

- All the way through the 'Ageing Well' series we discuss how important maintaining well-balanced nutrition and hydration as well as regular social activity in the older age. Finally, we explore how using tools to facilitate self-management and delay the ageing processes.
- For all topics we will be looking at **basic facts**, some recent **research** applicable and it will be positively nuanced into what can we do to slow down the progression or improve management of a condition applicable
- The emphasis of the 'Ageing Well' series is on **optimizing cognitive well-being**, **physiological ageing** and facilitating **self-management** on pathological processes while ageing.
- Promoting physical activity and healthy lifestyle
- stretching session in each talk



London Pensions Fund Authority
Pension Fund Annual Report
Executive Summary 2023-24

Executive Summary

About us

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

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

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

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

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

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

Executive Summary continued

Chair's Statement



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

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

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

Investment highlights

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

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

We continue to develop our approach to responsible investment and, in November 2022, we published our Investor Climate Action Plan (ICAP). Our plan sets out how we will manage the financial risks that climate change poses to the Fund and to our society. Our progress is detailed in our website’s [net zero hub](#) in line with our commitment to transparency.

Investing in the UK

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

Executive Summary continued

Chair's Statement continued

Investing in London

I was also delighted to see the Boroughs of Sutton and Kingston join the LPFA and Haringey as investors in the [London Fund](#) with their joint £50 million commitment. The £250 million London Fund, managed by LCIV (London Collective Investment Vehicle) and LPPI, aims to generate strong financial returns as well as positive social and environmental outcomes for Londoners and is an outstanding example of collaboration in the LGPS.

Investing in a sustainable future

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

Supporting a thriving pool

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

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

Ensuring a well-run fund

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

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



John Preston

LPFA Chair

Executive Summary continued

The year in review



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

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

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

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

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

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

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

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

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

We do this in a number of ways:

Evolving investment and liability management

– Investment performance

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

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

Executive Summary continued

The year in review continued

– Investing in our employer relationships

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

Building stronger operational efficiency

– Building LPFA's management capability

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

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

– Being an active shareholder

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

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

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

Executive Summary continued

The year in review continued

– Outsourced investment and administration costs

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

– Evolving our communications

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

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

Working in partnership and collaboration

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

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

Investing responsibly and taking action on climate change

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

We have accomplished a lot over the year but, like always, we know that there is much more to do. Thank you for your continued support and please do contact us if you have any feedback.

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



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

Our mission:

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

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

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

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

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

Our behaviours and culture:

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

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

Our strategic aims:

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

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

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



Evolving our investment and liability management



Working in partnership and improving collaboration



Building stronger operational efficiency and robust shareholder activity

Good governance:

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

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

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

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

Executive Summary continued

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

Number of members in our Fund:

99,585

Number of employers in our Fund:

115

Value of our Fund:

£8bn

Asset management fee savings for the year:

