by 772, a 3.25% decrease and pensioners increased by 356, a 1% increase. The decrease in active members did not cause the contribution income to fall, which could be mainly due to the increase in pensionable pay.

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

Transfers in from other funds are above budget by £6 million, but £10 million below the value for 2023-24. Although individual transfers in increased, bulk transfers in are negative because the amount received in 2024-25 for amounts receivable at 31 March 2024 was £8 million below what was expected.

Payments on account of leavers are £17 million above budget, but £70 million less than the value for 2023-24 as last year four employers that were in surplus left the scheme (with one benefiting from a significant cessation surplus). The same number of employers left the scheme with surplus assets in 2024-25.

### Non-investment asset and liabilities

The cash held directly by the LPFA has increased by £24 million to £35 million in accordance with the cash balance range stipulated in our treasury policy. Current liabilities have reduced by £57 million to £31 million. This is because significant cessation surpluses, payable at the end of 2023-24, were paid during the year.



## Financial performance continued

### 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
Number	18	197	86
<b>Total value 2024-25</b>	<b>£119,241.14</b>	<b>£1,221,052.11</b>	<b>£401,821.66</b>

### 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	2024-25 £	2023-24 £	2022-23 £	2021-22 £	2020-21 £
Overpayments	<b>490,905</b>	372,024	333,734	394,332	241,137
Collected	<b>(353,208)</b>	(234,886)	(145,742)	(98,260)	(115,649)
Written off	–	–	(5,969)	(29,885)	–
<b>Outstanding</b>	<b>137,697</b>	<b>137,138</b>	<b>182,023</b>	<b>266,187</b>	<b>125,488</b>

# Fund Accounts





## Fund Accounts continued

### Fund Account for the year ended 31 March 2025

	Notes	2024-25 £'000	2023-24 £'000
<b>Dealing with members, employers and others directly involved in the Fund</b>			
Contributions	7	162,039	156,760
Transfer in from other pension funds	8	22,929	27,016
		<b>184,968</b>	183,776
<b>Benefits</b>			
Benefits	9	(332,382)	(305,774)
Payments to and on account of leavers	10	(36,719)	(97,089)
		<b>(369,101)</b>	(402,863)
<b>Net additions/(withdrawals) from dealings with members</b>		<b>(184,133)</b>	(219,087)
<b>Management expenses</b>		<b>(92,583)</b>	(104,949)
<b>Net additions/(withdrawals) less fund management expenses</b>		<b>(276,716)</b>	(324,036)
<b>Returns on investments</b>			
Investment income	12	256,055	142,436
Taxes on income		(915)	498
Profit and loss on disposal and change in market value	14a	67,605	553,839
<b>Net returns on investments</b>		<b>322,745</b>	696,773
<b>Net increase/(decrease) in net assets available for benefits during the year</b>		<b>46,029</b>	372,737
<b>Opening net assets of the scheme</b>		<b>8,030,651</b>	7,657,914
<b>Closing net assets of the scheme</b>		<b>8,076,680</b>	8,030,651



## Net assets statement as at 31 March 2025

	Notes	31 March 2025 £'000	31 March 2024 £'000
Investment assets	14	<b>8,059,742</b>	8,081,012
Investment liabilities	14	<b>(2,241)</b>	(5,444)
<b>Total net investments assets</b>		<b>8,057,501</b>	8,075,568
Cash balances	19	<b>35,798</b>	12,029
Current assets	21	<b>13,513</b>	31,280
Current liabilities	22	<b>(30,132)</b>	(88,226)
		<b>19,179</b>	(44,917)
<b>Net assets of the Fund available to fund benefits at the end of the reporting period*</b>		<b>8,076,680</b>	8,030,651

\* The net assets per the accounts are £27 million more than the assets disclosed in the investment report due to a £30 million uplift to LPPI Credit and LPPI Infrastructure investment values based on the statements as at 31 March 2025 that were issued in June 2025, being after the date of the investment report. In addition, non-investment assets and liabilities are excluded from the investment report.

Christina Thompson, Section 151 Officer  
30 September 2025



# Notes to the Fund Accounts

## 1. Description of Fund

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

Organisations participating in the 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 a local authority function following outsourcing to the private sector.

Details of the participating employer bodies and their individual contribution rates for the year ended 31 March 2025 are set out on pages 103-109.

The Fund membership was as follows:

<b>Fund membership</b>	<b>31 March 2025</b>	31 March 2024
Number of employers	<b>116</b>	115
Number of active members:		
LPFA	<b>38</b>	27
Other employers	<b>22,920</b>	23,703
<b>Total</b>	<b>22,958</b>	23,730
Number of deferred beneficiaries:		
LPFA	<b>106</b>	107
Other employers	<b>30,381</b>	30,031
<b>Total</b>	<b>30,487</b>	30,138
Number of pensioners and dependants:		
LPFA	<b>86</b>	84
Other employers	<b>36,833</b>	36,479
<b>Total</b>	<b>36,919</b>	36,563
Number of undecided leavers and frozen refunds:		
LPFA	<b>19</b>	12
Other employers	<b>10,269</b>	9,142
<b>Total</b>	<b>10,288</b>	9,154
<b>Total number of members in pension scheme</b>	<b>100,652</b>	99,585



### 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 2025. 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 updated 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](http://www.lgpsmember.org)

## 2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2024-25 financial year and its financial position at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 (the Code) which is based upon International Financial Reporting Standards (IFRS Standards), 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 2025, 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.

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 2025 it has remained in a net surplus position since the last triennial valuation and was 131% funded as at 31 March 2025, with assets of £8.08 billion and liabilities of £6.15 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 have a reasonable expectation that it will have adequate resources to continue its operational existence throughout the going concern period to 31 March 2027. For this reason, alongside the statutory guidance, the Pension Fund accounts continue 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 assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The 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.



## Notes to the Fund Accounts **continued**

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 received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (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 assets statement as a current asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current asset.

Rental income from pooled real estate 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 profits and losses during the year.

### Fund account – expense items

#### Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that 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.
- 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 pensions 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 guidance, 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 Limited 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.

## 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 assets 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 assets 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.



## Notes to the Fund Accounts **continued**

### 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 but 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 assets 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 2025 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, 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 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adopt IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2025-26 Code). This means that only the standards listed in the paragraph below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The standards introduced by the 2025-26 Code where disclosures are required in the 2024-25 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025-26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

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

## 4. Critical accounting judgements

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

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

### Unquoted private equity, infrastructure investments and credit funds

Private equities, infrastructure and credit investments are valued at fair value in accordance with International Private Equity and Venture Capital Guidelines (December 2018). See note 5 for further information on the 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 £728.3 million at 31 March 2025 (31 March 2024: £724.9 million), note 14.



## Notes to the Fund Accounts **continued**

### 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 Report on page 110 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 financial statements 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
<b>Actuarial present value of promised benefits</b>	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 £84 million. b) a 0.1% increase in long-term salary would increase the present value of the obligations by £4.3 million. c) a 0.1% increase in pension rates would increase the present value of the obligation by £83 million. More details on the assumptions are shown in note 25.
<b>Long-term credit</b>	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 £1.17 billion. There are inherent risks within the valuation technique which means the value could vary between plus and minus 4.0%.
<b>Real Estate</b>	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 may change with respect to the changing economic conditions. Refer to note 16, sensitivity of assets, for further explanation.	Real Estate is valued at £728.3 million. There are inherent risks within the valuation technique which means the asset value could vary between plus and minus 6.2%.
<b>Private Equity and Infrastructure</b>	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 and discount rates used can impact valuations. Over the next 12 months, these inputs may change with respect to the changing economic conditions. Refer to note 16, sensitivity of assets, for further explanation.	Private Equity is valued at £466 million and Infrastructure is valued at £931 million. There are inherent risks within the valuation technique which means the asset value could vary between plus and minus 5.1% and plus 4.9% respectively. See note 16 for further information.



## 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 up to the date of authorisation of the financial statements.

## 7. Contributions

### By category

	2024-25 £'000	2023-24 £'000
Employers – normal	92,648	88,009
Employers – deficit	(666)	1,591
Other contributions	12,655	13,346
Members – normal	52,520	50,015
Augmentation	4,773	3,379
Cessation valuations	109	420
	<b>162,039</b>	156,760

### By type of employer

	2024-25 £'000	2023-24 £'000
Scheduled bodies	98,989	91,931
Admitted community	59,291	61,760
Transfer admitted bodies	3,759	3,069
	<b>162,039</b>	156,760

## 8. Transfers in from other pension funds

	2024-25 £'000	2023-24 £'000
Group transfers	(2,210)	12,671
Individual transfers	25,139	14,345
	<b>22,929</b>	27,016

The group transfer balance is negative because it includes the reversal of £2.4 million of income that was accounted for in 2023-24, but was subsequently received in 2024-25 as individual member transfers.



## Notes to the Fund Accounts continued

### 9. Benefits

#### By category

	2024-25 £'000	2023-24 £'000
Pensions	287,504	268,837
Commutation and lump sum retirement benefits	37,720	32,518
Lump sum death benefits	6,700	3,983
Tax on exceeding lifetime or annual allowance	458	436
	<b>332,382</b>	305,774

#### By type of employer

	2024-25 £'000	2023-24 £'000
Scheduled bodies	207,765	191,864
Admitted bodies	13,864	13,246
Community admitted body	108,008	98,010
Transferee admitted body	2,678	2,602
Resolution body	67	52
	<b>332,382</b>	305,774

### 10. Payments to and on account of leavers

	2024-25 £'000	2023-24 £'000
Refunds to members leaving service	753	621
Group transfers and surpluses on exit payments	10,843	81,209
Individual transfers	25,123	15,259
	<b>36,719</b>	97,089

The group transfers out relate to employers who exited the scheme when their assets in the Fund exceeded their defined benefit liabilities.

### 11. Management expenses

	2024-25 £'000	2023-24 £'000
Investment management expenses	85,103	98,405
Administration	3,078	2,623
Oversight and governance	4,402	3,921
	<b>92,583</b>	104,949



## 11a. Investment management expenses

	2024-25 £'000	2023-24 £'000
Management fees	72,927	74,079
LPP management fees directly invoiced	214	149
Performance fees	7,878	12,101
Custody fees	123	92
Transaction fees	3,955	8,117
Other fees	6	3,867
	<b>85,103</b>	<b>98,405</b>

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

2024-25	Total £'000	Management £'000	Transaction £'000	Performance £'000	Other £'000
Pooled investments – Private Equity and Infrastructure	28,904	25,725	166	3,013	–
Pooled investments – unit trusts and other managed funds	38,929	31,937	2,404	4,459	129
Pooled property income	17,092	15,301	1,385	406	–
Hedge	178	178	–	–	–
	<b>85,103</b>	<b>73,141</b>	<b>3,955</b>	<b>7,878</b>	<b>129</b>

2023-24	Total £'000	Management £'000	Transaction £'000	Performance £'000	Other £'000
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	–	–	–
	<b>98,405</b>	<b>74,228</b>	<b>8,117</b>	<b>12,101</b>	<b>3,959</b>



## Notes to the Fund Accounts continued

### 12. Investment income

	2024-25 £'000	2023-24 £'000
Pooled investments – private equity and Infrastructure	161,911	66,652
Pooled investments – unit trusts and other managed funds	50,243	41,428
Pooled property income	29,071	27,507
Interest on cash deposits	14,830	6,763
Other	–	86
	<b>256,055</b>	142,436

### 13. External audit fee

The audit fee for the Pension Fund is included within the oversight and governance costs charged by LPFA Operations.

The fee payable to the auditors of £285,000 was comprised of £182,000 for the 2024-25 audit and £103,000 relating to the audit of previous years (2023-24: £170,000 for the 2023-24 audit and £33,000 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 (2023-24: £34,000). These fees are recharged to the employer so the net cost to the LPFA is £nil.



## 14. Investments

	Market value at 31 March 2025 £'000	Market value at 31 March 2024 £'000
Pooled investments:		
– Fixed Income	305,249	191,942
– Equities	4,287,127	4,290,920
– Credit	1,173,187	978,791
– Private Equity	453,622	586,357
– Infrastructure	930,469	930,437
– Real Estate	728,339	724,873
– Diversifying Strategies	–	222,351
	<b>7,877,993</b>	<b>7,925,671</b>
Non-pooled investments:		
– Equities	11	11
– Private Equity	12,500	12,500
– Infrastructure	69	112
– Diversifying Strategies	1,220	3,875
	<b>13,800</b>	<b>16,498</b>
– Cash managed by LPPi	148,901	111,081
– Cash at investment managers	7,815	2,378
– Derivatives – forward exchange contracts	5,795	7,479
– Amounts receivable for sales	–	11,213
– Investment income due	5,438	6,692
	<b>167,949</b>	<b>138,843</b>
	<b>8,059,742</b>	<b>8,081,012</b>
– Derivatives – forward exchange contracts	(2,241)	(5,444)
<b>Net investment assets</b>	<b>8,057,501</b>	<b>8,075,568</b>



## Notes to the Fund Accounts continued

### 14a. Reconciliation of movements in investments and derivatives

	Market value at 31 March 2024 £'000	Purchases during the year and derivative payments £'000	Sales during the year and derivative receipts £'000	Change in market value during the year £'000	Market value at 31 March 2025 £'000
<b>Net investment assets</b>					
Pooled investments:					
– Fixed Income	191,942	109,510	–	3,797	305,249
– Equities	4,290,920	(16,338)	(85,500)	98,045	4,287,127
– Credit	978,791	99,425	–	94,971	1,173,187
– Private Equity	586,357	30,597	(46,441)	(116,891)	453,622
– Infrastructure	930,437	48,237	(52,831)	4,626	930,469
– Real Estate	724,873	14,284	–	(10,818)	728,339
– Diversifying Strategies	222,351	(136)	(222,543)	328	–
	7,925,670	285,579	(407,315)	74,058	7,877,993
Non-pooled investments:					
– Equities	11	–	–	–	11
– Private Equity	12,500	–	–	–	12,500
– Infrastructure	112	–	(16)	(27)	69
– Diversifying Strategies	3,875	(918)	(2,866)	1,129	1,220
	7,942,168	284,661	(410,197)	75,160	7,891,793
Derivative contracts:					
– Forward exchange contracts	2,035	49,514	(40,415)	(7,579)	3,554
Cash managed by LPPI	111,081	663,171	(625,083)	(267)	148,901
	8,055,285	997,345	(1,075,695)	67,314	8,044,248
Cash at investment managers	2,378			291	7,815
Amounts receivable for sale of investments	11,213			–	–
Investment income due	6,692			–	5,438
<b>Net investment assets</b>	8,075,568			67,605	8,057,501



## 14a. Reconciliation of movements in investments and derivatives continued

<b>Net investment assets (Prior year comparative)</b>	Market value at 31 March 2023 £'000	Purchases during the year and derivative payments £'000	Sales during the year and derivative receipts £'000	Change in market value during the year £'000	Market value at 31 March 2024 £'000
Pooled investments:					
– Fixed Income	77,549	114,742	–	(349)	191,942
– Equities	3,782,095	8,168	(10,000)	510,657	4,290,920
– Credit	736,462	133,769	–	108,560	978,791
– Private Equity	585,478	31,468	(40,593)	10,004	586,357
– Infrastructure	939,596	17,182	(23,141)	(3,200)	930,437
– Real Estate	729,327	87,784	(15,694)	(76,544)	724,873
– Diversifying Strategies	566,935	(11,189)	(376,180)	42,785	222,351
	7,417,442	381,924	(465,608)	591,913	7,925,671
Non-pooled investments:					
– Equities	88	–	(89)	12	11
– Private Equity	12,500	–	–	–	12,500
– Infrastructure	146	–	(38)	4	112
– Managed Funds	43	–	(35)	(8)	–
– Diversifying Strategies	718	1,653	(2,724)	4,228	3,875
	7,430,937	383,577	(468,494)	596,149	7,942,169
Derivative contracts					
– Forward exchange contracts	2,195	73,648	(31,536)	(42,272)	2,035
Cash managed by LPPI	–	477,017	(365,781)	(155)	111,081
	7,433,132	934,243	(865,811)	553,721	8,055,285
Cash at investment managers	5,657			118	2,378
Amount receivable for sale of investments	16,250			–	11,213
Investment income due	1			–	6,692
<b>Net investment assets</b>	<b>7,455,040</b>			<b>553,839</b>	<b>8,075,568</b>



## Notes to the Fund Accounts continued

### 14b. Investments analysed by fund manager

	Market value at 31 March 2025 £'000	% of market value at 31 March 2025 %	Market value at 31 March 2024 £'000	% of market value at 31 March 2024 %
<b>Investment managed within LPPI asset pools</b>				
LPPI Global Equities	4,287,127	53.21%	4,290,920	53.13%
LPPI Diversifying Strategies	–	0.00%	222,351	2.75%
LPPI Real Estate	660,249	8.19%	665,930	8.25%
LPPI Private Equity	461,444	5.73%	586,357	7.26%
LPPI Credit	1,173,187	14.56%	978,791	12.12%
LPPI Infrastructure	930,469	11.55%	930,437	11.52%
LPPI Fixed Income	305,249	3.79%	191,942	2.38%
London Fund	73,520	0.91%	58,943	0.73%
	<b>7,891,245</b>	<b>97.94%</b>	<b>7,925,671</b>	<b>98.14%</b>
Select Market Access	894	0.01%	5,846	0.07%
Aeolus Property	326	0.00%	407	0.01%
LPP Group	12,500	0.16%	12,500	0.15%
Impax Asset Management	69	0.00%	112	0.00%
BlackRock Management	12	0.00%	11	0.00%
RCM	3,554	0.04%	2,035	0.03%
LPPI	148,901	1.85%	128,985	1.60%
	<b>166,256</b>	<b>2.06%</b>	<b>149,897</b>	<b>1.86%</b>
	<b>8,057,501</b>	<b>100%</b>	<b>8,075,568</b>	<b>100%</b>

The following investments represent more than 5.0% of the investment assets.

