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London Pensions Fund Authority

Supporting our employers,  
members and communities

Pension Fund Annual Report  
Executive Summary 2024-25



# 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.

## Executive Summary continued

### 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

## Executive Summary continued

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

# 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.

## Executive Summary continued

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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.

## 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.

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# 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:

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100,652

Number of employers in our Fund:

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116

Primary employer contribution rate:

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15.2%\*

Value of the Fund:

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£8.08bn

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

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£19m

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

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£121m

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

# Executive Summary continued

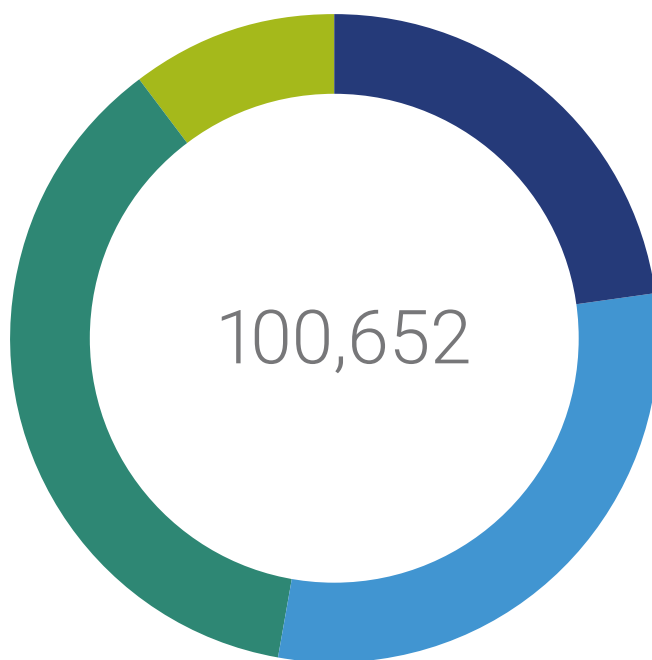
## Member numbers

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

## Balance sheet value

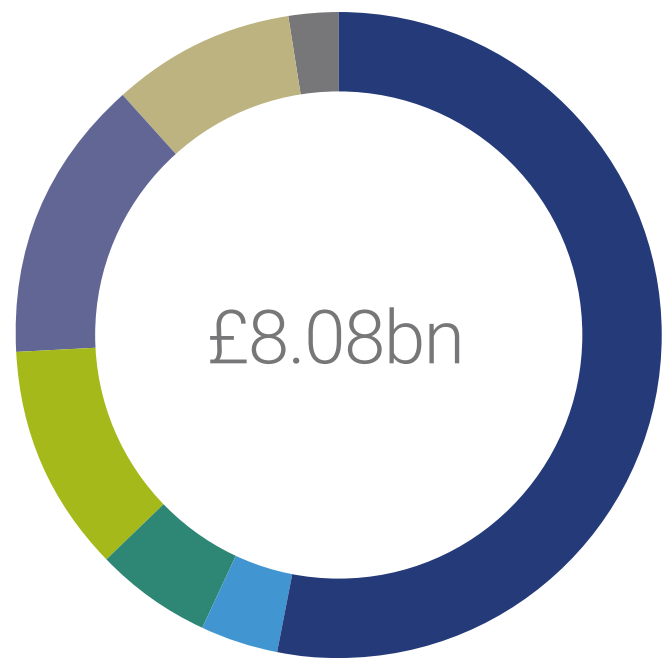
2020-21	£6.9bn
2021-22	£7.6bn
2022-23	£7.7bn
2023-24	£8.0bn
2024-25	£8.08bn

## Membership breakdown



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

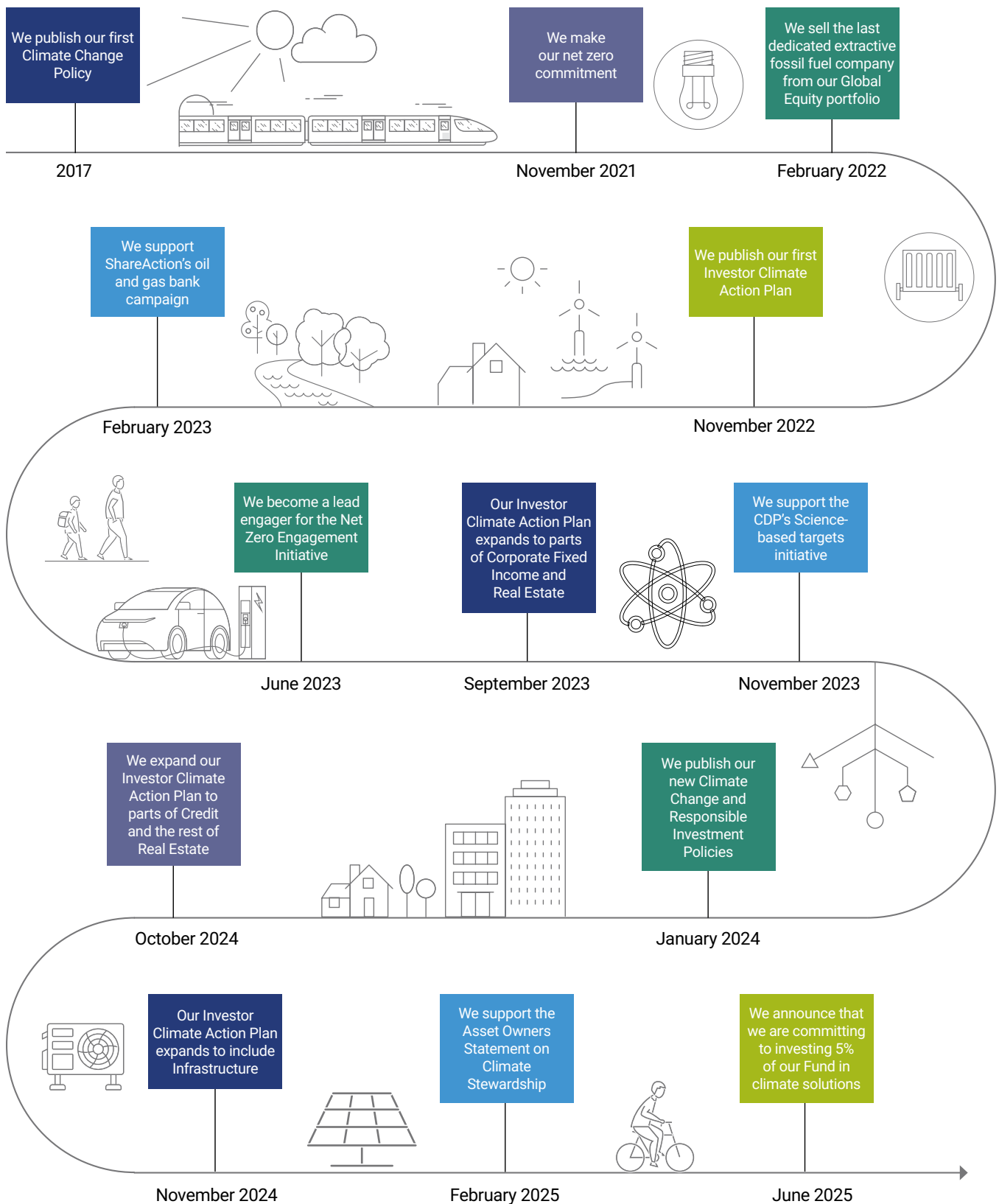
## Asset allocation (%)



- 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](#).

# Executive Summary continued

## 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.