£19m

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

£102m

Executive Summary continued

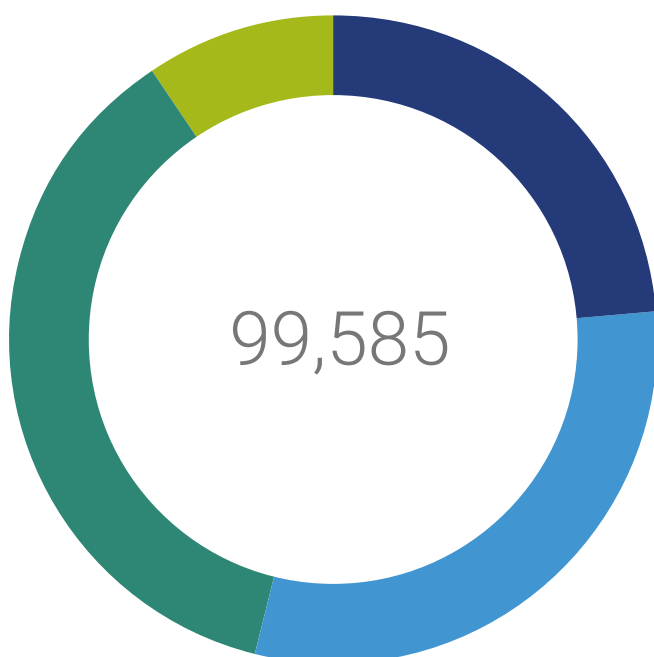
Member numbers

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

Balance sheet value

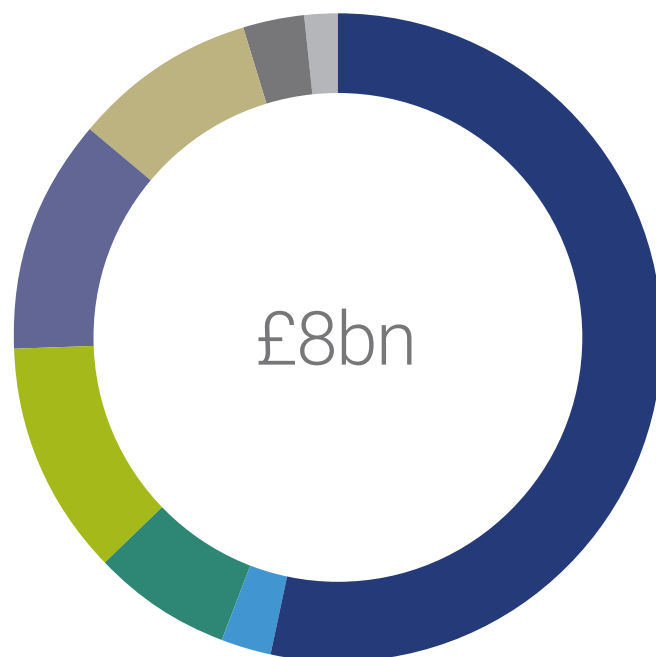
2019-20	£5.8bn
2020-21	£6.9bn
2021-22	£7.6bn
2022-23	£7.7bn
2023-24	£8.0bn

Membership breakdown



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

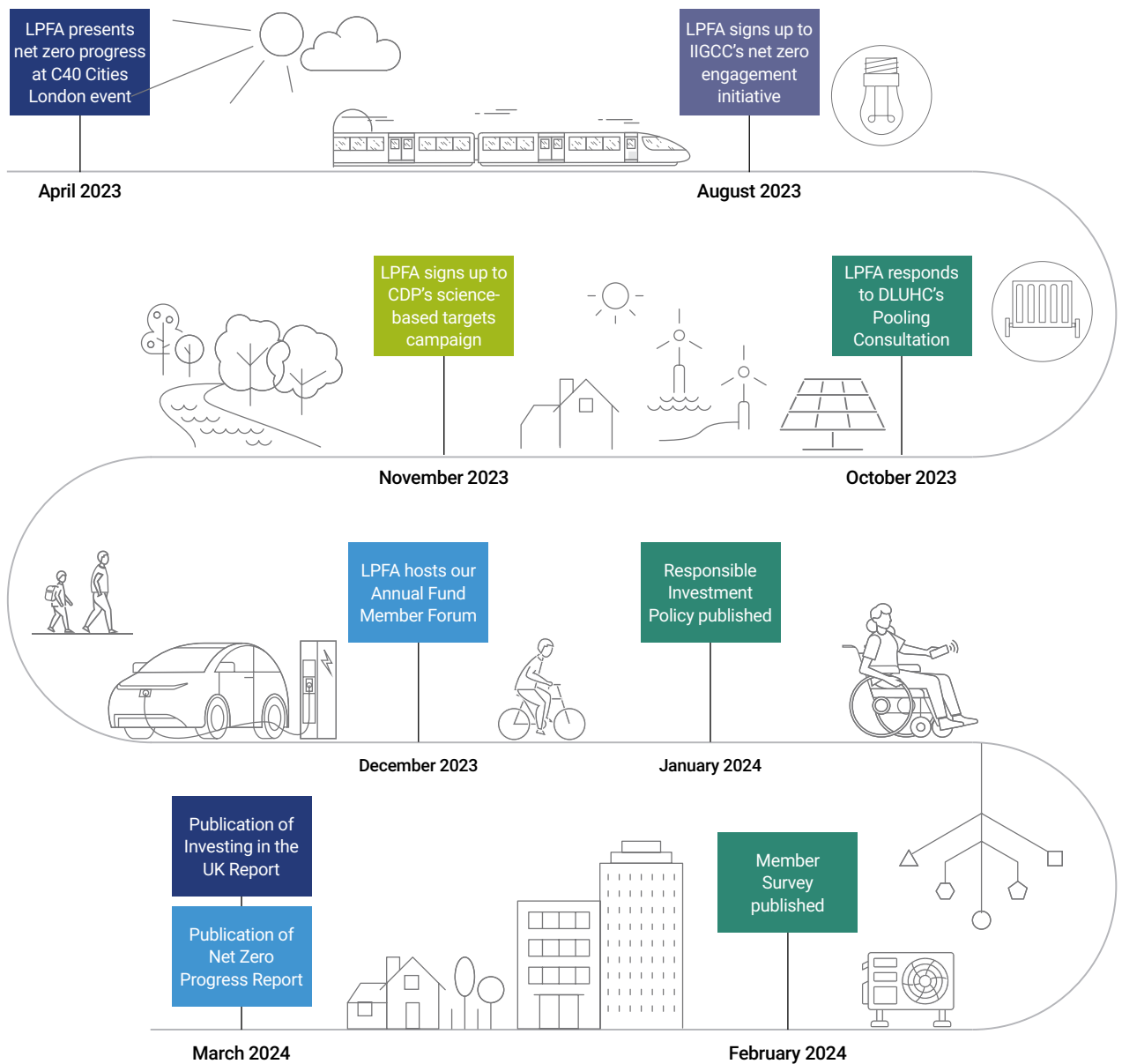
Asset allocation (%)