Security	Market value at 31 March 2025 £'000	% of Total Fund	Market value at 31 March 2024 £'000	% of Total Fund
LPPI Global Equity Fund	4,287,127	53.21%	4,290,920	53.13%
LPPI Real Estate	660,249	8.19%	665,930	8.25%
LPPI PE Investments (No.1) LP	461,444	5.73%	586,357	7.17%
LPPI Credit	1,173,187	14.56%	978,791	11.97%
LPPI Infrastructure	930,469	11.55%	930,437	11.38%
<b>Total</b>	<b>7,512,476</b>	<b>93.24%</b>	<b>7,452,436</b>	<b>91.91%</b>



## 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 2025 (31 March 2024: £nil).

### Open forward foreign currency contracts

The net position on open forward currency contracts at 31 March 2025 amounts to an asset of £3.6 million (31 March 2024: asset of £2.0 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
<b>1 month</b>	USD	7,115	GBP	5,480	33	–
	JPY	3,223,600	GBP	16,559	195	–
	JPY	146,100	GBP	766	–	(6)
	EUR	5,969	GBP	5,025	–	(22)
	GBP	26,783	USD	33,276	1,001	–
	EUR	84,827	GBP	71,381	–	(279)
	JPY	60,300	GBP	318	0	(4)
	GBP	843	USD	1,056	25	–
	GBP	2,234	EUR	2,676	–	(9)
	<b>1 to 6 months</b>	USD	7,115	GBP	5,660	–
JPY		3,223,600	GBP	17,265	–	(454)
JPY		146,100	GBP	768	–	(6)
GBP		26,765	USD	33,276	983	–
JPY		60,300	GBP	319	–	(4)
GBP		843	USD	1,056	24	–
EUR		88,120	GBP	73,504	486	–
JPY		3,223,600	GBP	16,746	123	–
USD		7,115	GBP	5,693	–	(180)
JPY		146,100	GBP	771	–	(6)
GBP		26,755	USD	33,276	973	–
JPY		60,300	GBP	320	1	(4)
GBP		843	USD	1,056	24	–
CAD		4,675	GBP	2,545	–	(17)
CHF		6,302	GBP	5,573	4	–
GBP		4,947	NZD	11,108	62	–
AUD		27,113	GBP	13,247	–	(147)
GBP	5,170	NOK	70,443	–	(11)	
EUR	88,120	GBP	73,861	264	–	
GBP	69,038	SEK	891,946	–	(121)	
JPY	146,100	GBP	773	–	(6)	



## Notes to the Fund Accounts continued

### 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	USD	7,115	GBP	5,726	–	(212)
	JPY	3,223,600	GBP	17,050	–	(127)
	GBP	26,768	USD	33,276	983	–
	JPY	60,300	GBP	321	–	(4)
	GBP	843	USD	1,056	24	–
	JPY	3,430,000	GBP	18,511	–	(449)
	GBP	21,514	USD	27,217	421	–
	JPY	3,430,000	GBP	17,951	171	–
	GBP	21,071	USD	27,217	–	(23)

Settlement	Asset value £'000	Liability value £'000
Open forward contracts at 31 March 2025	5,795	(2,241)
Net forward contracts at 31 March 2025		3,554
Open forward contracts at 31 March 2024	7,479	(5,444)
Net forward contracts at 31 March 2024		2,035

### 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 twelve 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 2025 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 cost.

The 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 below. 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.



## 16. Fair values – basis of valuation continued

### 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.

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 by changes to cash flows and discount rates.
Pooled Real Estate Investments	3	The Real Estate ASC is valued in accordance with RICS Red Book 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, Infrastructure investments and Non-pooled Diversifying Strategies	3	Annually at fair value in accordance with international Private Equity and Venture Capital Valuation Guidelines 2022 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.



## Notes to the Fund Accounts continued

### 16. Fair values – basis of valuation continued

#### Sensitivity of assets valued at Level 3

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

	Assessed valuation range	Value at 31 March 2025	Value increase	Value decrease
	(+/-)	£'000	£'000	£'000
Private Equity	5.1%	466,122	489,894	442,350
Infrastructure	4.9%	930,538	976,134	884,941
Diversifying Strategies	3.1%	1,220	1,258	1,182
Credit	4.0%	1,173,187	1,220,115	1,126,260
Real Estate	6.2%	728,339	773,496	683,182
		<b>3,299,406</b>	<b>3,460,897</b>	<b>3,137,915</b>

<b>Restated</b>	Assessed valuation range	Value at 31 March 2024	Value increase	Value decrease
	(+/-)	£'000	£'000	£'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
		<b>3,236,946</b>	<b>3,401,866</b>	<b>3,072,025</b>



## 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
<b>Market value at 31 March 2025</b>				
Financial assets at fair value through profit or loss	4,449,292	311,044	3,299,406	8,059,742
Financial liabilities at fair value through profit or loss	–	(2,241)	–	(2,241)
<b>Net financial assets</b>	<b>4,449,292</b>	<b>308,803</b>	<b>3,299,406</b>	<b>8,057,501</b>

	Quoted market prices	Using observable inputs	With significant unobservable inputs	Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
<b>Market value at 31 March 2024</b>				
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)
<b>Net financial assets</b>	<b>4,422,295</b>	<b>416,327</b>	<b>3,236,946</b>	<b>8,075,568</b>

### Reconciliation of Level 3 assets

	Market value at 31 March 2024 £'000	Purchases during the year £'000	Sales during the year £'000	Realised gains/(losses) £'000	Unrealised gains/(losses) £'000	Market value at 31 March 2025 £'000
Private Equity	598,857	30,597	(46,441)	–	(116,891)	466,122
Infrastructure	930,549	48,237	(52,847)	16	4,583	930,538
Long-term credit	978,791	99,425	–	–	94,971	1,173,187
Diversifying Strategies	3,875	(918)	(2,866)	(340)	1,469	1,220
Real Estate	724,873	14,284	–	–	(10,818)	728,339
<b>Total</b>	<b>3,236,946</b>	<b>191,625</b>	<b>(102,154)</b>	<b>(324)</b>	<b>(26,686)</b>	<b>3,299,406</b>

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. The 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 on the value of LPFA's total asset portfolio.



## Notes to the Fund Accounts continued

### 17. Classification of financial instruments

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

#### Category

	Market value at 31 March 2025 £'000	Market value at 31 March 2024 £'000
<b>Financial assets – fair value through profit and loss</b>		
Pooled investments:		
– Fixed Income	305,249	191,942
– Equities	4,287,127	4,290,920
– Credit	1,173,187	978,791
– Private Equity	453,622	586,357
– Infrastructure	930,469	930,437
– Real Estate	728,339	724,873
– Diversifying Strategies	–	222,351
	<b>7,877,993</b>	<b>7,925,671</b>
<b>Non-pooled investments</b>		
Equities	11	11
Private Equity	12,500	12,500
Infrastructure	69	112
Diversifying Strategies	1,220	3,875
Managed Funds	–	–
Forward exchange contracts	5,795	7,479
<b>Total financial assets at fair value through profit and loss</b>	<b>7,897,588</b>	<b>7,949,649</b>
<b>Assets at amortised cost</b>		
Cash managed by LPPI	148,901	111,081
Cash at investment managers	7,815	2,378
Investment income due	5,438	6,692
Amounts receivable for sales	–	11,213
Cash balances	35,798	12,029
Current assets – Note 21	3,494	8,181
<b>Total financial assets at amortised cost</b>	<b>201,446</b>	<b>151,574</b>
<b>Finance liabilities – fair value through profit and loss</b>		
Forward exchange contracts	(2,241)	(5,444)
<b>Finance liabilities – at amortised cost</b>		
Current liabilities – Note 22	(6,084)	(414)
<b>Total liabilities</b>	<b>(8,325)</b>	<b>(5,858)</b>
<b>Grand total</b>	<b>8,090,709</b>	<b>8,095,364</b>

The difference between the total financial instruments and the net asset statement relates 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

	2024-25 £'000	2023-24 £'000
<b>Financial assets</b>		
Gains on financial instruments	203,187	676,368
<b>Financial liabilities</b>		
Losses on financial instruments	(135,582)	(122,529)
<b>Total financial assets at fair value through profit and loss</b>	<b>67,605</b>	<b>553,839</b>

## 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 (that is, 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 LPP 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 1-year time horizon is used as one risk measure for the Fund and is measured as a one standard deviation movement in the total return for the 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 reflects 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 1-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.



## Notes to the Fund Accounts continued

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

Asset class	2025 1 year expected volatility (%)	2025 % of Fund	2024 1 year expected volatility (%)	2024 % of Fund
Global Equities	20.9	53.1	16.4	53.5
Private Equity	27.5	5.7	25.2	7.0
Real Estate	15.8	9.1	13.2	9.1
Fixed Income	4.5	3.8	3.6	2.4
Infrastructure	16.5	11.5	15.6	11.5
Credit	7.9	14.5	8.1	11.9
Diversifying Strategies	8.6	0.0	5.4	2.9
Cash	0.0	2.3	0.0	1.6
<b>Total Fund</b>	<b>15.0</b>	<b>100.0</b>	11.9	100.0

The value of the Fund as at 31 March 2025 was £8,077 million (2024: £8,031 million) and the expected volatility was 15.0% (2024: 11.9%). Given these figures, we would expect that in roughly 2/3rds of outcomes the value of the Fund would lie between £9,288 million (2024: £8,986 million) and £6,865 million (2024: £7,075 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 risks 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.

#### 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 on the next page.



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

The expected standard deviation of the Fund's significant currency exposure is based on 12-month market implied volatilities taken from Bloomberg as at 31 March 2025. The following table summarises the Fund's approximate currency exposure and expected 12-month volatility by currency as at 31 March 2025 and as at the previous period end:

Value at 31 March 2025 £m	Implied volatility %	Currency	Value at 31 March 2024 £m	Implied volatility %
3,354	7.7	USD	3,416	7.2
149	10.6	JPY	241	9.4
735	5.4	EUR	924	5.1
57	7.1	CAD	60	6.4
137	6.9	CHF	141	6.1

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 2025 was £148.9 million (2024: £111.0 million).

### Liquidity risk

Liquidity risk is the risk that the 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.

The 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 in to cash. As at 31 March 2025, the value of illiquid assets (Private Equity, Infrastructure, Real Estate, Credit and non-pooled Diversifying Strategy) was £3,299 million, which represented 40.85% of the total LPFA assets (31 March 2024 restated: £3,236 million which represented 40.31% of the total LPFA assets).

All financial liabilities at 31 March 2025 are due within one year.



## Notes to the Fund Accounts continued

### 19. Cash balances

	31 March 2025 £'000	31 March 2024 £'000
Short-term deposits	35,798	12,029
	<b>35,798</b>	12,029

### 20. Additional Voluntary Contributions investments

	31 March 2025 £'000	31 March 2024 £'000
Prudential	16,307	14,186

### 21. Current assets

	31 March 2025 £'000	31 March 2024 £'000
Contributions due – employees	3,118	3,058
Contributions due – employers	4,959	4,562
Bulk transfers receivable	–	13,091
VAT	1,942	2,388
Sundry debtors	3,494	8,181
	<b>13,513</b>	31,281

### 22. Current liabilities

	31 March 2025 £'000	31 March 2024 £'000
Sundry creditors	6,084	415
Other taxes	4,897	4,050
Cessation amounts payable	13,950	79,335
Benefits payable	5,201	4,427
	<b>30,132</b>	88,226



## 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 Chair of London Councils. London Councils paid employer contributions of £0.7 million (2024: £0.7 million) and it is noted that she has no pecuniary interest in financial matters. The London Councils are an Admitted body in the Fund.

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 the 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 £7.8 million (2024: £7.2 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 totalling £7.4 million (2024: £6.5 million).

The 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 the 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 £9.1 million (2024: £9.0 million) for investment fees and the administration service costing £3.1 million (2024: £2.6 million) was provided by LPPA.

The LPFA relies on LPPI's AAF 01/20 assurance process, to provide confidence regarding the information provided by LPPI investment management. Also BNYM is involved as Custodian in reviewing the net asset values that LPPI issues 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 the 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.



## Notes to the Fund Accounts continued

### 24. Contractual commitments

Outstanding capital commitments (investments) at 31 March 2025 totalled £327.2 million (2024: £245.2 million) based on:

Currency	Commitment currency value	Exchange rate	31 March 2025 £'000
US\$	162,215,492	1.291	125,675
CHF	7,029,000	0.876	8,027
EUR	92,495,495	1.195	77,407
GBP	116,068,690	1.000	116,069
<b>Total</b>			<b>327,178</b>

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 4 and 6 years from the date of each original commitment.

### 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 2025 of the Fund was £6,148.2 million (2024: £6,838.7 million). The net assets for the Fund at 31 March 2025 were £1,932.6 million (2024: £1,199.7 million).

#### Key assumptions used

Life expectancy from age 65 (years)	31 March 2025	31 March 2024
<b>Retiring today</b>		
Males	20.90	20.90
Females	23.70	23.70
<b>Retiring in 20 years</b>		
Males	21.90	21.90
Females	25.10	25.10

- 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.



## 25. Actuarial present value of promised retirement benefits continued

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

	31 March 2025 % p.a.	31 March 2024 % p.a.
RPI increases	5.70	4.85
Salary increases	2.95	2.90
Pension increases (CPI)	3.30	3.30
Discount rate	3.95	3.90

These assumptions are set with reference to market conditions at 31 March 2025.

	31 March 2025	31 March 2024
Base table	<b>Club Vita tables</b>	Club Vita tables
Multiplier (M/F)	<b>95%-125%</b>	95%-125%
Future improvements model	<b>CMI_2023</b>	CMI_2022
Long-term rate of improvement	<b>1.25% p.a.</b>	1.25% p.a.
Smoothing parameter	<b>7</b>	7
Initial addition parameter	<b>0.0% p.a.</b>	0.0% p.a.
2020 weighted parameter	<b>0%</b>	0%
2021 weighted parameter	<b>0%</b>	0%
2022 weighted parameter	<b>15%</b>	25%
2023 weighted parameter	<b>15%</b>	n/a

Sensitivity analysis	£000	£000	£000
<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	6,064,342	6,148,195	6,234,048
<b>Adjustment to long-term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	6,152,534	6,148,195	6,143,888
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	6,231,944	6,148,195	6,066,354
<b>Adjustment to mortality age life expectancy assumption rating</b>	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
Present value of total obligation	6,377,009	6,148,195	5,928,751

These assumptions are set with reference to market conditions at 31 March 2025.



