



your pension our world

London Pensions Fund Authority
Statement of Operational Accounts

For the year ended 31 March 2024



Information

Board members

John Preston (Chair)
Irshaad Ahmad (appointed 1 January 2024)
Rita Bajaj
Ruth Dombey
Conrad Hall (appointed 2 April 2024)
Belinda Howell
Terence Jagger (resigned 31 December 2023)
Mandy Kaur-Sadler (appointed 1 January 2024)
Sophia Morrell
Tamlyn Nall (resigned 31 December 2023)
Richard Olszewski
Deborah Rees
Clare Scott
Christina Thompson (resigned 31 March 2024)

Chief Executive Officer

Robert Branagh (resigned 9 September 2024)

S151 Officer

Christina Thompson (appointed 8 April 2024)

S151 Officer

Michelle King (resigned 29 February 2024)

Deputy S151 Officer

Audrey Allen-Chitwa (appointed 20 September 2023)

Acting S151 Officer

Audrey Allen-Chitwa (1 March 2024 to 7 April 2024)

Business address

2nd Floor
169 Union Street
London
SE1 0LL

Auditor

Ernst & Young LLP
Chartered Accountants
1 More London Place
London,
SE1 2AF

Bankers

Lloyds Bank
4th Floor
25 Gresham Street
London
EC2V 7HN

Lawyers

Eversheds Sutherland LLP
Two New Bailey
6 Stanley Street
Salford
M3 5GX

Contents

1. Narrative Report	1
2. Statement of Responsibilities for the Statements of Accounts	5
3. Independent auditor's report to the London Pensions Fund Authority (LPFA)	6
4. Group and Single Entity Operational Accounts	11
5. Notes to Group and Single Entity Operational Accounts	17
6. Supplementary Account - Residual Liabilities (unaudited)	49
7. Notes to the Residual Liabilities supplementary accounts	53

1. Narrative Report 31 March 2024

Format of the Statement of Accounts

The primary function of the London Pensions Fund Authority (LPFA) is as an Administering Authority within the Local Government Pension Scheme.

The LPFA's Statement of Operational Accounts for the financial year ended 2023-24 consists of:

The **Statement of Responsibilities**, and

The **Group Operational Accounts** represent the cost of the governance and administration of the Pension Fund and Residual liabilities and the recharge of these costs to the Pension Fund and the Residual Liabilities Accounts.

The **Group Operational Accounts** consist of:

The Group **Comprehensive Income and Expenditure Account** which is a summary of the resources generated and consumed by the LPFA and its share in the results of the joint venture, LPP, in the year. The statement shows the accounting costs in the year of providing services in accordance with the generally accepted accounting practices. The LPFA does not raise taxation to cover expenditure;

The Single Entity **Operational Accounts** consist of:

The Entity **Comprehensive Income and Expenditure Account** which is a summary of the resources generated and consumed by the LPFA in the year. The statement shows the accounting costs in the year of providing services in accordance with the generally accepted accounting practices. The LPFA does not raise taxation to cover expenditure;

The **Statement of Movement in Reserves** which sets out the movement in LPFA reserves from 1 April 2023 to 31 March 2024.

The **Balance Sheet** which sets out the financial position of the LPFA at 31 March 2024. The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the LPFA.

The **Cash Flow Statement** shows the changes in cash and cash equivalent assets of the LPFA during the reporting period. The statement shows how the LPFA generates and uses cash and cash equivalents by classifying cash flows as operating and financing activities. The overall total agrees to the Cash position shown in the Statement of Financial Position.

The **Notes to support the Accounts**.

Funding

The LPFA incurs costs in the discharge of its functions as the administering authority of the Fund. These costs are detailed in the Operational Account. In accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the LPFA charges its costs to the Fund under its management as they are incurred.

Review of the accounts

The 2023-24 budget is part of the Medium Term Financial Plan (MTFP). It received initial approval from the Board in December 2022 and was submitted to the Mayor of London for comment. The final budget was approved by the Board in March 2023.

1. Narrative Report 31 March 2024 continued

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

The Operational and Governance expenditure represents the costs incurred by the Administering Authority in discharging its functions. Operational and Governance expenditure is recharged to the Pension Fund on a monthly basis. It comprises the LPFA Board and LPFA team costs which include the pension contributions made to the pension scheme.

The LPFA headcount increased from 18 full-time employees (FTE) to 21 FTEs, in 2023-24.

Operational budget

	Actual 2023-24 £'000	Budget 2023-24 £'000	Variance 2023-24 £'000
Operational accounts			
Administration			
Pension administration services	2,606	2,636	30
Total administration costs	2,606	2,636	30
Oversight and governance			
Board	253	268	15
Office of the Chief Executive	650	727	77
Support services provided by LPPI	196	196	–
Other support costs	3,024	3,811	787
Total oversight and governance excluding IAS 19 costs	4,123	5,002	879
Pension contributions	329	903	574
Total costs	4,452	5,905	1,453
Total operational costs	7,058	8,541	1,483
Funded by:			
Charge made to Pension Fund	(6,465)	(7,948)	(1,483)
Recharge to Residual Liabilities	(593)	(593)	–
Total funding	(7,058)	(8,541)	(1,483)
Net result	–	–	–

1. Narrative Report 31 March 2024 continued

Overview of the year

The Operational costs for the year ended 31 March 2024 were £7.06 million ((2023: £6.72 million), being £1.48 million below the budgeted cost. These costs were funded by a charge to the Pension Fund of £6.47 million (2023: £6.15 million), and a recharge to Residual Liabilities of £593,000 (2023: £563,000). The underspend is mainly due to staff vacancies and reduced pension contributions as a result of the surplus on the Pension Fund at the 31 March 2022 triennial valuation.

The Operational and Residual Liabilities accounts are merged together to form the Comprehensive Income and Expenditure Accounts on page 11 and 12. This has been implemented this year to properly represent the economic reality and fully represent the income, expenditure, assets and liabilities of LPFA as an administering authority. More details of the changes to the accounts are included in the prior year adjustment note 26.

The fee charge to Residual Liabilities is cancelled as an intercompany adjustment in the merged Comprehensive income and Expenditure Accounts on pages 11 and 12.