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

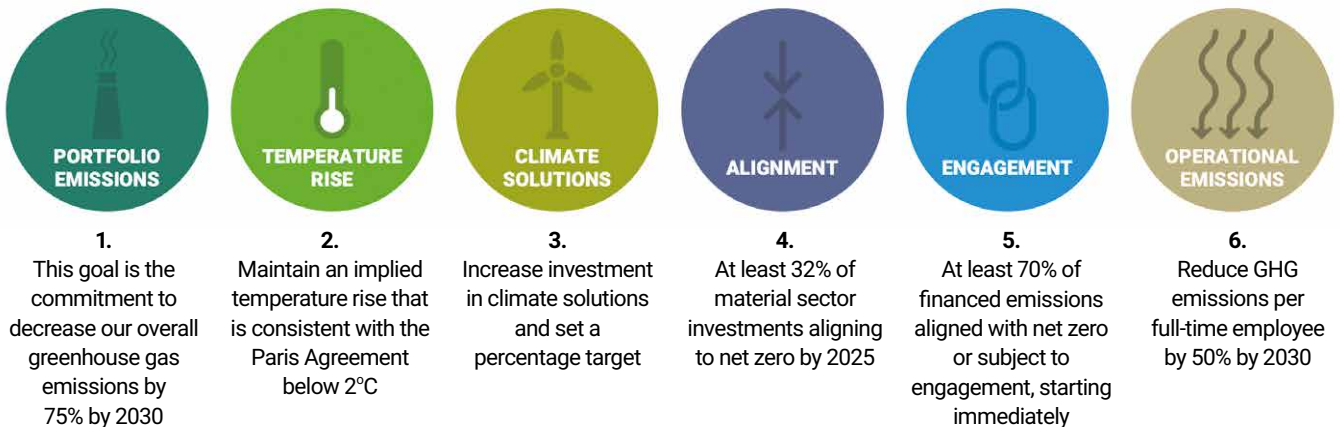
Executive Summary continued

Our main milestones



Net zero goals

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



Executive Summary 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.