## Notes to the Fund Accounts *continued*

### 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 Compliance and Risk Director, the Funding and Investment Director and the Chief of Staff. The details are summarised below:

	2024-25 £'000	2023-24 £'000
Short-term benefits	803	926
Pension	–	97
	<b>803</b>	<b>1,023</b>

# Investments & funding

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





## Investments & funding continued



**£19 million**

In fee savings this year

**3.1%**

Return over one year vs 6%  
Return Objective

### Introduction

While we set the strategic direction of our Fund, 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.

### At a glance

The value of our assets at the end of the period was £8.08 billion compared to £8.03 billion at 31 March 2024. Over the year, we delivered a 3.1% investment return, which was below the Fund's Return Objective and the Policy Portfolio Benchmark.



## Pooling costs and progress

Our assets are fully pooled, or under pool management with LPPI. This means that there are not any pool set-up costs incurred for 2024-25. For completeness, however, a table is included below.

A small minority of assets is still on the balance sheet of the Fund as 'legacy assets'. Assets are held as legacy assets if the costs of transitioning outweigh any potential gains, the assets have reached 'harvesting period', or transitioning would have a negative impact on the Fund's investment strategy. Proceeds from assets in 'harvesting period' will be reinvested through LPPI pooled funds.

### Pooling set-up costs

#### Asset pooling disclosures

The table below shows the costs to the LPFA of setting up the individual pooling vehicles within the pooling company, LPPI.

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

### Net savings realised

The table below compares the investment management fee savings realised since admission to the pool. The savings are based on grossed up fees in accordance with the revised CIPFA guidance issued in 2016.

	Gross savings/(costs) realised £'000	Set-up costs £'000	Transition costs £'000	Net savings/(costs) realised £'000
<b>Net savings realised</b>				
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
2024-25	18,845	–	–	18,845
<b>Cumulative</b>	<b>123,872</b>	<b>(1,801)</b>	<b>(739)</b>	<b>121,332</b>



## Investments & funding continued

### Pooling progress

The tables below show our assets as pooled, under pool management and not pooled.

#### Asset table

£m Asset values as at 31 March 2025	Pooled	Under pool management	Not pooled	Total
Equities (including convertible shares)	4,287	–	–	4,287
Bonds	305	–	–	305
Property	660	74	–	734
Hedge funds	–	1	–	1
Diversified growth funds (including multi-asset funds)	–	–	–	–
Private equity	461	–	–	461
Private debt	1,156	–	–	1,156
Infrastructure	918	–	–	918
Derivatives	–	–	–	–
Cash and net current assets	–	188	–	188
Other	–	–	–	–
<b>Total</b>	<b>7,787</b>	<b>263</b>	<b>–</b>	<b>8,051</b>

Note: Totals may not sum due to rounding.

Please note that 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, at which point they will be sold.

#### Supplementary table

£m Asset values as at 31 March 2025	Pooled	Under pool management	Not pooled	Total
UK Listed Equities	324	–	–	324
UK Government Bonds	4	–	–	4
UK Infrastructure	453	–	–	453
UK Private Equity	155	–	–	155
<b>Total</b>	<b>936</b>	<b>–</b>	<b>–</b>	<b>936</b>

Please note that 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, at which point they will be sold.

### Our investment management arrangements

Funding Strategy Statements. The FSS has been prepared with regards to the 2016 CIPFA Pensions Panel Guidance on Preparing and Maintaining a Funding Strategy Statement. The ISS has been prepared in accordance with the Government’s guidance on preparing and maintaining an investment strategy statement and has been developed after taking appropriate advice. We use the FSS and related policies to inform our how we work with our stakeholders, ensuring we refer to our funding strategy and policies when working with employers for transparency and consistency. The Board has delegated the management of our investments to LPPI which is responsible for managing 100% of the assets of the Fund to meet our aims. LPPI does this through proprietary funds as well as third-party fund managers. Our custodian is Bank of New York Mellon and details on the asset managers used can be found on page 14.

As a fully pooled LGPS Fund, our ISS sets out three main goals.

- Optimise the net returns from investments whilst keeping risk within acceptable levels and ensuring liquidity requirements are met at all times



- Contribute towards achieving and keeping a sustainable future funding level
- Enable employer contribution rates to be kept as stable as possible.

We are also committed to using our influence as an asset owner to encourage responsible long-term behaviour. This is addressed on page 83 onwards.

To prudently diversify sources of risk and return, the Fund allocates capital across a wide variety of different asset classes. To be added to the portfolio, asset classes are first judged for suitability; they must be well understood by the Board, consistent with the Fund’s risk and return objectives and they have to make a significant contribution to the portfolio by improving overall net return and risk characteristics. In addition, the new asset classes have to be less than perfectly correlated with equities and bonds, so that the portfolio benefits from increased diversification. Over this period, the Board has identified a total of six asset classes plus cash (viewed as a store of liquidity) that combined form the Strategic Asset Allocation. The performance of each asset class is listed throughout the rest of this section.

### Costs

In total, up to the year-end 2024-25, LPPI, our pool, has delivered over £121 million in savings since pooling began.

### 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 2024-25. 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	37,875	–	37,875	855	–	855	38,730
Performance fees	7,655	–	7,655	223	–	223	7,878
Transaction costs	3,157	798	3,955	–	–	–	3,955
Custody costs	–	–	–	123	–	123	123
Administration	–	12,536	12,536	–	188	188	12,724
Borrowing and arrangement fees	–	78	78	–	–	–	78
Distribution, comms and client service	–	–	–	–	–	–	–
Governance, regulation and compliance	–	4,241	4,241	–	150	150	4,391
Property expenses	–	4,682	4,682	–	–	–	4,682
Other fees	–	3,086	3,086	–	–	–	3,086
<b>Total</b>	<b>48,687</b>	<b>25,421</b>	<b>74,108</b>	<b>1,201</b>	<b>338</b>	<b>1,539</b>	<b>75,647</b>

### The risk return relationship

Value for money is an assessment LPPI makes on a few regulated funds, those funds being the LPPI Global Equities Fund, LPPI Fixed Income Fund and the LPPI Real Estate Fund. 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 due to their lack of liquidity so active management – undertaking operational improvements, for example – helps drive returns in these areas. However, a 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 2023-24. Active management usually needs more research, 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 looking to provide the best value for our members. LPPI’s Investment Committee oversees all investment managers.



# Investments & funding continued

## Returns

### Overall

The net asset value of the Fund’s assets at 31 March 2025 was £8.05 billion. Please note that the net assets per the accounts are £27 million more than the assets disclosed in this investment report due to a £30 million uplift to LPPI Credit and LPPI Infrastructure investment values based on the statements as at 31 March 2025 that were issued in June 2025, being after the date of the investment report. In addition, non-investment assets and liabilities are excluded from the investment report. This is why we state fund assets of £8.08 billion elsewhere in the report.

Over the 12 months to 31 March 2025 the Fund delivered a 3.1% investment return. This return was below the Fund’s Return Objective of 6.0%, where the Return Objective is a long-term objective calculated as UK inflation (as measured by the Consumer Price Index (CPI)) plus 3.6% p.a. It is worth noting that few asset classes were able to deliver a return of this magnitude over the year. The Fund also underperformed, to a lesser extent, versus its Policy Portfolio Benchmark, which is a single return measure which combines each asset class benchmark in proportion to the Fund’s strategic asset allocation.

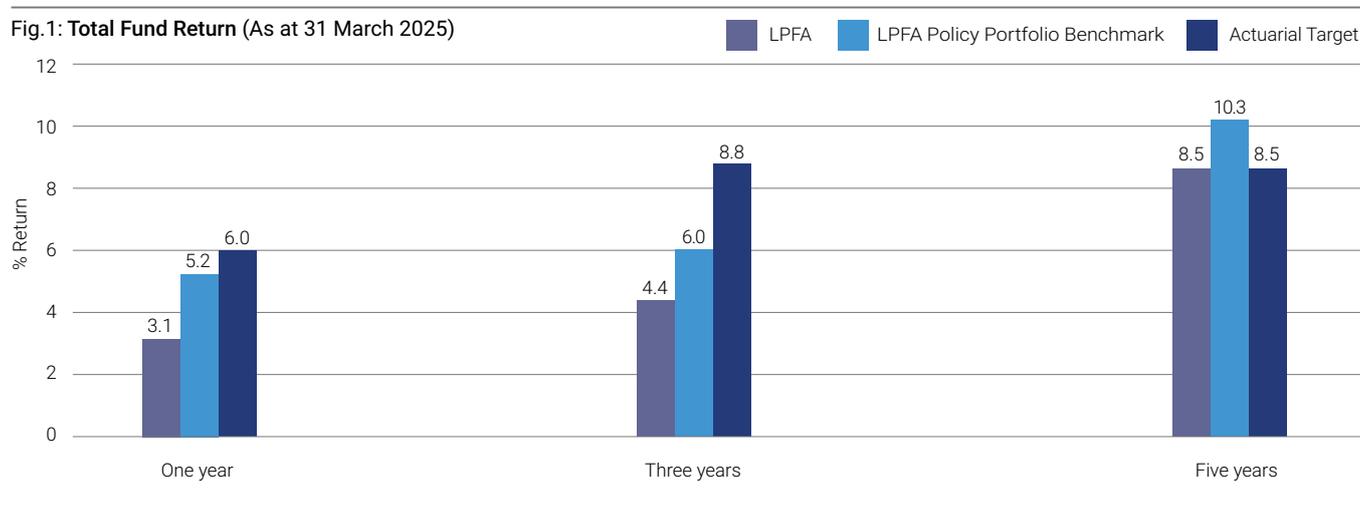
The Fund is a long-term investor, and over the longer-term strategic horizons of three and five years, the Fund has delivered positive absolute returns of 4.4% p.a. and 8.5% p.a., respectively. While the five-year return is aligned relative to the Return Objective, the three-year performance has fallen short. Additionally, the Fund underperformed the Policy Portfolio Benchmark across both time periods, reflecting a more mixed picture in relative terms.

Relative performance has been primarily driven by the Fund’s allocations to Global Equities and Infrastructure. Within Global Equities, the Fund achieved a positive absolute return but trailed the broader market, which was driven by a narrow cohort of dominant US technology stocks – commonly referred to as the “Magnificent 7<sup>1</sup>.” The Fund’s aggregate underweight position in these companies, relative to the benchmark, limited its participation in the rally throughout most of the year. However, the Fund’s underweight position in these companies proved beneficial towards the end of the financial year, as the market rally reversed. Infrastructure relative performance continues to be impacted by elevated UK CPI inflation over the past three years, as the asset class is benchmarked against UK CPI. Although inflation has moderated since peaking in October 2022, its lingering effects are expected to be captured within the trailing performance horizon for the longer-term Return Objective and benchmark figures, and hence it continues to weigh on relative performance.

Return metric	One year (% p.a.)	Three year (% p.a.)	Five year (% p.a.)
Total Return	3.1	4.4	8.5
Return Objective*	6.0	8.8	8.5
Policy Portfolio Benchmark	5.2	6.0	10.3

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

Note: Returns over one year are annualised.



1 Magnificent 7 is a term used as reference to the group of the following technology companies: Apple, NVIDIA, Microsoft, Alphabet, Amazon, Meta and Tesla.



Fig.2: One Year Performance by asset class

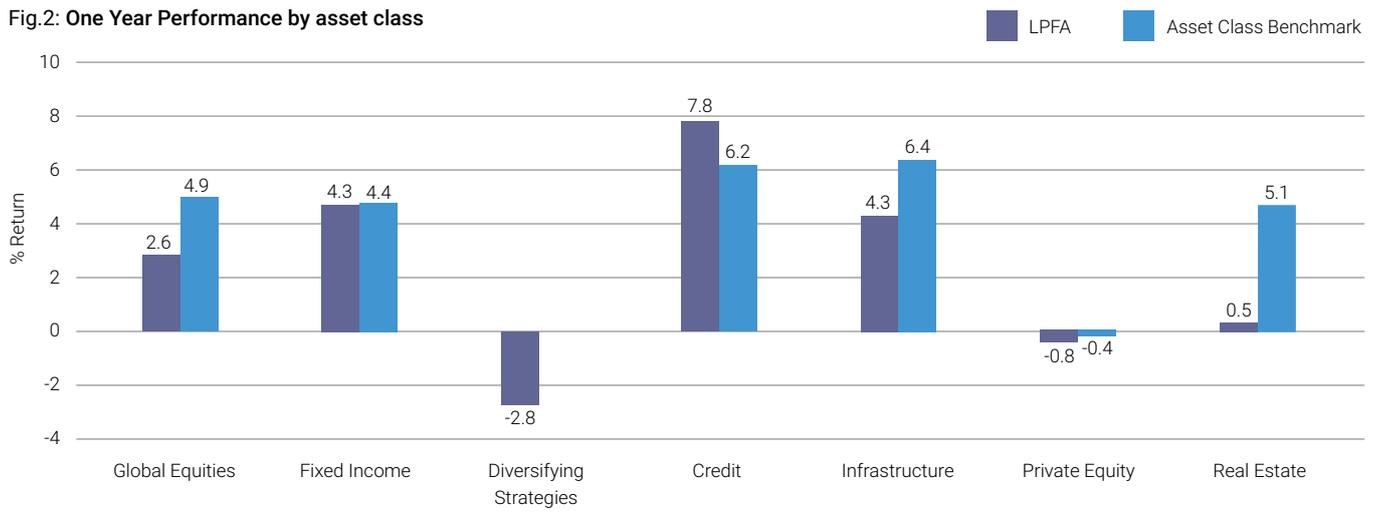


Fig.3: Three Year Performance by asset class

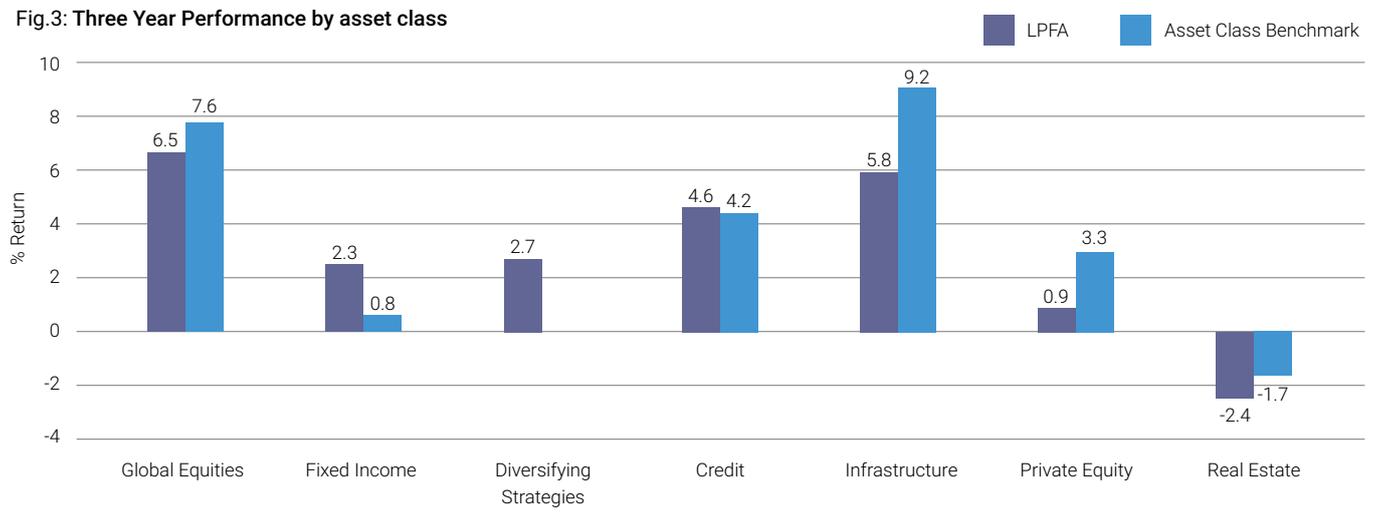
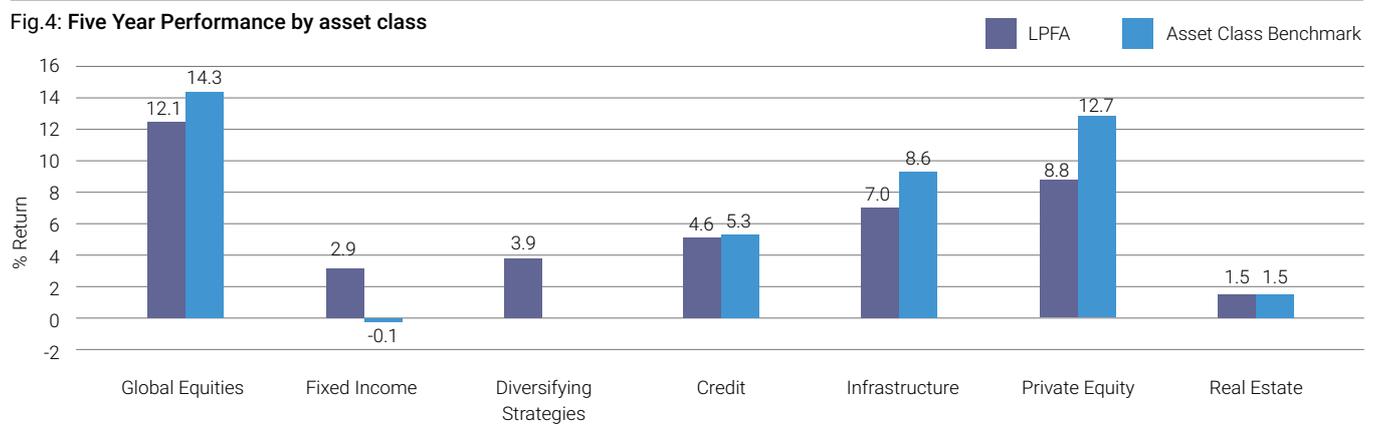


Fig.4: Five Year Performance by asset class





## Investments & funding continued

### Current and Strategic Asset Allocation

The following table presents the LPFA's asset allocation at the end of March 2025 versus its SAA. The asset allocation as at the end of the previous financial year is also shown for comparison purposes.