Service level agreements between the LPFA and LPP Group, which were operated in 2023-24 and charged to the Operational and Governance budget are outlined in the table below. The costs are also referred to in the related party note 17.

SLA Name	2023-24 £'000	2022-23 £'000
LPPA Administration	2,601	2,347
Information technology	196	191
Storage costs	30	25
Total	2,827	2,563

1. Narrative Report 31 March 2024 continued

Residual Liabilities budget

LPFA is responsible for compensation payments in respect of former Greater London Council (GLC), Inner London Education Authority (ILEA) and London Residual Body (LRB) staff. These payments are not chargeable to the Pension Fund and are recovered by a levy on the London Boroughs and the City of London Corporation. These budgets contain significant uncertainties in the form of injury claims for asbestosis, dating back to the GLC and ILEA. The LPFA has established a significant provision for known and expected claims, the costs of which will be met through the levy on London boroughs.

At the start of the year a new funding regime was introduced by the Board that reduced the levy income from £23 million to £8 million. It was agreed that the balance of the amount that was previously paid as Levy income would be paid into Pension Fund to pay for historically unfunded benefits.

Greater London

The budgeted levy requirement in 2023-24 was £10.3 million but the new funding regime was introduced from 1 April 2023 and the income was reduced to £1 million with the agreement that the excess funds were paid to the Pension Fund. Pension costs were higher than expected. The utilisation of the asbestosis provision during the year was less than budget. However, it remains extremely difficult to forecast the sums likely to be paid, both in year and over the longer term, on dealing with asbestosis claims. The LPFA has engaged an expert advisor to support the management of claims as they are submitted, and to agree estimates of future claims.

	Actual £'000	Budget £'000	Variance £'000
Greater London Levy			
Pension retirement costs	5,087	4,889	198
Management expenses	253	253	–
Asbestosis provision (known cases + direct costs)	245	1,070	(825)
Interest payable and receivable	(2,224)	(724)	(1,500)
Dividend income	(174)	–	(174)
Net gain on financial assets at fair value through profit and loss	(319)	–	(319)
Levy	(1,000)	(10,318)	9,318
Net outflow/(inflow) to balances	1,868	(4,830)	6,698

Inner London

The budgeted levy requirement in 2023-24 was £13.1 million but the contracted income was reduced to £7 million in accordance with the new funding regime from 1 April 2023. The excess income was paid to the Pension fund in accordance with the new agreement. The budgeted pension costs were higher than expected. The asbestosis provision spending was also above budget. However, again as with the Greater London levy, the asbestosis claims remain a significant variable factor and this led to reduction in the asbestosis provision.

	Actual £'000	Budget £'000	Variance £'000
Inner London Levy			
Pension retirement costs	9,461	8,706	755
Management expenses	340	340	(0)
Asbestosis provision (known cases + direct costs)	491	134	358
Interest payable and receivable	(1,167)	(409)	(758)
Dividend income	(90)	–	(90)
Net gain on financial assets at fair value through profit and loss	(137)	–	(137)
Levy	(7,000)	(13,065)	6,065
Net outflow/(inflow) to balances	1,898	(4,295)	6,193

Date the Statement of Accounts were authorised for issue

The Statement of Accounts were authorised for issue by the Audit and Risk Committee on 29 November 2024. Post balance sheet events have been considered up to the date the financial statements were authorised for issue.

Further information

Further information about these accounts is available from London Pensions Fund Authority, 2nd Floor, 169 Union Street, London SE1 0LL. In addition further information on the LPFA performance in service and corporate areas can be seen alongside the Pension Fund accounts in the LPFA Annual Report, which can be requested at the address above.

2. Statement of Responsibilities for the Statement of Accounts

LPFA's responsibilities

LPFA is required to:

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

The Section 151 Officer's responsibilities

At LPFA the Section 151 Officer is responsible for:

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

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

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

Certificate of approval

I certify that the Statement of Accounts presents a true and fair view of the financial position of the LPFA at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.



Christina Thompson, Section 151 Officer

Dated: 29 November 2024

3. Independent auditor's report to the members of the London Pensions Fund Authority

Report on the Audit of the Group Operational Account Financial Statements



EY

Building a better
working world

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF LONDON PENSION FUND AUTHORITY

Opinion

We have audited the financial statements of London Pension Fund Authority ('the Authority') and its joint ventures (the 'Group') for the year ended 31 March 2024. The financial statements comprise the:

- Single Entity and Group Movement in Reserves Statement,
- Single Entity and Group Comprehensive Income and Expenditure Statement,
- Single Entity and Group Balance Sheet,
- Single Entity and Group Cash Flow Statement,
- the related notes 1 to 26 including material accounting information.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion the financial statements:

- give a true and fair view of the financial position of London Pension Fund Authority and the Group as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

3. Independent auditor's report to the members of the London Pensions Fund Authority

Report on the Audit of the Group Operational Account Financial Statements continued

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Authority's ability to continue as a going concern for a period to March 2026.

Our responsibilities and the responsibilities of the Section 151 Officer's with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Authority's and Group's ability to continue as a going concern.

Emphasis of matter

As set out in *Note 26 - Prior Year Adjustment* - the financial statements for 2022/23 and 2021/22 have been adjusted to reflect the consolidation of the Authority's Operational consolidated accounts and the Residual Liabilities accounts into a single set of accounts in accordance with IAS 1 and statutory legislation. Note 26 explains the background to these adjustments and the impact of this restatement on the financial statements.

Our opinion is not modified for this matter.

Other information

The other information comprises the information included in the '*Statement of Operational Accounts for the year ended 31 March 2024*', other than the financial statements and our auditor's report thereon. The Section 151 Officer is responsible for the other information contained within the '*Statement of Operational Accounts for the year ended 31 March 2024*'.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Council
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)

3. Independent auditor's report to the members of the London Pensions Fund Authority continued

Report on the Audit of the Group Operational Account Financial Statements continued

- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

Responsibility of the Section 151 Officer

As explained more fully in the '*Statement of the Responsibilities for the Statement of Accounts*' set out on page 5, the Section 151 Officer is responsible for the preparation of the '*Statement of Operational Accounts*', which includes the Group and Authority financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 2023/24, for being satisfied that they give a true and fair view and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Group and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Authority either intends to cease operations, or has no realistic alternative but to do so.