Asset Class	March 2025		March 2024		Strategic SAA %*	Range %
	Exposure £m	Exposure %	Exposure £m	Exposure %		
Global Equities	4,287	53.3	4,301	53.5	51.0	41.0 – 61.0
Fixed Income	305	3.8	194	2.4	2.5	0.0 – 10.0
Private Equity	461	5.7	566	7.0	5.0	0.0 – 10.0
Infrastructure	918	11.4	923	11.5	14.0	9.0 – 19.0
Credit	1,156	14.4	957	11.9	15.0	10.0 – 20.0
Real Estate	734	9.1	735	9.1	11.0	6.0 – 16.0
Diversifying Strategies	1	0.0	236	2.9	–	–
Cash	188	2.3	126	1.6	1.5	0.0 – 7.5
<b>Total</b>	<b>8,050**</b>	<b>100.0</b>	<b>8,038</b>	<b>100.0</b>	<b>100.0</b>	

\* Strategic Asset Allocation shown in this table is the long-term Strategic Asset Allocation, as referenced in the Fund's Investment Strategy Statement 2024. As mentioned above, a revised Strategic Asset Allocation came into effect on 1 April 2025, which is detailed in the Fund's Investment Strategy Statement 2025.

\*\* Please note that the net assets per the accounts are £27 million more than the assets disclosed in this investment report due to a £30 million uplift to LPPI Credit and LPPI Infrastructure investment values based on the statements as at 31 March 2025 that were issued in June 2025, being after the date of the investment report. In addition, non-investment assets and liabilities are excluded from the investment report. This is why we state fund assets of £8.08 billion elsewhere in the report.

Note: Total may not sum due to rounding.

During the second half of the year the IC and Board undertook a detailed review of the Fund's Investment Strategy and agreed a revised Strategic Asset Allocation (SAA) which came into effect on 1 April 2025. This updated SAA is detailed in the Fund's [Investment Strategy Statement](#) and will be reflected in the 2025-26 Annual Report. The most notable change to the SAA was the introduction of an allocation to Environmental Opportunities.

In line with the Fund's strategy to remove its exposure to Diversifying Strategies, it fully redeemed its holding in the LPPI Diversifying Strategies Fund during Q3 2024. Consequently, the Fund's remaining exposure is now limited to a small legacy position in Reinsurance, where the redemption process is ongoing.



## Asset classes

### Public Equities

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 keeps a bias towards Europe and the Americas as shown in Fig.6.

The GEF is benchmarked against the MSCI<sup>1</sup> 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 year to March 2025, our Public Equity portfolio generated a positive absolute return of 2.6%, underperforming its benchmark (4.9%) which was largely propelled by a small group of dominant U.S. technology companies – often referred to as the “Magnificent 7”. The Fund’s overall underweight exposure to these stocks, relative to the benchmark, limited its ability to fully benefit from the rally for most of the year. However, this positioning proved helpful towards the end of the financial year, when the market rally began to reverse. Additionally, over the past 12 months, the Fund’s overweight allocation to the Consumer Discretionary sector – comprising companies that produce non-essential goods and services such as luxury items – also detracted from performance.

At the manager level, during the year, there were no changes to the external manager roster. Four delegate managers outperformed their respective benchmarks for the period. These were First Eagle, Wellington, Baillie Gifford and Baron, the specialist emerging markets manager.

The GEF continues to be managed with the aim of preserving and growing client capital over long-term horizons rather than managing for the short-term relative performance. The portfolio is constructed with a bias towards high-quality, stable companies that have the potential to generate returns over a range of different economic scenarios.

Fig.5: LPPI Global Equities Fund: Manager composition

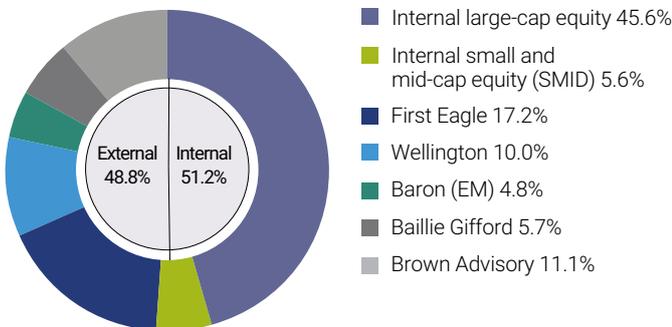


Fig.6: LPPI Global Equities Fund: Regional Weights vs MSCI ACWI ND

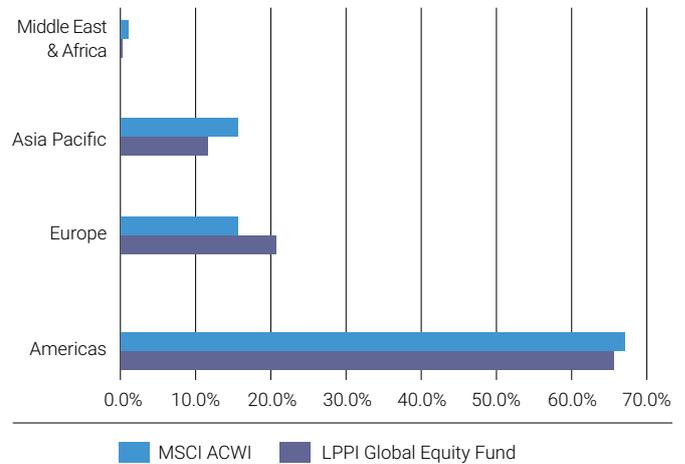
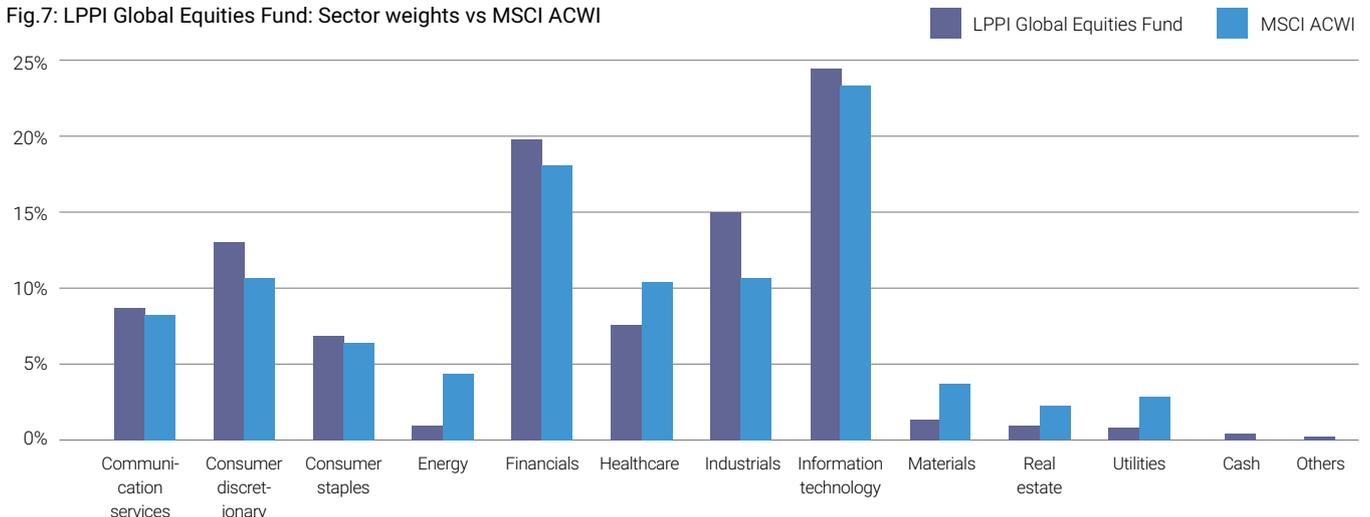


Fig.7: LPPI Global Equities Fund: Sector weights vs MSCI ACWI



1 MSCI: Morgan Stanley Capital International



## Investments & funding continued

### Asset classes continued

#### Fixed Income

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 a sign 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.

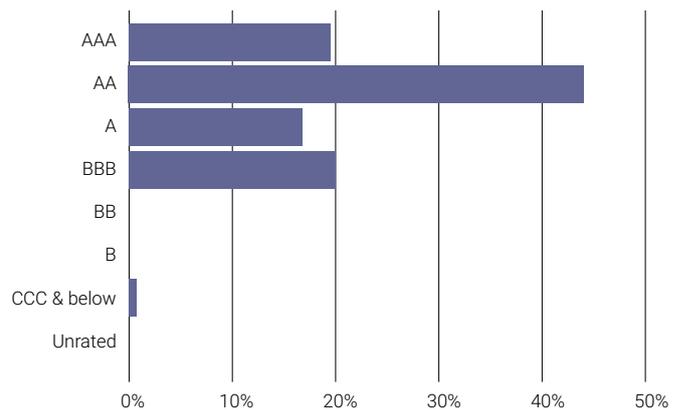
The FIF returned 4.3% over the 12 months to 31 March 2025, marginally underperforming its benchmark (4.4%). Both underlying managers, Pimco and Wellington, generated positive absolute returns over the period.

The FIF benefited from its positioning in developed market interest rates, especially from its interest rate positioning of expecting longer-term rates to rise more than short-term ones, and from holding fewer Japanese bonds relative to the benchmark. Investments in corporate and securitised credit also added modestly to performance. The largest drag on performance came from the FIF's decision to exclude emerging market local currency bonds, particularly Chinese government bonds, which delivered strong returns over the period.

Fig.8: LPPI Fixed Income Fund: Manager composition



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





## Private Equity

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.

The exposure to Private Equity has 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 ten-year period. The portfolio returned -0.8% over the 12 months to 31 March 2025, underperforming the benchmark (-0.4%). It should be noted that the performance calculation of the Private Equity 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 positive annualised returns over the three-year and five-year periods to 31 March 2025, as well as double-digit positive annualised returns for the period since inception.

Fig.10: LPFA Private Equity: Investment strategy

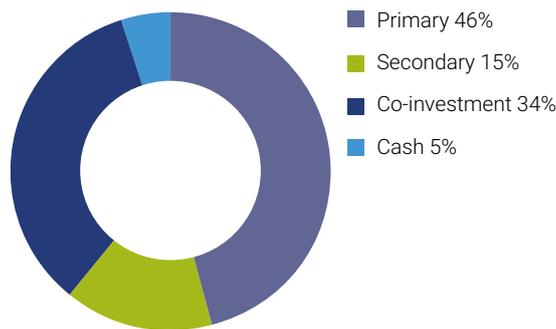


Fig.11: LPFA Private Equity: Investment type

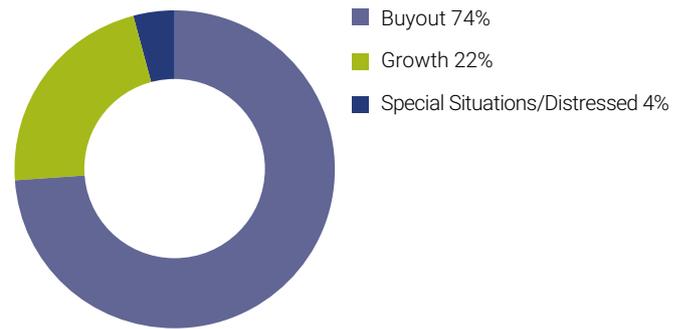
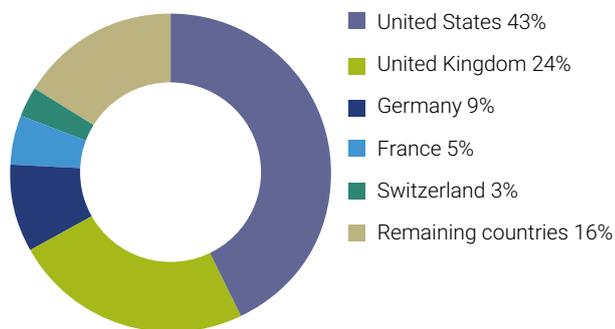


Fig.12: LPFA Private Equity: Region breakdown





## Investments & funding continued

### Asset classes continued

#### Real Estate

The majority of our Fund's Real Estate portfolio is invested in LPPI's Real Estate Fund (REF), with the rest 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 2025, the Fund's Real Estate Portfolio returned 0.5%, underperforming the benchmark (5.1%). The London Fund returned 4.9% over the period, whilst the REF returned 0.5% for the year.

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

The REF's underperformance relative to the benchmark over the year was primarily driven by the repricing of UK direct assets. In line with the valuer rotational policy, the REF appointed a new independent valuer, Savills, on 30 June 2024 which introduced some short-term volatility, as Savills' market view differed from that of the previous valuer.

Given the long-term nature of Real Estate investments, performance is best assessed over longer time horizons. Over the five-year period, the Fund's Real Estate portfolio delivered positive absolute performance but underperformed its benchmark. Since inception, the portfolio has achieved both positive absolute and relative returns, both on an annualised basis.

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.

Fig.13: LPFA Real Estate: Geographical exposure

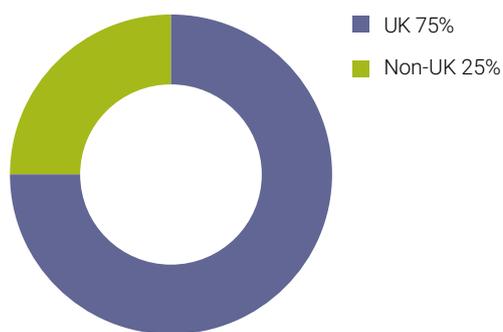
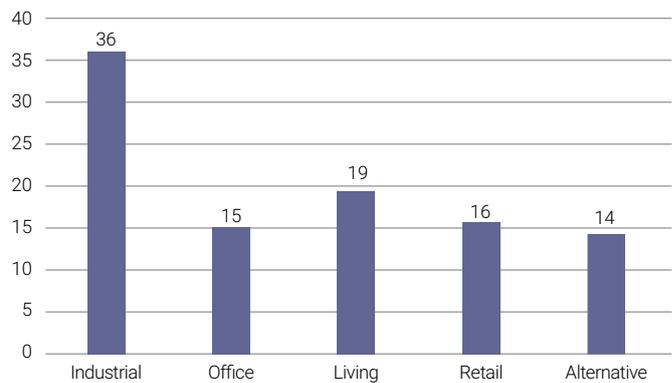


Fig.14: LPFA Real Estate: Sector exposure %





## Infrastructure

Virtually all 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 focusses predominantly on core infrastructure in the UK, Europe and North America as illustrated in Fig.15 and Fig.16. The portfolio is diverse across a number of sectors, as shown in Fig.17.

A key part 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, mobile telecommunication towers, 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 4.3%, underperforming the benchmark (6.4%). The LPPI Infrastructure Fund also posted a return of 4.3% over the twelve months, with GLIL being a key driver of performance due to its inflation-linked revenue. The final asset in our remaining infrastructure investment outside of the LPPI Infrastructure Fund was sold in Q1 2024, and LPPI are awaiting the liquidation proceeds of this. As such, our returns are effectively fully driven by the performance of the LPPI Infrastructure Fund.

Fig.15: LPFA Infrastructure: Strategy breakdown

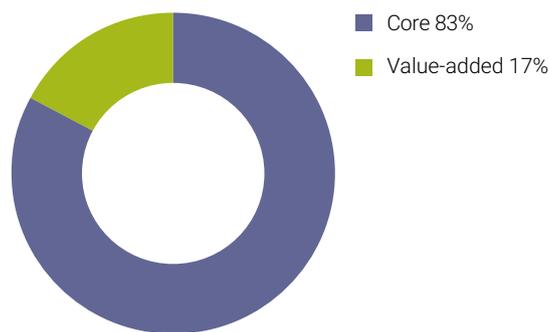


Fig.16: LPFA Infrastructure: Geographical exposure

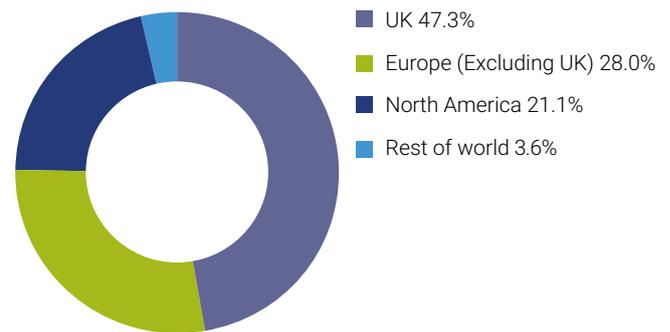
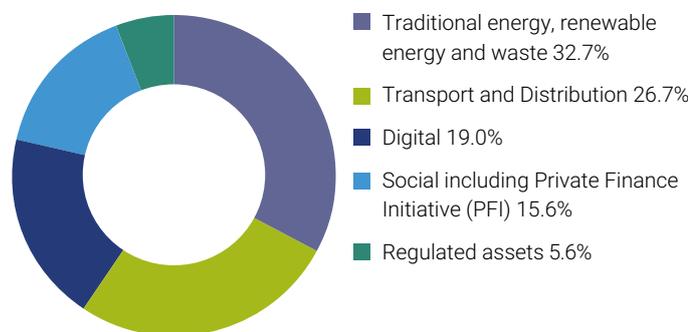


Fig.17: LPFA Infrastructure: Sector breakdown



Percentages may be below 100% due to rounding



## Investments & funding continued

### Asset classes continued

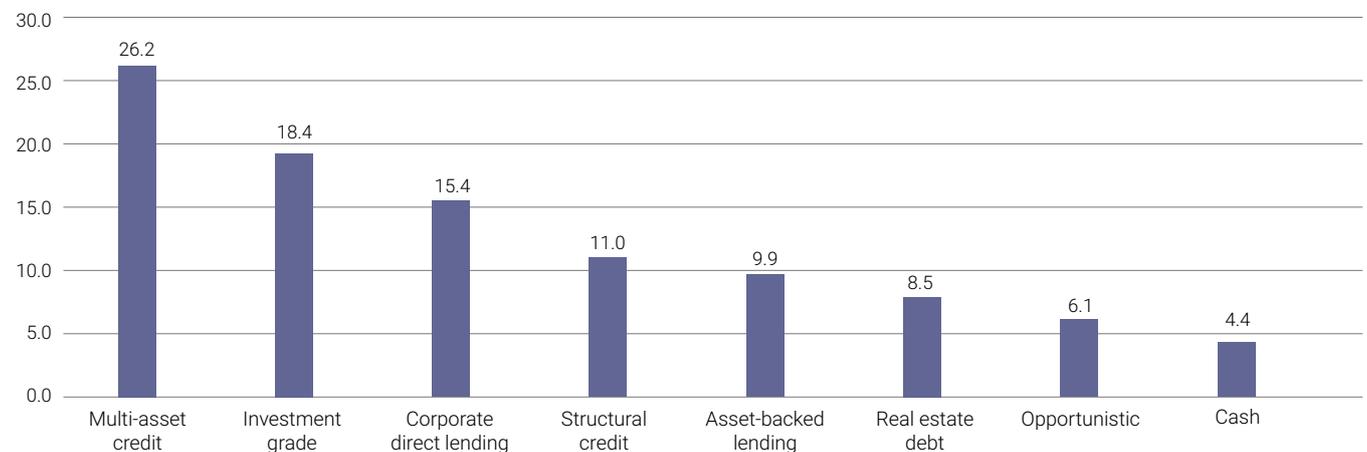
#### Credit

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 7.8%, outperforming its benchmark (6.2%), with the largest positive contributor to returns being Multi-Asset Credit, which is a type of investment that looks to allocate capital across a wide range of credit-related assets, rather than focusing on a single type of bond or loan. Structured Credit and Investment Grade were also large contributors over the period.

Fig.18: LPFA Credit: Investment type %





## Responsible investment (RI)

### Introduction

As a universal owner<sup>1</sup>, we believe that how we invest contributes to 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 on other areas of concern.

### At a glance

A new focus this year was ensuring that our asset managers were voting in line with our relevant policies at shareholder meetings of companies we are invested in, particularly when it comes to climate change. We made substantial progress in implementing our net zero journey and details can be found on our [website](#).

### About our approach to RI

Our vision is guided by our policies, framed by our commitment to long-term investment, enhanced by collaboration with others and harnessed by our commitment to active ownership. Our approach to RI and ESG risks and opportunities flows from our ISS and is detailed 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.

## How our policies influence our approach

Our RI Policy, Climate Change Policy and our Investor Climate Action Plan (ICAP) all reflect our commitment to fulfilling the responsibilities we have. They guide our approach to monitoring and reporting, and they set out what we expect our managers to prioritise in managing our investments.

### Our RI Policy

Our RI policy defines our commitment to being a long-term responsible investor. It sets out the approach to integrating ESG issues into all our investment activities. We aim to deliver a sustainable pension fund for all stakeholders, so it's part of our fiduciary duty to consider all financially material issues, including ESG issues, and integrate them into our investment decisions.

### Our Climate Change Policy

The impact of climate change poses a systemic financial risk to all pension funds and to their ability to pay members their pensions. This policy sets out how we will minimise exposure to climate change risk, increase exposure to activities that support the transition to a low-carbon future, how we report and how we will use our influence to advocate for change.

### Our Investor Climate Action Plan and progress report

Our ICAP sets out our ambition to be a net zero pension fund by 2050, the short-, medium- and long-term actions and targets involved in working towards that ambition. Our progress reports provide an annual update on our progress towards these targets. Our net zero commitment is part of our efforts to manage and mitigate the financial risks and take advantages of the opportunities posed by climate change. Using the IIGCC framework to guide us, we have set goals and targets and emphasise the role that engagement plays in driving change. Targets are revised periodically. They are set out on our [website](#).

## Putting RI into practice

This section summarises how we put RI into practice and the work we have carried out over the period.

### Strengthening our approach

Over the period, we reviewed and evolved our [RI and Climate Change Policies](#).

<sup>1</sup> Universal Owners are institutional asset owners (pension funds, mutual funds, insurance companies, sovereign wealth funds) that own such a representative slice of the economy as to find it impossible to diversify away from large system wide risks. Institute and Faculty of Actuaries, <https://actuaries.org.uk/learn/lifelong-learning/sustainability-and-lifelong-learning/universal-owners/>



## Investments and funding continued

### Evolving our RI Policy

Working with LPPI, we identified the most relevant ESG investment risks and opportunities facing our fund and the current and future risks and opportunities that exist in the markets in which we invest.

An important part of the policy review process was also hearing the views of our members on RI issues. We used our 2023 Member Survey to ask our members which RI issues were important to them. Over 3,200 members responded. Nearly two-thirds of respondents said that the fact we talk about RI makes them more likely to stay in our Fund. When it comes to RI, respondents said they identified even more strongly with social concerns than they do environmental ones.

Through the review process, we identified the following six key themes:

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 and strategies to deliver them are now being developed.

### About our Climate Change Policy

Our Climate Change Policy reflects our more ambitious positioning and recognises that climate change is a systemic challenge. The policy has explicit reference to the relationship between biodiversity, natural capital and climate change and defines our approach to managing climate risk.

It can be found on our [website](#).

### How RI influences our decision-making

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

- **Choosing an asset or an asset manager**

LPPI uses ESG frameworks to assess the ESG risks facing an industry, company or investment strategy or to show and evaluate a prospective investment manager's approach to ESG. 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**

LPPI reviews every asset manager on their approach to ESG. These reviews have identified priority areas for engagement and monitoring where LPPI want to see further development. For instance, this has led to an increase in the amount of internal resources dedicated to ESG by some of our most strategically important external managers, enabling them to develop and implement a more robust ESG strategy and improve reporting on ESG engagement activity, the outcomes of which have fed directly into our efforts to meet our net zero targets. We make sure that all asset managers working for us follow ESG frameworks and our own policies.

- **Being an Active owner**

This means that, 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 engage with companies directly to improve corporate governance, embed diversity, protect workers' rights, prove environmental responsibility and many other issues. More details on our engagement approach can be found on page 85 onwards.

In some cases, we have directly held assets. In these cases, when possible, LPPI will sit on their Boards, exerting influence through that route. LPPI sits on the Board of 13 infrastructure assets, for example, Semperian and Forth Ports.

### Communicating with our stakeholders

#### Internal reporting

LPPI reporting quarterly to our IC on all stewardship and engagement activity including progress related to our ICAP. Two report benchmarks are used to measure their effectiveness:

- **The UK Stewardship Code**

This sets the 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 they have retained signatory status. LPPI's Responsible Investment and Stewardship Report can be found on their [website](#).

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

Our portfolio is managed under arrangements which follow the six PRI principles. LPPI is a signatory to these global standards.



## External reporting

Both we and LPPI use our websites and social media channels to communicate our progress on RI and improve transparency.

## Voting and engagement highlights

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 flow from Stewardship and are a key part of our risk management. Engagement and voting normally take place on a specific issue, with a specific company or group of companies and they have specific aims in mind. The following section gives some highlights on the results of our engagement and voting activity.

### Engaging with companies

Engagement is the dialogue between investors and companies. It aims to ensure that companies behave responsibly, protecting the value of our investments. The case studies below show how the work that LPPI undertakes on our behalf is already largely aligned with our new RI priorities. LPPI engages on our behalf and collaborates with others – the Institutional Investors Group on Climate Change (IIGCC) and through Robeco – to engage on specific issues with other investors.

LPPI carries out their own direct engagement with companies within the Internal Equity and SMID (small and mid-cap) portfolios on topics that are material to those funds. LPPI's Net Zero engagement is still a key priority, and they it has now engaged with 100% of internally managed assets within the internal equity fund's priority list. The responses received have been generally positive, with most target companies replying in a prompt and open manner.

The year has seen a focus on encouraging those companies where responses have been less forthcoming to improve disclosures while communicating escalation steps. This includes telling unresponsive or non-net zero-aligned firms that they will consider voting against directors responsible for environmental matters at upcoming AGMs (Annual General Meetings). Progress has been made on more engagement themes, most notably on biodiversity and natural resources. LPPI's membership of the Nature Action 100 collaborative initiative has proved useful here, particularly when engaging with investee companies such as Costco.

Below are examples of engagement activity with companies on the issues set out above. They cover activity by LPPI, the LPFA and Robeco.

### Engagement by LPFA

During the year, the LPFA joined the Net Zero Engagement Initiative (NZEI). Organised by the IIGCC, NZEI gives us the opportunity to build our capacity by taking part as lead engagers alongside other investors towards companies in our portfolio.

We successfully applied to become lead engagers towards three companies, encouraging them to adopt plans to transition their businesses to a renewable energy economy. Whilst two of these companies have so far been relatively unresponsive to our approaches (an aircraft leasing company and a critical minerals company), the third (a defence, security, and aerospace company), we have had correspondence with and are developing dialogue about their transition plan which is currently being refined.

As a universal owner, it is in our interests to play a role in engaging with other entities, including policy makers, regulators, and market participants. For example, we lent our support to the Asset Owner Statement on Climate Stewardship, a collaborative engagement exercise with other asset owners towards the asset management industry to communicate expectations in relation to management of climate risk.

### Engagement by LPPI

During the year LPPI's external engagement programme focused on the evolution of the responsible investment industry in the UK and strengthening its voice in the networks. For instance, LPPI responded to the Stewardship Code consultation, the UK Green Taxonomy consultation and took up positions within the Secretariat for the Asset Owner Council and the Investment Association's Sustainability Working Group. Engagement within the portfolio involved such themes as understanding and evidencing the management of cybersecurity risk within the private equity fund and building out reporting and assessment of the net zero alignment methodologies of managers and status of underlying companies within the credit, infrastructure, and real estate funds for the purposes of setting net zero targets. Twelve-month engagement plans are now being developed for each fund based on the most material ESG risks and core corporate commitments to systematically record priorities for the year ahead.



## Investments and funding continued

### Engagement by Robeco

Similarly, Robeco has identified the following issues as posing a risk to their clients, identified as engagement themes, they include: Biodiversity; Climate and Nature Transition of Financial Institutions; Natural Resource Management; Nature Action 100; Net-Zero Carbon Emissions; Ocean Health, Sound Environmental Management, Human Capital Management, Human Rights Due Diligence for CAHRAs (Conflict Affected and High Risk Areas); Just Transition in Emerging Markets; Modern Slavery in Supply Chains; Sound Social Management; Corporate Governance in Emerging Markets; Corporate Governance Standards in Asia; Good Governance; Tax Transparency; Fashion Transition; SDG (Sustainable Development Goals) Engagement; AGM Engagement, Acceleration to Paris; Global Controversy Engagement.

Over the year, Robeco has engaged 400 times with companies in the GEF and the Fixed Income Fund. Their engagement activities are 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:

### Engaging with others

Activity by method	Year to date
Meeting	26
Conference call	148
Written correspondence	153
Shareholder resolution	0
Analysis	71
Other	2
<b>Total</b>	<b>400</b>

Together with 80 other LGPS funds, we and LPPI are members of the Local Authority Pension Fund Forum (LAPFF). LAPFF uses the collective power of all its members to engage directly with company boards. Their 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 their 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.

### Making our voice heard: Shareholder voting

Shareholders can vote at company Annual General Meetings (AGM). LPPI vote at company AGMs as an integrated part of the investment management process. We use our shareholder votes to complement our engagements with companies and while LPPI manages most of our voting activity, we also collaborate with other LGPS Funds through LAPFF which also provides input for consideration in voting decisions.

We are now also using an external provider (Minerva) to help us establish an LPFA voting policy to assess alignment between LPPI's use of voting rights and our policy priorities. Our voting policy will show companies which are out of alignment with our priorities and will assess how LPPI has voted in these cases. At first, this will cover only climate-related considerations, but we expect that it will be extended to include all our RI priorities.

## LPPI's voting activity

On our behalf, LPPI votes on holdings in the GEF directly. You can find how they vote on [their website](#). Over the year, LPPI voted at 376 company meetings and on 4,440 resolutions.

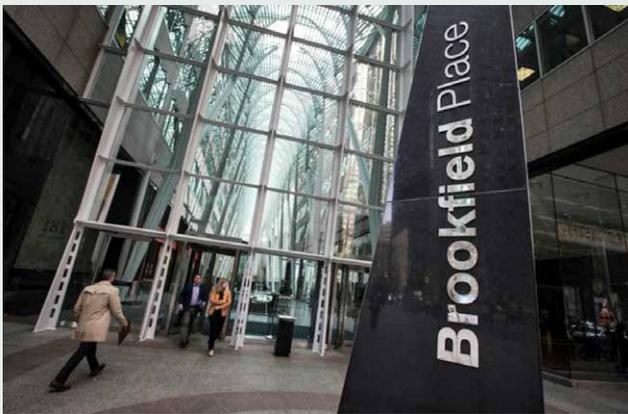
How LPPI votes is guided by their policies and positions on ESG issues.