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

3. Independent auditor's report to the members of the London Pensions Fund Authority continued

Report on the Audit of the Group Operational Account Financial Statements continued

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Authority and determined that the most significant are:

- Local Government Act 1972,
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Group and the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment legislation, tax legislation, general power of competence, procurement and health & safety.

We understood how London Pension Fund Authority is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Group and Authority's committee minutes and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Group and the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified misstatements due to fraud and error and to be our fraud risk.

To address our fraud risk around misstatements due to fraud and error, we:

- Inquired of management about risks of fraud and the controls put in place to address those risk;
- Understood the oversight given by those charged with governance of management's processes over fraud;
- Discussed with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions);
- Considered the effectiveness of management's controls designed to address the risk of fraud;
- Performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements;
- Undertook procedures to identify significant unusual transactions;
- Considered whether management bias was present in the key accounting estimates and judgments in the financial statements; and
- We reconciled the fund manager and custodian reports for investment income and investigated any significant reconciling differences.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

3. Independent auditor's report to the members of the London Pensions Fund Authority continued

Report on the Audit of the Group Operational Account Financial Statements continued

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether the London Pension Fund Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the London Pension Fund Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether the London Pension Fund Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of London Pension Fund Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of London Pension 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 London Pension Fund Authority and the Group and Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

MARK HODGSON

ERNST & YOUNG LLP

Date: 29th November 2024

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

4. Group and Single Entity Operational Accounts

Group Comprehensive Income and Expenditure Statement for the year ended to 31 March 2024

	Notes	2023-24 Gross Costs	2023-24 Income	2023-24 Net (Income)/ Costs	2022-23 Gross Costs	Restated 2022-23 Income	2022-23 Net (Income)/ Costs
Administering Authority	5-12	7,190	(6,491)	699	6,673	(6,181)	492
Residual Liabilities	5-12	14,548	(21,865)	(7,317)	12,489	(37,120)	(24,631)
(Surplus) /deficit from the provision of services (income) and expenditure		21,738	(28,356)	(6,619)	19,162	(43,301)	(24,140)
Financing and investing (income) and expenditure							
Administering Authority	13a			126			371
Residual Liabilities	13b			906			1,658
(Surplus) on provision of services				(5,586)			(22,110)
Share of (surplus)/deficit on provision of services by LPP Joint Venture	19			(371)			2,222
Group (surplus)/deficit				(5,957)			(19,888)
Share of tax credit of LPP joint venture	19			(3,179)			(331)
(Surplus)/deficit for the financial year				(9,136)			(20,219)
Administering Authority remeasurement of defined benefit obligation				(2,028)			(11,926)
Residual Liabilities remeasurement of defined benefit obligation	14			(1,602)			(14,123)
Share of remeasurement of defined benefit obligation of LPP joint venture	19			(2,256)			(19,561)
Share of tax on components of other comprehensive income in LPP Joint Venture	19			3,567			1,459
Other comprehensive (income) and expenditure				(2,319)			(44,151)
Total comprehensive income and expenditure (surplus)/deficit				(11,455)			(64,370)

4. Group and Single Entity Operational Accounts continued

Single entity Comprehensive Income and Expenditure Statement for the year ended 31 March 2024

	Notes	2023-24 Gross Costs	2023-24 Income	2023-24 Net (Income)/ Costs	Restated		
					2022-23 Gross Cost	2022-23 Income	2022-23 Net Costs
Administering Authority	5-12	7,190	(6,491)	699	6,673	(6,181)	492
Residual Liabilities	5-12	14,548	(21,865)	(7,317)	12,489	(37,120)	(24,631)
(Surplus)/deficit from the provision of services		21,738	(28,356)	(6,619)	19,162	(43,301)	(24,140)
Financing and investing (income) and expenditure							
Administering Authority	13			126			371
Residual Liabilities	13			906			1,658
Deficit for the financial year				(5,586)			(22,110)
Administering authority remeasurement of defined benefit obligation	14			(2,028)			(11,926)
Residual Liabilities remeasurement of defined benefit obligation	14			(1,602)			(14,123)
Other comprehensive (income) and expenditure				(3,630)			(26,049)
Total comprehensive income and expenditure (surplus)/deficit				(9,216)			(48,159)

4. Group and Single Entity Operational Accounts continued

Group Statement of Movement in Reserves

	Notes	Pension Reserve £'000	Residual Liabilities Pension Reserve £'000	Total Unusable Reserves £'000	General Reserve £'000	Residual Liabilities Pension Reserve £'000	Equity Interest in Joint Venture £'000	Total Usable Reserves £'000	Total Reserves £'000
Balance at 31 March 2023 brought forward		2,538	111,363	113,901	(6,225)	(60,733)	(12,500)	(79,458)	34,443
Group surplus		–	–	–	(139)	(5,818)	–	(5,957)	(5,957)
Share of tax	19	–	–	–	(3,179)	–	–	(3,179)	(3,179)
Net increase before transfers to earmarked reserves		–	–	–	(3,318)	(5,818)	–	(9,136)	(9,136)
Remeasurement of the net defined benefit liability	14	(2,028)	(1,602)	(3,630)	–	–	–	–	(3,630)
Other movement – joint venture		–	–	–	1,311	–	–	1,311	1,311
Movement in year		232	(8,848)	(8,616)	(232)	8,848	–	8,616	–
Increase in year		(1,796)	(10,450)	(12,246)	(2,239)	3,030	–	791	(11,455)
Balance at 31 March 2024 carried forward		742	100,913	101,655	(8,464)	(57,703)	(12,500)	(78,666)	22,988

Restated	Notes	Pension Reserve £'000	Residual Liabilities Pension Reserve £'000	Total Unusable Reserves £'000	General Reserve £'000	Residual Liabilities Pension Reserve £'000	Equity Interest in Joint Venture £'000	Total Usable Reserves £'000	Total Reserves £'000
Balance at 31 March 2022 brought forward		14,164	135,867	150,031	9,986	(48,704)	(12,500)	(51,218)	98,813
(Surplus)/deficit on provision of services		–	–	–	2,522	(22,410)	–	(19,888)	(19,888)
Share of tax	19	–	–	–	(331)	–	–	(331)	(331)
Net decrease before transfers to earmarked reserves		–	–	–	2,191	(22,410)	–	(20,219)	(20,219)
Remeasurement of the net defined benefit liability	14	(11,926)	(14,123)	(26,049)	–	–	–	–	(26,049)
Other movement – joint venture		–	–	–	(18,102)	–	–	(18,102)	(18,102)
Movement in year		300	(10,381)	(10,081)	(300)	10,381	–	10,081	–
Increase in year		(11,626)	(24,504)	(36,130)	(16,211)	(12,029)	–	(28,240)	(64,370)
Balance at 31 March 2023 carried forward		2,538	111,363	113,901	(6,225)	(60,733)	(12,500)	(79,458)	34,443

4. Group and Single Entity Operational Accounts continued

Single Entity Statement of Movement in Reserves

	Notes	Pension Reserve £'000	Residual Liabilities Pension Reserve £'000	Total Unusable Reserves £'000	Residual liabilities General reserve	General Reserve £'000	Total Usable Reserves £'000	Total Reserves £'000
Balance at 31 March 2023 brought forward		2,538	111,363	113,901	(60,733)	–	(60,733)	53,168
(Surplus)/deficit on provision of services		–	–	–	(5,818)	232	(5,586)	(5,586)
Net decrease before transfers to earmarked reserves		–	–	–	(5,818)	232	(5,586)	(5,586)
Remeasurement of the net defined benefit liability	14	(2,028)	(1,602)	(3,630)	–	–	–	(3,630)
Movement in year		232	(8,848)	(8,616)	8,848	(232)	8,616	
Increase in year		(1,796)	(10,450)	(12,246)	3,030	–	3,030	(9,216)
Balance at 31 March 2024 carried forward		742	100,913	101,655	(57,703)	–	(57,703)	43,952

Restated	Notes	Pension Reserve £'000	Residual Liabilities Pension Reserve £'000	Total Unusable Reserves £'000	Residual liabilities General reserve	General Reserve £'000	Total Usable Reserves £'000	Total Reserves £'000
Balance at 31 March 2022 brought forward		14,164	135,867	150,031	(48,704)	–	(48,704)	101,327
(Surplus)/deficit on provision of services		–	–	–	(22,410)	(300)	(22,710)	(22,710)
Net decrease before transfers to earmarked reserves		–	–	–	(22,410)	(300)	(22,710)	(22,710)
Remeasurement of the net defined benefit liability	14	(11,926)	(14,123)	(26,049)	–	–	–	(26,049)
Movement in year		300	(10,381)	(10,081)	10,381	300	10,681	600
Increase in year		(11,626)	(24,504)	(36,130)	(12,029)	–	(12,029)	(48,159)
Balance at 31 March 2023 carried forward		2,538	111,363	113,901	(60,733)	–	(60,733)	53,168

4. Group and Single Entity Operational Accounts continued

Group and Single Entity Balance Sheet as at 31 March 2024

	Notes	31 March 2024 Group £'000	31 March 2024 Entity £'000	Restated	
				31 March 2023 Group £'000	31 March 2023 Entity £'000
Intangible fixed assets	17	30	30	43	43
Property, plant & equipment	18	1	1	3	3
Investment in joint venture	19	20,963	–	18,725	–
Non-current assets		20,994	31	18,771	46
Debtors	21	3,273	3,273	2,497	2,497
Investment	22	1,987	1,987	–	–
Cash and cash equivalents	23	63,706	63,706	68,242	68,242
Current assets		68,966	68,966	70,739	70,739
Creditors	24	(2,840)	(2,840)	(1,545)	(1,545)
Residual Liabilities provision	15	(2,485)	(2,485)	(2,044)	(2,044)
Net current liabilities		63,641	63,641	67,150	67,150
Total assets less current liabilities		84,636	63,673	85,921	67,196
Residual Liabilities provision	15	(5,969)	(5,969)	(6,463)	(6,463)
Net defined benefit liability	14	(742)	(742)	(2,538)	(2,538)
Residual Liabilities net defined benefit liability	14	(100,913)	(100,913)	(111,363)	(111,363)
		(107,624)	(107,624)	(120,364)	(120,364)
Net liabilities		(22,988)	(43,952)	(34,443)	(53,168)
Usable reserves					
– Administering Authority General reserve		(8,464)	–	(6,225)	–
– Residual Liabilities General reserve		(57,703)	(57,703)	(60,733)	(60,733)
– Non-voting equity Interest in LPP joint venture		(12,500)	–	(12,500)	–
Non-usable reserves					
Pension reserve		742	742	2,538	2,538
Residual Liabilities pension reserve		100,913	100,913	111,363	111,363
Total reserves		22,988	43,952	34,443	53,168



Christina Thompson, Section 151 Officer

Dated: 29 November 2024

4. Group and Single Entity Operational Accounts continued

Group and Single Entity Cashflow Statement for the year ended 31 March 2024

Restated	Notes	Restated			
		31 March 2024 Group £'000	31 March 2024 Entity £'000	31 March 2023 Group £'000	31 March 2023 Entity £'000
Net surplus/(deficit) on the provision of services		9,136	5,586	20,219	22,110
Adjustments to net surplus/(deficit) on the provision of services for non-cash movements	16	(15,539)	(11,989)	(13,066)	(14,957)
Net cash flows from operating activities		(6,403)	(6,403)	7,153	7,153
Investing activities					
Purchase of short-term investments		(1,531)	(1,531)	–	–
Interest received		3,398	3,398	1,698	1,698
Net increase in cash and cash equivalents		(4,536)	(4,536)	8,850	8,851
Cash and cash equivalents at the beginning of the reporting period	23	68,242	68,242	59,392	59,392
Cash and cash equivalents at the end of the reporting period		63,706	63,706	68,242	68,242

5. Notes to the Group and Single Entity Operational Accounts

General information

The operational costs incurred by LPFA in administering the Pension Fund, Residual Liabilities Fund are accumulated in the Operational Accounts and are reimbursed from the respective funds.