Below are four examples of how its votes flow from its policy.

### Case study 1

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.

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



### Case study 2

At Unilever (UK: Personal Care Products), LPPI voted against the say on pay. The incoming CEO's salary was set higher than his predecessors and significantly higher than UK market peers. The company did not provide compelling justification for this remuneration package.

**Result: 58% against.**



### Case study 3

At Netflix (USA: Movies & Entertainment), LPPI again voted against the say on pay. Pay has been a contentious issue at Netflix for several years. Some improvement was made following low support in 2022, for example, the introduction of base salary caps and of an annual bonus scheme for a portion of the base salary paid in cash, however overall practices remained sub-standard. For example, stock option awards lack performance criteria and meaningful vesting periods, and the company does not disclose a clawback policy.

**Result: 71.3% against (72.9% against the previous year).**



### Case study 4

At Engie (France: Multi-Utilities), LPPI supported a shareholder resolution which looked to amend company bylaws 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.**



## Investments & funding continued

### Collaborating with others

We also respond to consultations, take part in policy and conference discussions, forum and networks participation and lend our support to activist and industry group campaigns. Some examples are provided below.

- **Industry group campaign support: Net Zero Engagement Initiative (NZEI)**

The NZEI is a collaboration between signatories to the Net Zero Investment Framework to engage with high-emitting companies to encourage them to reduce their emissions.

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

ShareAction organised a collaborative engagement towards the five largest banks in Europe who are still helping finance fossil fuel extraction projects through their lending activities.

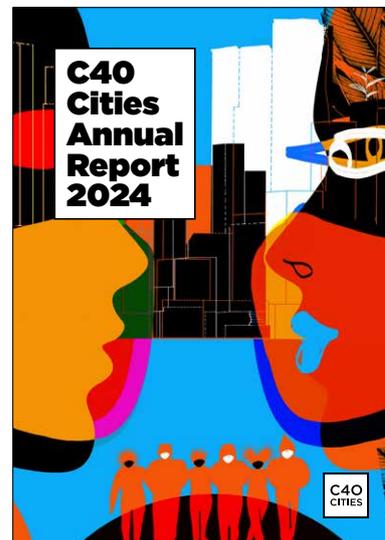
- **Activist campaign support: Workforce Disclosure Initiative**

During the 2024 engagement cycle, LPPI chose to focus its efforts on leveraging the WDI dataset without actively engaging through the WDI. It used this dataset to support their analysis of workforce-related risks during the monitoring of existing portfolio holdings, alongside investment research when considering new positions. With respect to existing positions previously engaged as part of the campaign, LPPI is continuing to monitor

workforce-related progress. For example, in 2023, LPPI sent an email to bank software provider Jack Henry, Inc., a reasonably labour-intensive business that relies on highly skilled employees, through the WDI campaign and received a response directing us to their Sustainability Report. The Global Equities team were encouraged to see disclosure of the results of their employee engagement survey, where the company reports a decent level of participation and an engagement score exceeding that of the industry benchmark. LPPI has also benefitted from companies who it engaged with in previous years, subsequently submitting a response to the WDI survey; these companies include Microsoft and Visa. LPPI has signed up to actively take part in the campaign once again in the upcoming cycle (2025-26), where it hopes to use the asks of the survey with companies which the investment team believe would materially benefit from improved workforce disclosure.

- **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. We take part 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.



# Administration



“This year saw a return to service levels at or in excess of agreed targets.”

## Administration continued



# 98.3%

Annual SLA delivery

# 204

Complaints received over the period

# 2<sub>min</sub> 44<sub>sec</sub>

Was the average wait time for a member calling the Contact Centre

### Introduction

On our behalf, Local Pensions Partnership Administration (LPPA) offers a full range of pension administration services to our 100,652 members and 116 employers as well as to 17 other public sector funds (of which 10 are LGPS Funds, including the LPFA). The services provided include the processing and payment of pensions, transfers, admissions, a Contact Centre, record maintenance and a dedicated bereavement service. 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

2024-25 saw a return to business-as-usual compared to previous years which were dominated by PACE (Pensions Administration Core Evolution). PACE was a strategic transformation project that saw LPPA transition all clients and members to Civica's Universal Pensions Management (UPM) software.

Satisfaction scores are improving and average wait time for a member calling the helpdesk was 2 minutes 44 seconds, well under the 4-minute target. Cost-per-member for administration services stands at just over £30. This has largely been driven by inflation and increasing regulatory activity, including the McCloud remedy and preparation for the Pensions Dashboard.

We also increased PensionPoint registrations from 32,132 on 31 March 2024 to 37,442 on 31 March 2025.



## How we administer our Fund

Administration services provided by LPPA are summarised above. As part of their service, LPPA also delivers standardised and statutory member and employer communications, UPM and data support and training. How the LPFA provides oversight and governance of their operations can be found on pages on page 92 onwards.

Relationships with our employers are lead by our EMS team which leads all strategic discussions, including covenant assessments and reviews, the triennial valuation and helping with admission and cessations to/from the Fund (see pages 100-102). A list of the active and ceased employers in the Fund can be found on pages 103-110.

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. This material is used in part to drive member engagement and encourage sign-ups to Pension Point, but also to ensure that our stakeholders are aware of the LPFA's role and progress. The activities that we undertake for our members and employers are influenced by our [Communications Policy](#) which is reviewed annually. Information sources for members are listed on page 114.

Member data is held by LPPA on our behalf, and its protection is of paramount importance. A risk management framework is in place to maintain security. Robust controls are in place to limit the exposure of data to non-authorized individuals along with continual monitoring of systems to detect any suspicious activity. LPPA is committed to adhering to best practices in cybersecurity, including adherence to Cyber Essentials Plus and ISO 27001 accreditation and the regular testing of systems for vulnerabilities and testing of restoration plans.

## 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 what we expect from LPPA. 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 2024-25, LPPA's annual SLA performance was 98.3%.

Performance	Q1 April – June 2024	Q2 July – September 2024	Q3 October – December 2024	Q4 January – March 2025	2024-25 Total
Overall delivery against SLA	98.1%	97.9%	97.8%	99.0%	98.3%



## Administration continued

### Casework KPIs

Casework KPIs	SLA (working days)	% Completed within SLA current year
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5	96.9%
Communication issued confirming the amount of dependent's pension	5	Included in the above
Communication issued to deferred member with pension and lump sum options (quotation)	5	98%
Communication issued to active member with pension and lump sum options (quotation)	5	95%
Communication issued to deferred member with confirmation of pension and lump sum options (actual)	5	97.2%
Communication issued to active member with confirmation of pension and lump sum options (actual)	5	97.1%
Payment of lump sum (both actives and deferreds)	5	Included in above two categories
Communication issued with deferred benefit options	15	97.3%
Communication issued to scheme member with completion of transfer in	10	99.4%
Communication issued to scheme member with completion of transfer out	10	97.9%
Payment of refund	15	98.5%
Divorce quotation	90	100%
Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order	90	100%
Communication issued to new starters	10	100%
Member estimates requested by scheme member and employer	10	93.10%

### Monitoring LPPA's performance

Our Board, Local Pension Board and our Officers are updated on LPPA's operational performance through monthly 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 makes sure that we are compliant with public sector pensions regulations and the Pensions Regulator General Code of Practice. 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. Numbers are across all LPPA clients as data is not collected solely for LPPA members.

Resources	LPPA
All administration staff (FTE)	264.5
Average service length of all administration staff	5 years 3 months
Staff vacancy rate as %	2.2%
Ratio of all administration staff to total number of scheme members (all staff including management)	2,672:1
Ratio of administration staff (excluding management) to total number of scheme members	2,713:1



## 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. We require that LPPA demonstrate value for money, evidence savings and deliver an efficient service compared to pre-pooling arrangements. LPPA participates in recognised industry benchmarking to ensure they deliver a value for money service in relation to other public sector administration providers.

### 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. In 2024-25, the cost stood at £74 per member. Over the past few years, we have brought many outsourced services in-house to improve the way that we work as a Fund. 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.

Cost per Fund member	As at 31 March 2025 £	As at 31 March 2024 £	As at 31 March 2023 £	As at 31 March 2022 £	As at 31 March 2021 £
Administration	31	26	24	24	23
Oversight and Governance	43	39	42	39	37
<b>Total</b>	<b>74</b>	<b>65</b>	<b>66</b>	<b>63</b>	<b>60</b>

## 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. We want to reduce queries and complaints through continuous improvement and, of course, comply with our statutory obligations. We want to communicate in a clear and simple manner and make sure that our members and employers receive excellent customer service.

## Working for our members

This section summarises the work undertaken over the year to improve the service to our members. It is influenced by our Communications Policy.

### Administration highlights

LPPA has focussed and made considerable progress in ensuring that monthly casework performance was consistently delivered above the 95% target during 2024-25. The annual SLA performance was 98.3%.

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

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

Statutory deadlines, including those for P60s, Pensions Increases, Annual Benefit Statements and Pensions Savings Statements were met. LPPA continues to work towards Pensions Dashboard connectivity.



## Administration continued

### Communication highlights

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

#### Providing the information that members need for retirement

Upon notification of a member's retirement, LPPA issue a retirement quotation together with options forms and a "how to" guide to support the member's completion and return of their forms. Members are also provided with links to the [LGPS Retirement Guide](#) on the LPPA website where they can review FAQ's and other relevant guidance. Retirement planning sessions were delivered via the LPPA retirement essentials monthly programme to 80 Fund members.

#### Increasing PensionPoint registrations

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

Members are encouraged to register by LPPA each time they are in contact with them. As a Fund, we also implement dedicated mailings to drive registrations. In February 2025, we sent letters and emails to over 7,919 deferred members following a data cleanse of the group. This project drove over 600 registrations. We also issue a quarterly newsletter to members which drives around 250 registrations each edition.

Over the year, PensionPoint registration increased from 32,132 in April 2024 to 37,442 by 31 March 2025.

#### Accessibility and hard copy communications

To tackle digital exclusion, we also let members know that hard copy communications are available for those that need them.

#### Keeping our members informed about our approach to responsible investing

Respondents to our Fund Member surveys consistently tell us that it is important that we look to influence other organisations to positively impact society, communities, and/or the environment. We keep members informed of how we invest responsibly through our quarterly Fund newsletter (LPFA Fund News), our Fund Member Forum, our website and via our social media channels.

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

Newsletters, P60s and Annual Benefits Statements are made available to members (although members do have to log into PensionPoint to access their documents) and a wealth of information is available on the LPPA website for general guidance and news. More proactively, 170 Fund members attended the 'Making Sense of Your Pension' sessions held by LPPA.

### Key communication statistics

#### Annual Benefit Statements

We must ensure that members receive an Annual Benefit Statement each year. Our progress this year is listed below.

Annual Benefit Statements	
Percentage of Annual Benefit Statements issued as at 31 August	97.8%
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	19,796
Total number of email and online channel queries received	8,604
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)	42
Number of active members who received a one-to-one (in-person and online)	0
Number of times a communication (i.e. newsletter) issued to:	
a) Active members	9* by LPPA Twice by LPFA (Autumn & Spring)
b) Deferred members	10* by LPPA Twice by LPFA (Autumn & Spring)
c) Pensioners	9* by LPPA Twice by LPFA (Autumn & Spring)

\* Note: This could include, depending on the member's status, the following communications: Member panel emails, Retirement surveys, PensionPoint follow up emails (non-registered members), newsletters, Planning for Retirement newsletter, Pension Saving Statements, ABS, P1 adjustment or P60.

## Engagement activity

Engaging, or staying in contact, with members is important. It helps people 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 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. Previous year data is provided.

Engagement	2024-25	2023-24
<b>Description</b>	<b>Value %</b>	
% of active members registered	43.6	39.0
% of deferred member registered	28.6	21.8
% of pensioner and survivor members	42.7	36.8
% total of all scheme members registered for self-service	37.2	31.4
% of all registered users that have logged onto the service in the last 12 months	55.5	29.4
<b>Age bracket</b>	<b>Total registered</b>	
Under 21	63	36
21-25	461	296
26-30	1,344	975
31-35	1,871	1,379
36-40	2,323	1,749
41-45	2,986	2,207
46-50	2,942	2,261
51-55	3,770	2,999
56-60	5,209	4,330
61-65	5,521	4,838
66-70	4,371	3,991
71-75	3,001	2,746
Over 75	3,580	3,364



## 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.

<b>Cases processed and outstanding at year end</b>	<b>Total no. of cases open as at 31 March (starting position)</b>	<b>Total no. of new cases created in the year (1 April to 30 March)</b>	<b>Total no of cases completed in year</b>	<b>Total % of cases completed in year</b>	<b>Comments</b>
<b>Casework KPI</b>					
Deaths recorded of active, deferred, pensioner and dependent members	1,732	5,783	5,850	77.8%	
New dependent member benefits	Dependant pensions included in above				
Deferred member retirements	668	2,721	2,964	87.5%	Combined quote and actual
Active member retirements	368	1,692	1,733	84.12%	Combined quote and actual
Deferred benefits	1,088	5,483	5,480	83.4%	
Transfers in (including interfunds in, club transfers)	732	1,666	1,465	61.1%	
Transfers out (including interfunds out, club transfers)	807	2,683	2,505	71.8%	
Refunds	465	4,997	4,618	84.5%	
Divorce quotations issued	20	127	133	90.5%	
Actual divorce cases	6	21	19	70.4%	
Member estimates requested either by scheme member or employer	91	1,121	1,115	92.0%	
New joiner notifications	57	1,230	1,269	98.6%	
Aggregation cases	575	2,053	1,913	72.8%	
Optants out received after three months' membership	Currently recorded as 'Other'				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. Our 2025 survey took place in April to May. The full report can be found on our [website](#).

## Member complaints

The UPM transition saw complaints in 2022-23 rise to 222 but these have now dropped to 204. The number of complaints as a percentage of workload now stands at 0.47% compared to 0.75% last year.

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	Target/ Benchmark
Number of complaints received	204	312	222	93	115	162	See note
Number of complaints categorised as Pension Ombudsman cases	7	10	2	6	3	0	See note
Number of Internal Dispute Resolution Procedure cases (IDRP)	17	3	12	6	5	25	See note

Note: A number of targets exist around complaints and IDRP including acknowledgement within two working days and a response within 30 days. There are no targets around volumes.

## Dispute Resolution

Internal Dispute Resolution Procedure (IDRP) is a process aimed at settling disputes following a complaint.

Number of new IDRP cases this period	7
Number of formal complaints received (not through IDRP)	204
Number of complaints or disputes referred to the Pension Ombudsman	7 See note below

Note: The increase in IDRP cases corresponds with the widening of The Pension Ombudsman's jurisdiction and their requirement that members must complete any relevant Internal Dispute Resolution Procedure (IDRP) before they will accept the case. As a result, more complaints continued through IDRP, leading to an increase in appeals when members remain dissatisfied. There were two common themes for IDRPs; ill health regulations and poor service for retirements and transfers.

## Membership details

Membership of the Fund continues to increase to a total of 100,652 members as at 31 March 2025 up from 99,585 in 2023-24.

Fund membership by category	2024-25	2023-24	2022-23	2021-22	2020-21
Active contributors	22,958	23,730	22,739	19,970	20,115
Deferred beneficiaries	30,437	30,138	29,793	29,312	28,897
Pensioners and dependents	36,919	36,563	36,209	38,115	35,963
Undecided leavers and Frozen refunds	10,338	9,154	8,055	7,241	6,700
<b>Total membership</b>	<b>100,652</b>	99,585	96,796	94,638	91,675

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 period in respect of Common Data and Conditional Data scores were 96.9% and 92%, respectively. This compared with last year's figures of 96.4% and 91.4%.

LPPA have run Data Validation Checks (DVCs) across all member records and continue to work through Data Validation Fails (DVF) to update and fix records. Focus is on those which affect the triennial valuation and data submission to the actuary. LPPA are also working on a data tracing exercise in readiness for the Pension Dashboard becoming available.