1. Summary of significant accounting policies

General principles

The Statement of Accounts summarises LPFA's transactions for the 2023-24 financial year and its position at year-end 31 March 2024. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 (the Code) based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts have been prepared on a going concern basis.

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

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

The Operational Accounts are funded by the Pension Fund and funding from the City of London Corporation and the London Boroughs in relation to the Residual Liabilities. Residual Liabilities contributed £593,000 of their funding and the 2023-24 Medium Term Financial Plan (MTFP) was approved on the basis that the Pension Fund was responsible for all Operational costs not Funded by the Residual Liabilities. The MTFP for 2024-25 was also approved on this basis and this will continue to be the basis for the foreseeable future.

The Residual Liabilities are funded by total annual levy income of £8.0 million from the thirty-two London Boroughs including the City of London Corporation. Although, this is significantly less than the amounts paid to reduce the unfunded pension liabilities and the asbestosis costs each year leading to a net cash outflow of £4.9 million in 2023-24, the strategy is to utilise the significant cash balances, currently, £62.9 million at 31 March 2024, to pay for the net annual costs. The boroughs and the Corporation of London are obliged to make these levy payments and have agreed that the levy requirements will be reviewed in a further two years to ensure that the funding is adequate.

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

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

Merger of Operational and Residual Liabilities Accounts

The Operational and Residual Liabilities accounts are merged together to form these financial statements. This has been implemented this year to properly present the economic reality and fully represent the income, expenditure, assets and liabilities of LPFA as an administering authority. More details of the changes to the accounts are included in the prior year adjustment note 26.

5. Notes to the Group and Single Entity Operational Accounts **continued**

Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees and charges are accounted for as income at the date LPFA provides the relevant services.
- Supplies are recorded as expenditure when they are consumed.
- Administration costs are recorded as expenditure when the service has been provided.
- Levy income is accounted within the financial statements when the income is due.

Where income or expenditure has been recognised but cash has not been received or paid, a receivable or payable for the relevant amount is recorded in the statement of financial position. Where it is doubtful that debts will be settled, the balance of receivables is written down and a charge is made to revenue for the income that might not be collected.

Segmental reporting

The LPFA reports segmental information in relation to its activities as an Administering Authority and for the Residual Liabilities. The income and expenditure from these segments is reported in the comprehensive income statement and in the notes to the accounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of change in value. An investment normally meets the definition of a cash equivalent when it has a maturity of three months or less from the date of acquisition. Bank overdrafts which are repayable on demand and which form an integral part of an entity's cash management are also included as a component of cash and cash equivalents.

Cash balances not required for immediate use are invested in accordance with LPFA's Treasury Management Strategy. Interest earned on LPFA's balances is credited to the Comprehensive Income and Expenditure Statement during the year and appropriate accruals are made at year-end.

Interest on balances

Cash balances not required for immediate use are invested in accordance with LPFA Treasury Management Strategy. Interest earned on LPFA's balances is credited to the Income and Expenditure Account during the year and appropriate accruals are made at year-end.

Overheads

Directly attributable overheads are charged to the appropriate service areas within the Administering Authority and Residual Liabilities.

Employee benefits

Benefits payable during employment

Employee benefits are those due to be settled in the financial year. They include salaries, bonuses, paid annual leave and paid sick leave for employees and are recognised as an expense in the year in which the employee renders services to LPFA.

Post-employment benefits

LPFA participates in the Local Government Pension Scheme (LGPS) administered by the LPFA. This is a funded, defined benefit scheme. Employees' and employers' contributions are paid in to the LGPS. Employers' contribution rates are advised by the LPFA Fund's Actuary, Barnett Waddingham. The pension liabilities of the LPFA are included on the statement of financial position on an actuarial basis i.e. an assessment of the future payments (retirement benefits) based on assumptions made by the Actuary about mortality rates, employee turnover rates etc. and projections of earnings for current employees.

5. Notes to the Group and Single Entity Operational Accounts **continued**

The financial statements disclose the cost of providing retirement benefits and related gains, losses, assets and liabilities under IAS 19. In line with directions from Government, future pensions liabilities are now measured using the Consumer Prices Index. The Code of Practice requires the net pensions asset or liability be matched by a pensions reserve in the statement of financial position.

The movement in the defined benefit obligation is analysed into the following components:

- Service cost: the increase in the present value of a defined benefit obligation (liabilities) resulting from employee service in the current period.
- Interest cost: the change during the period in the defined benefit liability that arises from the passage of time.
- Change in financial assumptions: changes in the present value of the defined benefit obligation resulting from a change in financial assumptions made by the actuary;
- Change in demographic assumptions: changes in the present value of the defined benefit obligation resulting from a change in demographic assumptions made by the Actuary;
- Experience loss/(gain) on defined benefit obligation: changes in the present value of the defined benefit obligation resulting from the effects of the differences between the previous actuarial assumptions and what has actually occurred;
- Estimated benefits paid (net of transfers in): Payments to discharge liabilities directly to pensioners;
- Contributions by scheme participants: the increase in scheme liabilities and assets due to payments made into the scheme by employees (where increased contribution increases pensions due to the employee in the future).

Accounting for Residual Liabilities retirement benefits

The financial statements disclose the cost of providing retirement benefits and related gains, losses, assets and liabilities.

The effect of recognising retirement benefits in the balance sheet is a Residual Liabilities net defined benefit liability and a Residual Liabilities pension reserve in the accounts. This relates to the compensation payments which are met on an annual basis by levies on London boroughs.

Unfunded benefits recoverable

- Levy income is the amount received from the City of London Corporation and the London Boroughs to pay the unfunded pension liabilities and asbestosis claims in relation to the former GLC and ILEA.
- Unfunded pensions payments are the amounts received from the City of London Corporation and the London Boroughs to pay the unfunded pension benefits due in the year for pensioners in the LPFA scheme in relation to the former GLC and ILEA. These amounts are applied to reduce the unfunded defined benefit pension liability.

Unfunded benefits payable

- The movement in the asbestosis provision is the increase or decrease in the asbestosis provision arising from the change in assumptions relating to the number of claims, the cost per claim and the change in the discount rate used to calculate the present value of the liabilities.
- Unfunded pensions payable are the pension benefits payable in the year to pensioners in the LPFA scheme by the City of London Corporation and the London Boroughs in relation to the former GLC, ILEA and the London Residuary Body.

5. Notes to the Group and Single Entity Operational Accounts **continued**

Post balance sheet events

These are events that occur between the end of the reporting period and the date the Statement of Accounts is published. Events taking place after the date of publication are not reflected in the Statement of Accounts. There are two types of event possible:

Adjusting – Those events that are evidence of conditions that existed at the statement of financial position date; if these are material the statements and notes are adjusted to reflect their impact.

Non-adjusting – Those events that are indicative of conditions that arose after the statement of financial position date, the financial statements and notes are not adjusted for the impact of such events but additional explanatory notes would be provided.

There were no material events after the date these financial statements were authorised for issue.

Provisions

Provisions in accordance with IAS 37 are made where an event has taken place that gives LPFA an obligation that probably requires settlement by transfer of economic benefits, but where the timing of the transfer is uncertain.

Provisions are charged to the comprehensive income and expenditure statement in the year that LPFA becomes aware of the obligation, based on the best estimate of the likely settlement but discounted to the present value. When payments are eventually made they are charged directly to the provision set up on the statement of financial position. Estimated settlements are reviewed at the end of each financial year and the provision increased or reversed back to the revenue account if it becomes more likely than not that a transfer of benefits will not be made or a lower settlement than anticipated could be made.

Asbestosis provision

The City of London Corporation and the London Boroughs are responsible for the settlement of claims made by former employees of the GLC and the ILEA who have become injured as a result of exposure to asbestos. Due to the long periods over which this illness can lay dormant the normal deadline for submitting injury claims has been waived. This means that the LPFA has liabilities estimated to last until about 2035. A provision has been established for the injury claims. The provision is based on knowledge of existing claims and estimates of future claims' liabilities. The costs have been estimated in discussion with our legal advisers and take into account previous experience of claims over the last 21 years.

The costs are met through the levy on the City of London Corporation and London boroughs. The future profile of claims is used to smooth any changes in the levy to, as far as possible, limit any changes to the levy, until it gradually decreases as the final liabilities are met. The LPFA does not fund these costs as they are passed on to the appropriate Greater London or Inner London Borough Councils who have a legal duty to reimburse the LPFA. As there is certainty that these costs will be reimbursed the future costs are offset by the reimbursed future income in the Comprehensive Income and Expenditure Statement and are shown separately on the balance sheet of the Residual Liability.

Contingent liabilities

Contingent liabilities arise where an event has taken place that gives LPFA a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of LPFA. These are not recognised as liabilities in the accounts but disclosed in the financial statements where it is probable that an outflow of economic benefit to settle the obligation is more than remote.

Value added tax

LPFA is VAT registered, so all income and expenditure amounts exclude VAT, with the exception of where VAT is not fully recoverable.

5. Notes to the Group and Single Entity Operational Accounts **continued**

Financial assets/liabilities

Financial assets are included in the statement of financial position on a fair value basis as at the reporting date in accordance with IFRS 9. The asset is recognised in the statement of financial position on the date the entity becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value are recognised by the entity in the profit and loss account.

Financial Assets/Liabilities represents transactions, with a contract, that result in a financial asset for one entity and a financial liability for another.

Financial assets are recognised by LPFA on the statement of financial position, initially at their fair value, only when goods or services have been provided or rendered to a third party.

Financial liabilities are recognised, initially at their fair value, when the goods or services ordered from a third party have been received by LPFA and the third party has performed its contractual obligations.

Short-term investments

The short-term investment is the core commitment to the London Treasury Liquidity Fund LP. In the event that the core commitment is required this can be received 5 days after the end of each quarter by giving up to day days notice before the quarter end. The core commitment is valued at fair value through the profit and loss. The valuation is performed at the end of each quarter at which point the investment could go up and down. There is therefore the risk that the redemption value could be below the core commitment of £1.5 million.

Joint venture

The London Pensions Authority has a joint venture, Local Pensions Partnership (LPP), with the Lancashire County Pension Fund. This was established on 8 April 2016. It is owned in equal shares by London Pension Fund Authority (LPFA) and the Lancashire County Council and the LPP manages the administration and investment functions on behalf of the two funds.

In the accounts of the entity, the value of the investment in LPP is disclosed at cost, being £nil. The cost of acquisition was £nil as LPP was jointly set up as a start-up.

Group Accounts have been included recognising the LPFA's significant interest in the LPP. As a Joint Venture, the LPP is consolidated into the Fund's Group Accounts using the equity method. The judgement in defining LPP as a Joint Venture is reached due to LPP being an arrangement under which two (or more) parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control, and the two Funds have rights to the net assets of the arrangement. This remains the case in 2023-24.

Reserves

LPFA sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the General Fund Balance in the Movement on Reserves Statement. Where expenditure to be financed from a reserve is incurred, it is charged to the Comprehensive Income and Expenditure Statement and the reserve is then applied to offset this charge.

Pension reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

Non-voting equity interest in joint venture

The non-voting equity interest are non-voting ordinary shares owned by the LPFA Pension Fund in the LPP. The LPP is included as a joint venture in the Operational Accounts.

Group general reserve

The group general reserves is derived from the LPFA's share of the general reserves in the joint venture. There are no general reserves in the entity as only actual costs are recharged to the pension fund.

5. Notes to the Group and Single Entity Operational Accounts **continued**

1b. Critical Accounting Judgements

The critical accounting judgments required to apply the accounting policies are detailed below:

Pensions liability guarantee

The LPFA has provided a guarantee, under the Admission Agreements, to settle the LPP and LPPI pension deficits in the event of both entities ceasing to trade and exiting the LGPS. To determine how this guarantee is treated within the LPFA financial statements requires several judgements to be made regarding the balance between financial risks such as the discount rate and non financial risks from such things as changes in life expectancy or final salaries of members.