Data category	2024-25	2023-24
Common data score	96.9%	96.4%
Scheme specific data score	92%	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	1%	2.1%
Percentage of active, deferred and pensioner members with an email address held on file	61.5%	57.5%

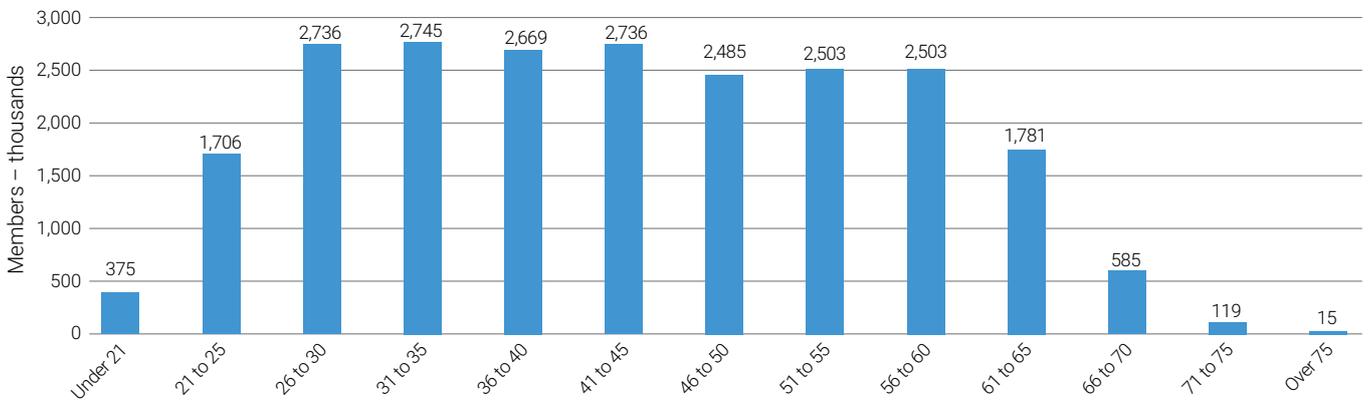
LPPA has focused on improving data quality that impacts the triennial valuation, and the introduction of the Pensions Dashboard. Data Validation Checks (DVCs) have been run to check the integrity of member data and LPPA has met with Funds and shared the results. Work continues to produce a series of internal dashboards to give LPPA clear visibility of the integrity and accuracy of the data that it holds to comply with regulatory change, and to enable LPPA to launch more self-service and automation for members and employers.



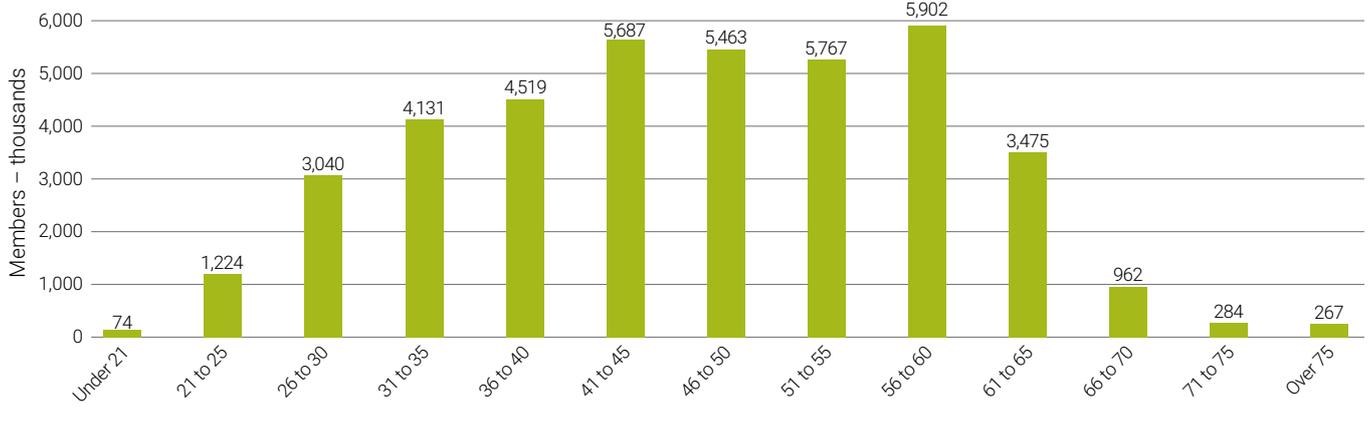
## Member age distribution

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

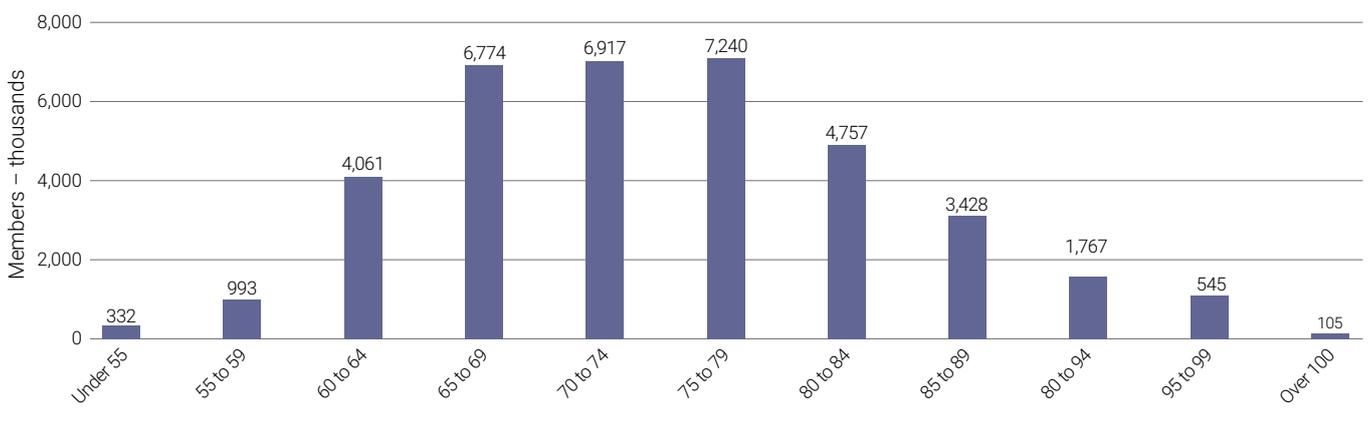
### Current age demographic: Active



### Current age demographic: Deferred



### Current age demographic: Pensioner



Active	Deferred/frozen	Pensioners/dependants
Average 43.5 years	47.1 years	73.9 years



## Administration continued

### Working for our employers

The 116 employers in our Fund include government bodies, higher education institutions, further education corporations, social housing associations, charities, and 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.

In late 2024, a new Head of the LPFA's Employer Management Services team was appointed as part of an effort to strengthen relationships with LPFA employers, lead on the triennial valuation process and provide a more bespoke service to employers in our Fund. Recent initiatives have included the launch of an LPFA Employer Newsletter, more face-to-face contact with employers, a refreshed Employer Forum and a pilot Lunch and Learn project. There has been a noticeable increase in employer engagement with the LPFA.

### Administration highlights

LPPA held their annual client forum in November 2024, attended by representatives from all their local government clients. It included presentations on their 2024 Client Survey, the benefits of the LPFA's participation in the annual CEM Benchmarking activity, a summary of the LPPA's Efficiency and Service Improvement Programme (ESIP) and how LPPA were making use of AI.

As part of LPPA's ongoing strategy to support employers and improve administration performance, they delivered training sessions throughout the year, including:

- Monthly Returns (successfully submitting files and resolving data queries)
- LGPS Scheme Essentials (support with calculating final pay, CARE pay and assumed pensionable pay)
- Employer Responsibilities (support with ongoing pension administration responsibilities)
- Scheme Leavers (support with submitting leaver details using the employer portal, and reinforcing the importance of providing LPPA with a minimum of 30 days' notice of their employee's retirement date)
- Absence and Ill Health (support with managing distinct types of absence in the LGPS)

As well as LPPA's regular employer newsletter – Pension Pulse, distributed every two months – they also issued a number of communications to all LGPS employers, including:

- "Help Us to Improve the Retirement Process for your Employees" – communicating the leaver process, and the impact that timeliness and accuracy of data submission can have on the member experience.
- "Monthly Returns" – reminders on deadlines for submission, including details of the 2025 valuation, the importance of accurate and up-to-date data files, and the possible impact on employer contributions of non-submission.

### Communication highlights

Our communications activity to employers is guided by our Communications Policy. As mentioned above, over the period we have introduced a new LPFA Employer Newsletter, pilot Lunch and Learns and more regular face-to-face meetings with employers. How these support our policy is set out below.

#### Our Communication Policy

We seek to help employers understand costs and funding issues. We want to help employers provide accurate member data and receive the support necessary to reduce errors. We want to make sure that members are provided with necessary information and that we highlight the value of LPFA membership in the attraction and retention of employees. We seek to make sure that employers are aware of the policies that relate to their duties.

#### Supporting employers to provide accurate member data and reduce errors

In April 2023, employers in our Fund began submitting a monthly return, moving away from an annual return. This 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	60%

To ensure that our employers know what is needed to help us run our Fund, LPPA undertook the following employer engagement activity:

- Virtual employer visits were held with 23 employers.
- Scheme leavers’ training was delivered with 13 employers attending.
- 23 LPFA employers attended LGPS Scheme Essentials employer training.
- Monthly returns training sessions were delivered with 7 employers attending.
- Absence and Ill Health training was delivered with 28 employers attending.
- Employer Responsibilities training was delivered with 35 employers attending.
- In addition, the LPPA team delivered an in-person engagement session with representatives from 38 LPFA employers on valuation, monthly returns and the employer portal, pensions dashboards, the employer toolkit.

Four employer newsletters were issued to employers to keep them updated on changes and developments and remind them of upcoming events and requirements.

#### Helping employers understand costs and funding issues

The LPFA’s Annual Employer Forum was held on 6 November 2024 and was attended by representatives from 23 employers. Presenting at the event were colleagues from the LPFA, LPPA and Barnett Waddingham, our actuarial advisors. As well as a networking occasion, the event is an opportunity for the LPFA to update employers on the Fund’s progress, valuation, funding, and costs; as well as to discuss issues of importance and improve understanding of how our Fund is run.

#### Showing the value of LPFA membership

Regular online training sessions are held by LPPA for members to explain how the LGPS works and the benefits of membership. These are detailed on their [website](#).

In March 2025, the LPFA began scoping out a pilot Lunch and Learn session, intended for one of the Fund’s employers, London Councils. It not only provided members with an understanding of their benefits but also aims to improve engagement by sharing our net zero progress and details of how our investments benefit local communities.

#### Make employers aware of the policies that relate to their duties

Regular email communications are sent by LPPA to employers as well as regular newsletters relating to employer duties.

In December, we introduced LPFA Insights, a bespoke quarterly newsletter circulated to LPFA employers. It is distinct from the LPPA newsletter which is a standardised newsletter issued to all employers of all LPPA clients. Content is tailored to the needs of LPFA employers and covers relevant policies, forthcoming events, and a wide variety of other issues. LPFA Insights is already proving an effective employer engagement tool.

We are currently drafting a refreshed version of our Pensions Administration Strategy (PAS) as part of the 2025 triennial valuation. The PAS sets out our responsibilities and those of the employers in our Fund as well as our expected levels of performance.



## Administration continued

### Administration Statistics – Employers

To accurately calculate member benefits, it is 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 is important to swiftly and accurately collect employer contributions. Employers must pay the previous month's contributions by the 22nd of the following month and a 'late payers report' is produced on the following day. If any employer has not paid by the 22nd, then our Finance team will contact the employer to chase and request payment. The table below provides 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	7	5	2	9	28
2	7	2	1	6	37
3	1	1	1	1	11
4	1	28	10	46	7

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

Amounts due from employers and employees at the year end	
Employer contributions	£4,959,278
Employee contributions	£3,117,552
Cessation values	£0



## Employers participating in the Fund

Based on any employer with whom the LPFA has had an economic transfer in 2024-25

Employer name	Admission type	Employer contribution rate %
Apleona UK Limited	Admitted – TUPE	24.5
Arbour Vale School	Scheduled	9.9
Babcock Critical Services Ltd	Admitted – TUPE	14.2
Babcock Training Limited	Admitted – TUPE	14.0
Bishop Thomas Grant School	Scheduled	11.1
British Film Institute	Admitted – Community	15.5
Brunel University London	Admitted – Community	16.0
Capital City College Group	Scheduled	9.5
Cater Link Ltd	Admitted – TUPE	19.7
CfBT Education Trust*	Admitted – Community	0.0
Charlotte Sharman Foundation Primary School	Scheduled	5.6
The City Literary Institute	Admitted – Community	13.6
City St George's, University of London	Admitted – Community	13.3
Compass Contract Services (U.K.) Ltd (Brunel)	Admitted – TUPE	6.0
Computacenter (UK) Ltd	Admitted – TUPE	14.5
Coram's Fields	Admitted – Community	14.9
Corpus Christi Catholic Primary School	Scheduled	14.9
Dunraven School	Scheduled	12.6
Ealing, Hammersmith & West London College	Scheduled	5.8
East London Waste Authority	Scheduled	13.7
English Sports Council	Admitted – Community	6.4
Food Standards Agency	Admitted – Community	19.1
Food Standards Scotland	Admitted – Community	9.3
Freedom Leisure	Admitted – Community	27.8
Friars Primary Foundation School	Scheduled	19.4
GLL (Lee Valley Regional Authority)	Admitted – TUPE	19.5
Goldsmiths, University of London	Admitted – Community	14.8
Greater London Authority	Scheduled	9.5
Greenwich Leisure Limited	Admitted – Community	25.8
Horniman Museum and Gardens	Admitted – Community	16.9
Ibstock Place School	Admitted – Community	13.1
Immanuel & St Andrew C of E Primary School	Scheduled	13.5
Julian's Primary School	Scheduled	13.1
L.B. of Camden	Scheduled	12.3
L.B. of Greenwich	Scheduled	11.5
L.B. of Hackney	Scheduled	10.5
L.B. of Hammersmith & Fulham	Scheduled	11.6
L.B. of Islington	Scheduled	12.2
L.B. of Lambeth	Scheduled	12.3
L.B. of Lewisham	Scheduled	14.2
L.B. of Southwark	Scheduled	12.7
L.B. of Tower Hamlets	Scheduled	10.5
L.B. of Wandsworth	Scheduled	11.0
La Retraite Roman Catholic Girls' School	Scheduled	14.3

\* 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.



## Administration continued

### Employers participating in the Fund

Based on any employer with whom the LPFA has had an economic transfer in 2024-25 continued

Employer name	Admission type	Employer contribution rate %
La Sainte Union Catholic School	Scheduled	8.1
Lee Valley Regional Park Authority	Scheduled	13.8
Lionheart (RICS Benevolent Fund Ltd)	Admitted – Community	15.0
Local Government and Social Care Ombudsman	Scheduled	5.0
Local Pensions Partnership Administration	Admitted – TUPE	13.4
Local Pensions Partnership Investments	Admitted – TUPE	20.0
London Councils	Admitted – Community	7.7
London Fire Commissioner	Scheduled	14.2
London Legacy Development Corporation	Scheduled	12.0
London Metropolitan University	Scheduled	10.3
London Nautical, City of London Academy	Scheduled	7.4
London Pensions Fund Authority**	Scheduled	0.0
London South Bank University	Admitted – Community	15.5
London South East Colleges	Scheduled	6.8
London Treasury Limited	Admitted – Community	9.5
Mary Ward Centre	Admitted – Community	8.9
Meadowbrook Academy	Scheduled	9.9
Morley College London	Scheduled	16.0
New City College	Scheduled	7.0
Newcastle College Group	Scheduled	14.0
Notre Dame School	Scheduled	10.3
Notting Hill Genesis	Admitted – Community	33.1
Nourish Contract Catering Limited	Admitted – TUPE	14.0
NSL Limited	Admitted – TUPE	15.5
Old Oak and Park Royal Development Corporation (OPDC)	Scheduled	10.4
Open College Network London Region	Admitted – Community	6.8
Orchard Hill College & Academies	Scheduled	9.9
Poplar HARCA	Admitted – Community	28.7
R.B. of Kensington & Chelsea	Scheduled	14.8
Roehampton University	Admitted – Community	17.2
Royal Central School of Speech & Drama	Admitted – Community	14.8
Sacred Heart Catholic School	Scheduled	17.2
South Bank Colleges	Admitted – Community	14.3
South Thames College Group	Scheduled	11.9
Sport and Recreation Alliance	Admitted – Community	2.0
St Andrew's Catholic Primary School	Scheduled	16.3

\*\* The scheme actuary has allocated the LPFA a 0% employer contribution rate, as detailed in the rates and adjustment certificate, based on the risk sharing arrangement that commenced with the LPPI on 1 April 2024.