The non-financial risks falls within the definition of an insurance contract under IFRS 4. As the financial and non-financial risks are both significant, the guarantee has not been deemed to be a derivative under IAS 39. IAS 37 excludes obligations and contingencies arising from insurance contracts, but it does apply to other provisions, contingent liabilities and contingent assets of an insurer. The LPFA Admissions Agreement states that LPFA is providing a guarantee if LPP exits the LGPS. In such an event LPFA would suffer a loss equivalent to the amount required to settle the pensions liability. After consideration of IAS 28 and IAS 37, the possible liability to settle the pension deficit within LPP should not be disclosed in LPFA financial statements, as a contingent liability in accordance with IAS 37 due to the very low probability of a cessation event triggering the LPFA guarantee.

Joint venture

The LPFA has to make a judgement regarding the level of control exercised over LPP and whether it is a joint operation or a joint venture to determine whether it is eligible to treat it as a joint venture under IFRS 11. The judgement in defining LPP as a Joint Venture is reached due to LPP being an arrangement under which two (or more) parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control, and the two entities have rights to the net assets of the arrangement. As a joint operation the LPFA would have rights to the assets and obligations relating to the liabilities of LPP, whereas as a joint venture it has rights to a proportion of the net assets of the entity. The LPFA have determined that the arrangement is that of a joint venture as the entities who share in the control have a right to 50% of the net assets. This remains the case at the reporting date.

2. Accounting standards issued, but not yet adopted

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

- IFRS 16 Leases issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023-24 year).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued January 2020:
The amendments:
 - specify that an entity's right to defer settlement must exist at the end of the reporting period
 - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise the its rights to defer settlement.
 - clarify how lending conditions affect classification, and
 - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 1) 6 issued in October 2022. The amendments to IFRS 16 add subsequent measurement requirements for the sale and leaseback transactions.
- Non-current Liabilities with Covenants (Amendment to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months subject to compliance with covenants.

5. Notes to the Group and Single Entity Operational Accounts **continued**

- International Tax Reform: Pillar Two Model Rules (Amendments to IAS12) issued May 2023. Pillar Two applies to multinational groups with minimum level of turnover. The amendments introduced:
 - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
 - targeted disclosure requirements for affected entities
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issue in May 2023

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

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

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

3. Financial risk management

There is a robust budget setting process in place that includes: strategic business direction set by the Board, budget challenge by both Officers and the Audit and Risk Committee prior to the draft budget being presented to Board for its initial comment and approval prior to dispatch to the Mayor of London for formal consultation. Subsequently a revised budget paper, including comments and other changes is presented back to Board for final approval. The budget contains both income and expenditure based on assumptions. During the course of the year, actual events may not accurately reflect the assumptions allowed for in the budget, and more accurate forecasts are made on a monthly basis as part of the budget monitoring arrangements.

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

Administering Authority Pensions liability

Estimation of the net liability to pay pensions depend on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets that give rise to a number of estimation uncertainties. A firm of consulting actuaries are engaged to provide LPFA with expert advice about the assumptions to be applied. However, because these judgements cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The impact of the change in key assumptions is set out in note 14.

Residual Liabilities Pension liability

Estimation of the net liability to pay pensions depend on a number of complex judgements relating to the discount rate used, the rate at which pensions are projected to increase, changes in retirement ages and mortality rates. A firm of consulting actuaries are engaged to provide LPFA with expert advice about the assumptions to be applied. However, because these judgements cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Provision

LPFA have set aside a provision for its liabilities to meet the costs of asbestosis claims from former employees of the GLC and the ILEA. The provision is based on knowledge of existing claims and estimates of future claims' liabilities. LPFA also has an estimate of future reimbursement of these costs from the London boroughs. The LPFA has been exploring the possibility that insurers of the GLC and ILEA may be liable in part for these costs as well as awaiting the impact that recent legislation in this area may have on future costs. Any potential impact will take a number of years to assess.

5. Notes to the Group and Single Entity Operational Accounts continued

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

Item	Uncertainties	Effect if actual results differ from assumptions
Administering authority funded pension liability	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 about the assumptions to be applied.	For Instance: a) a 0.1% decrease in the discount rate would increase the present value of the total obligation by £515,000. b) a 0.1% increase in long-term pension increase would increase the present value of the obligations by £566,000 c) a 1 year increase in life expectancy would increase the present value of the obligation by £1.45 million. More details on the assumptions are shown in note 14.
Residual Liabilities unfunded pension liability	Estimation of the net liability to pay pensions depends on a number of complex estimates relating to the discount rate used, pension 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 about the assumptions to be applied.	For Instance: a) a 0.1% decrease in the discount rate would increase the present value of the total obligation by £0.67 million. The rate has been on an upward trend since 2021, but has reduced marginally by 0.1% to 4.7% for 2024. b) a 0.1% increase in long-term pension increase would increase the present value of the obligations by £0.68 million c) a 1 year increase in life expectancy would increase the present value of the obligation by £3.64 million. More details on the assumptions are shown in note 14.
Asbestosis provision	The calculation of the asbestosis provision involves a number of key estimates. These are the estimation of the number of asbestosis claims made in each future year, the average cost of each claim which is impacted by the period used for averaging, how these costs will increase over time and the discount rate used to calculate the present value of the liabilities. Legal advisors are engaged to provide an estimation of the number of claims and the average cost. Actuaries are engaged to provide an estimation of how these costs will increase and to provide the discount rate to calculate the present value of the liabilities.	The rate of increase in the claims each year is assumed to be 2.95% based on actuarial advice. If inflation was increased by 0.1% to 3.05% the provision would increase by £25,000 The discount rate used to calculate the present value of the liability was 4.7% based on actuarial advice. If the rate was decreased by 0.1% to 4.6% the provision would reduce by £32,000.

5. Notes to the Group and Single Entity Operational Accounts continued

5. Income

	2023-24 £'000	2022-23 As restated £'000
Management fee to the Pension Fund	(6,465)	(6,153)
	(6,465)	(6,153)

The Operational costs for the year ended 31 March 2024 were £7.06 million. These costs were funded by a charge to the Pension Fund of £6.47 million and a recharge to Residual Liabilities of £593,000, which has been offset to zero due to being an intercompany transaction.