## Employers participating in the Fund

Based on any employer with whom the LPFA has had an economic transfer in 2024-25 continued

Employer name	Admission type	Employer contribution rate %
St Anne's Catholic Primary School	Scheduled	9.9
St Anthony's Catholic Primary School	Scheduled	13.2
St Bede's Catholic Primary School	Scheduled	11.7
St Bernadette's School	Scheduled	19.4
St Francis Xavier 6th Form College	Scheduled	10.2
St Joseph's Catholic Infants' School	Scheduled	18.5
St Joseph's Catholic Junior School	Scheduled	18.1
St Mary's Roman Catholic Primary School	Scheduled	11.6
St Michael's Catholic College	Scheduled	13.7
St Thomas the Apostle College	Scheduled	12.0
Suez Recycling And Recovery UK Ltd	Admitted – TUPE	20.1
Surrey Square Primary School	Scheduled	10.1
The Froebel Trust	Admitted – Community	21.7
The Geffrye Museum Trust	Admitted – Community	6.9
The Pride Academy	Scheduled	9.9
The Skills Hub	Scheduled	9.9
Total Support Services	Admitted – TUPE	6.8
Transport for London	Scheduled	15.3
Trinity Laban Conservatoire of Music and Dance	Admitted – Community	8.6
Turney School	Scheduled	5.4
Turnham Academy	Scheduled	2.9
UAL Short Courses Ltd	Admitted – Community	29.0
UK Anti-Doping	Admitted – Community	4.2
UK Sports Institute	Admitted – Community	5.8
Unified Academy	Scheduled	9.9
United Colleges Group	Scheduled	15.6
United Kingdom Sports Council	Admitted – Community	9.1
University of the Arts London	Scheduled	14.9
University of Greenwich	Admitted – Community	15.0
University of St. Mark & St. John	Admitted – Community	10.1
University of Westminster	Admitted – Community	14.8
Valuation Office Agency	Scheduled	10.5
Valuation Tribunal Service	Scheduled	16.3
Van Gogh Primary School	Scheduled	16.0
West London Waste Authority	Scheduled	14.6
Western Riverside Waste Authority	Scheduled	4.1



## Administration continued

### Employers active and ceased in the Fund by scheduled and admitted bodies (as at 31 March 2025)

#### Number of employers in the Fund

Status	Admitted	Scheduled	Grand Total
Ceased	10	32	42
Current	53	63	116
<b>Grand total</b>	<b>63</b>	<b>95</b>	<b>158</b>

Employer name	Admitted £	Scheduled £
Alleyns School	109,000	
Archbishop Tenison's Church of England GMS		21,869
Association of Colleges	867,410	
BUVFC	(129,793)	
Cater Link Ltd	16,446	
CBRE	22,961	
Chartered Institute of Environmental Health	9,259	
City of Westminster		1,102,232
Corporation of London		67,183
Dulwich College	822,912	
Joskos Solutions	3,966	
L.B. of Barking & Dagenham		157,486
L.B. of Barnet		457,135
L.B. of Bexley		248,965
L.B. of Brent		298,725
L.B. of Bromley		404,915
L.B. of Croydon		414,456
L.B. of Ealing		359,422
L.B. of Enfield		290,995
L.B. of Greenwich		673,798
L.B. of Hackney		588,569
L.B. of Hammersmith & Fulham		656,596
L.B. of Haringey		240,362
L.B. of Harrow		269,825
L.B. of Havering		271,342
L.B. of Hillingdon		315,534
L.B. of Hounslow		262,639
L.B. of Lambeth		898,419
L.B. of Lewisham		725,369
L.B. of Newham		247,043
L.B. of Redbridge		276,207
L.B. of Richmond Upon Thames		269,453
L.B. of Southwark		856,888
L.B. of Sutton		223,058
L.B. of Tower Hamlets		854,985
L.B. of Waltham Forest		238,228
R.B. of Kensington & Chelsea		794,019
R.B. of Kingston Upon Thames		191,476
St Francesca Cabrini Primary School		945
St Martin-in-the-Fields High School		122,501
Woughton Leisure Trust	50,600	
<b>Ceased employers total</b>	<b>1,772,762</b>	<b>12,800,639</b>



## Employers active and ceased in the Fund by scheduled and admitted bodies (as at 31 March 2025) continued

Employer name	Admitted £	Scheduled £
Apleona UK Limited	178,875	
Babcock Critical Services Ltd	87,985	
Babcock Training Limited	163,783	
Bishop Thomas Grant School		219,495
British Film Institute	2,749,880	
Brunel University London	5,333,064	
Capital City College Group	3,604,084	
Caterlink	1,336	
CfBT Education Trust	79,003	
Charlotte Sharman Foundation Primary School		43,197
The City Literary Institute	848,947	
City St George's, University of London	4,061,964	
Compass Contract Services (U.K.) Ltd (Brunel)	3,318	
Computacenter (UK) Ltd	10,376	
Coram's Fields	19,017	
Corpus Christi Catholic Primary School		146,543
Dunraven School		641,886
Ealing, Hammersmith & West London College		844,468
East London Waste Authority	196,315	
English Sports Council	267,411	
Food Standards Agency	1,302,703	
Food Standards Scotland	141,689	
Freedom Leisure	75,481	
Friars Primary Foundation School		99,238
GLL (Lee Valley Regional Authority)	579,617	
Goldsmiths, University of London	2,991,406	
Greater London Authority		15,081,917
Greenwich Leisure Limited	289,655	
Horniman Museum & Gardens	588,417	
Ibstock Place School	276,042	
Immanuel & St Andrew C of E Primary School		182,915
Julian's Primary School		232,720
L.B. of Camden		68,252
L.B. of Greenwich		93,997
L.B. of Hackney		22,885
L.B. of Hammersmith & Fulham		44,362
L.B. of Islington		53,609
L.B. of Lambeth		44,520
L.B. of Lewisham		19,061
L.B. of Southwark		67,183
L.B. of Tower Hamlets		109,842
L.B. of Wandsworth		88,229
La Retraite Roman Catholic Girls' School		544,788
La Sainte Union Catholic School		145,329
Lee Valley Regional Park Authority		850,485



## Administration continued

### Employers active and ceased in the Fund by scheduled and admitted bodies (as at 31 March 2025) continued

Employer name	Admitted £	Scheduled £
Lionheart (RICS Benevolent Fund Ltd)	20,135	
Local Government and Social Care Ombudsman		1,095,307
Local Pensions Partnership Administration	341,532	
Local Pensions Partnership Investments	2,198,891	
London Councils	1,423,228	
London Fire Commissioner		11,621,110
London Legacy Development Corporation		4,127,890
London Metropolitan University		4,003,958
London Nautical, City of London Academy		129,150
London Pensions Fund Authority		170,856
London South Bank University	3,948,530	
London South East Colleges		1,382,294
London Treasury Ltd	487,741	
Mary Ward Centre	107,095	
Morley College London		648,722
New City College		3,145,023
Newcastle College Group		1,137,076
Notre Dame School		220,930
Notting Hill Genesis	27,801	
Nourish Contract Catering Limited	4,073	
NSL Limited	13,028	
Old Oak And Park Royal Development Corporation (OPDC)		1,043,961
Open College Network London Region	54,874	
Orchard Hill College & Academies		1,283,097
Poplar HARCA	120,239	
R.B. of Kensington & Chelsea		17,530
Roehampton University	4,416,853	
Royal Central School of Speech & Drama	1,102,702	
Sacred Heart Catholic School		225,488
South Bank Colleges	615,617	
South Thames College Group		2,862,086
Sport and Recreation Alliance	77,410	
St Andrew's Catholic Primary School		149,045
St Anne's Catholic Primary School		52,034
St Anthony's Catholic Primary School		101,682
St Bede's Catholic Primary School		30,540
St Bernadette's School		49,334
St Francis Xavier 6th Form College		275,172
St Joseph's Catholic Infants' School		94,012
St Joseph's Catholic Junior School		162,901
St Mary's Roman Catholic Primary School		82,926
St Michael's Catholic College		216,311
St Thomas the Apostle College		99,213
Suez Recycling And Recovery UK Ltd	134,004	
Surrey Square Primary School		209,014



## Employers active and ceased in the Fund by scheduled and admitted bodies (as at 31 March 2025) continued

Employer name	Admitted £	Scheduled £
The Froebel Trust	14,065	
The Geffrye Museum Trust	155,336	
Total Support Services	2,942	
Transport for London		1,175,027
Trinity Laban Conservatoire of Music and Dance	10,991	
Turney School	99,104	
Turnham Academy	19,908	
UAL Short Courses Ltd	747,604	
UK Anti Doping	437,352	
UK Sports Institute	1,627,348	
United Colleges Group		2,121,794
United Kingdom Sports Council	1,655,223	
University of the Arts London		23,193,214
University of Greenwich	10,981,831	
University of St. Mark & St. John	802,663	
University of Westminster	9,701,929	
Valuation Office Agency		317,132
Valuation Tribunal Service		597,049
Van Gogh Primary School		79,816
West London Waste Authority		452,276
Western Riverside Waste Authority		47,235
<b>Current employers total</b>	<b>65,200,414</b>	<b>82,265,123</b>
<b>Grand total</b>	<b>66,973,176</b>	<b>95,065,762</b>



# Actuarial report

## Introduction

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



## Assumptions

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

Assumptions	Assumptions used for 2022 Valuation
<b>Financial assumptions</b>	
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.
<b>Demographic assumptions</b>	
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 2025 the investment return on the Fund's assets is estimated to have been 3.1% per annum. This is lower than the previous year's return to 31 March 2024 of 8.0%. The Fund updated its strategic asset allocation from 1 April 2024, however this had little impact on the discount rate calculation, and therefore little impact on the expected return. As at 31 March 2025, in market value terms, the Fund's assets were 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 2025, the real discount rate calculated using the same methodology as at 31 March 2022 but updated for changes in market conditions is broadly unchanged 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 over the last few years.

### Overall position

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

Were we to carry out a valuation at 31 March 2025 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.

However, the methodology and assumptions will be updated as part of the next formal valuation, which will be carried out as at 31 March 2025 with new contribution rates set from 1 April 2026. This will take into account changes in market conditions, assumptions and membership data, and will provide the Fund with an updated position.

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

### Liam Drysdale FFA

Associate, Barnett Waddingham LLP



# External audit opinion



**Shape the future  
with confidence**

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

### **Opinion**

We have examined the Pension Fund financial statements of London Pensions Fund Authority ("the Pension Fund") included in the Pension Fund Annual Report ("the Annual Report") for the year ended 31 March 2025 (version approved by the Board on the 30 September 2025), which comprise the Fund Account, the Net Assets Statement and the related notes, including material accounting policy information.

In our opinion, the Pension Fund financial statements included in the Annual Report are consistent with the audited Pension Fund financial statements included in the full annual statement of accounts of London Pensions Fund Authority for the year ended 31 March 2025 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

### **Respective responsibilities of the Section 151 Officer and the auditor**

As explained more fully in the '*Statement of the 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 2024/25.

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 Pensions Fund Authority, and its compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

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:

- Executive Summary
- Overall Fund Management
- Governance and training
- Financial Performance
- Investments and Funding
- Investments and Funding (RI)
- Administration
- Additional Information

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.



## Use of our report

This report is made solely to the members of London Pensions Fund Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the London Pensions Fund Authority and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Hodgson

Ernst & Young LLP

Date: 30<sup>th</sup> September 2025

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



## Additional information

### Additional contacts

#### The LPFA (General)

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

London Pensions Fund Authority  
2nd Floor, 169 Union Street  
London SE1 0LL  
United Kingdom  
E: [communications@lpfa.org.uk](mailto:communications@lpfa.org.uk)

#### Our investment managers

##### LPPI

First Floor  
1 Finsbury Avenue  
London EC2M 2PF

T: 020 7369 6000

E: [info@localpensionspartnership.org.uk](mailto: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/>

#### Find us on social media



### Making a complaint

#### Internal Dispute Resolution Procedure (IDRP)

If an employer or member has a complaint, they are advised to first contact LPPA either by post or email to try and resolve the problem. IDRP guidance is available to give members 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 available on the [LPPA website](#) and contains information on all aspects of a dispute. It also links to external sources to help the member with complaints, like the Pensions Ombudsman, Money and Pensions Service (see below) and The Pensions Regulator.

#### 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, via email, webchat, or the phone. Visit <https://www.moneyhelper.org.uk/en> to find out more.

MAPS can be contacted online at:

<https://moneyandpensionservice.org.uk/>

T: 01159 659570

E: [contact@maps.org.uk](mailto:contact@maps.org.uk)

#### The Pensions Ombudsman

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

You can contact them via:

T: Local: 0800 917 4487

Overseas: +44 (0) 207 630 2200

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

Website and Live Chat: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)



## Glossary

<b>ARC</b>	Audit and Risk Committee	<b>LAPFF</b>	Local Authority Pension Fund Forum
<b>AVC</b>	Additional Voluntary Contribution	<b>LCC</b>	Lancashire County Council
<b>CEO</b>	Chief Executive Officer	<b>LDI</b>	Liability-driven investment
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy	<b>LGPS</b>	Local Government Pension Scheme
<b>CIPFA/LASAAC code</b>	CIPFA and the Local Authority (Scotland) Accounts Advisory Committee	<b>LPB</b>	Local Pension Board
<b>Code</b>	Local Code of Corporate Governance	<b>LPFA</b>	London Pensions Fund Authority
<b>DB</b>	Defined Benefit	<b>LPP (Group)</b>	Local Pensions Partnership Ltd
<b>DSF</b>	LPPI Diversifying Strategies Fund	<b>LPPA</b>	Local Pensions Partnership Administration Ltd
<b>EU</b>	European Union	<b>LPPI</b>	Local Pensions Partnership Investments Ltd
<b>ESG</b>	Environmental, Social and Governance	<b>NAV</b>	Net Asset Value
<b>FIF</b>	LPPI Fixed Income Fund	<b>NED</b>	Non-Executive Director
<b>FRC</b>	Financial Reporting Council	<b>NFI</b>	National Fraud Initiative
<b>FSS</b>	Funding Strategy Statement	<b>PAS</b>	Pension Administration Strategy
<b>GCF</b>	LPPI's Global Credit Fund	<b>PLSA</b>	Pensions and Lifetime Savings Association
<b>GDP</b>	Gross Domestic Product	<b>PRI</b>	Principles for Responsible Investment
<b>GEF</b>	LPPI's Global Equity Fund	<b>PSAA</b>	Public Sector Audit Appointments
<b>GIF</b>	LPPI's Global Infrastructure Fund	<b>RI</b>	Responsible Investment
<b>GLA</b>	Greater London Authority	<b>RCM</b>	Record Currency Management
<b>GMP</b>	Guaranteed Minimum Pension	<b>SAA</b>	Strategic Asset Allocation
<b>IAS</b>	International Accounting Standards	<b>SLA</b>	Service Level Agreement
<b>IDRP</b>	Internal Dispute Resolution Procedure	<b>SPS</b>	Strategic Policy Statement
<b>IFRS</b>	International Financial Reporting Standards	<b>TPI</b>	Transition Pathway Initiative
<b>IP</b>	Investment Panel	<b>UK</b>	United Kingdom
<b>ISS</b>	Investment Strategy Statement	<b>UPM</b>	Universal Pension Management administration system
<b>KPIs</b>	Key Performance Indicators		



## Additional information continued

### 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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United Kingdom  
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