6. Other income

	2023-24 £'000	2022-23 £'000
Recharged staff costs on employer projects	(26)	(28)
	(26)	(28)

7. Unfunded benefits recovered

	2023-24			2022-23		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Levy income	(1,000)	(7,000)	(8,000)	(10,318)	(13,065)	23,383
Unfunded pension payments	(4,906)	(8,959)	(13,865)	(4,891)	(8,846)	(13,737)
	(5,906)	(15,959)	(21,865)	(15,209)	(21,911)	(37,120)

8. Unfunded benefits payable

	2023-24			2022-23		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
(Reduction)/increase to asbestosis provision	181	502	683	(1,577)	339	(1,238)
Unfunded pensions payable	4,906	8,959	13,865	4,891	8,836	13,727
	5,087	9,461	14,548	3,314	9,175	12,489

5. Notes to the Group and Single Entity Operational Accounts continued

9a. Board remuneration

	2023-24 £'000	2022-23 £'000
Emoluments	228	211
Employers NI contributions	17	18
Training	7	1
Reimbursable expenses	1	2
	253	232

9b. Remuneration was paid to the Board in the following bands

	2023-24 £'000	2022-23 £'000
£0 – £5,000	2	2
£5,001 – £10,000	1	–
£10,001 – £15,000	2	–
£15,001 – £20,000	8	8
£50,001 – £55,000	1	1

10a. Remuneration and other costs – employees

	2023-24 £'000	2022-23 £'000
Salaries	1,740	1,699
Employers NI contributions	204	206
Employers pension contributions	4	6
Past service contributions	–	(31)
Reimbursable expenses	18	42
IAS 19 current service costs	428	408
Temporary staff	101	80
Training costs	38	29
Recruitment costs	72	73
Overtime	–	–
Other employee related costs	56	37
	2,661	2,549

5. Notes to the Group and Single Entity Operational Accounts continued

10b. Disclosure of remuneration for senior employees

The following table sets out the remuneration disclosures for Senior Officers whose salary is greater than £50,000 per year.

31 March 2024 Post	Salary £'000	Severance payment	Bonus £'000	Total remuneration £'000	Pension contributions £'000	Total £'000
Robert Branagh – Chief Executive Officer	176,710	–	30,600	207,310	26,176	233,486
Director of Compliance and Risk	97,667	–	14,079	111,746	10,556	122,302
Funding and Investment Director	74,733	–	14,200	88,933	11,650	100,583
Michelle King – Finance Director and S151 Officer	150,900	69,935	–	220,835	14,441	235,276
Deputy S151 Officer	93,044	–	13,122	106,166	13,541	119,707
Chief of Staff	105,000	–	18,900	123,900	17,343	141,243

31 March 2023 Post	Salary £'000	Bonus £'000	Total remuneration £'000	Pension contributions £'000	Total £'000
Robert Branagh – Chief Executive Officer	181,822	31,512	213,334	–	213,334
Helen Astle – Chief Legal and Compliance Director	171,728	–	171,728	7,248	178,976
Funding and Risk Director	112,442	–	112,442	14,693	127,135
Finance Director/S151 Officer	111,350	21,156	132,506	15,252	147,758
Chief of Staff	92,150	17,508	109,658	12,304	121,962

The number of other senior employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 as follows:

	2023-24	2022-23
£50,001 – £55,000	–	2
£55,001 – £60,000	2	2
£60,001 – £65,000	2	1
£65,001 – £70,000	1	–
£75,001 – £80,000	–	1
£85,001 – £90,000	2	1
£90,001 – £95,000	2	–
£100,001 – £105,000	–	1
£105,001 – £110,000	1	1
£110,001 – £115,000	1	1
£120,001 – £125,000	1	–
£130,001 – £135,000	–	1
£170,001 – £175,000	–	1
£205,001 – £210,000	1	–
£210,001 – £215,000	–	1
£220,001 – £225,000	1	–

Please note that the above includes bonus payments for the respective financial periods.

5. Notes to the Group and Single Entity Operational Accounts continued

11. Other services

	2023-24 £'000	2022-23 £'000
Internal audit	192	143
External audit (see note 12)	203	91
Professional fees (including consultancy)	441	569
Office costs	70	69
Members' forum and meetings	27	39
Communication	71	35
Accommodation	294	255
IT support	233	231
Pension admin expenses	5	25
HR services	26	36
Subscriptions & publications	113	158
Bad debt provision	–	(106)
Management charges – LPPA pension admin support	2,601	2,347
	4,276	3,892

12. Disclosure of audit costs

	2023-24 £'000	2022-23 £'000
External audit	170	91
External audit costs relating to underprovisions in previous years	33	–
	203	91

Fees are also payable to the external auditors in relation to the certification of the data used to calculate the IAS19 disclosures for participating employers. The fee is expected to be £60,000 (2023 - £50,000). These fees are recharged to the employer so the net cost to LPFA is £nil.

5. Notes to the Group and Single Entity Operational Accounts continued

13a. Administering Authority Financing and Investment Income and Expenditure

	2023-24 £'000	2022-23 £'000
Net interest on defined benefit liability	133	371
Bank interest receivable	(7)	–
	126	371

13b. Residual Liabilities Financing and Investment Income and Expenditure

	2023-24			2022-23		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Net interest on defined benefit liability	1,665	3,352	5,017	1,089	2,267	3,356
Interest receivable and similar income	(2,224)	(1,167)	(3,391)	(1,124)	(574)	(1,698)
Net gain on financial assets at fair value through profit and loss	(319)	(137)	(456)	–	–	–
Dividend income	(174)	(90)	(264)	–	–	–
	(1,051)	1,958	906	(35)	1,693	1,658

14. Retirement benefit obligations

Administering authority

Amounts recognised in the balance sheet are determined as follows:

	2023-24 £'000	2022-23 £'000
Fair value of plan assets	37,897	36,228
Defined benefit obligations	(38,639)	(38,766)
Net defined benefit liability	(742)	(2,538)

Reconciliation of the opening and closing balance of the present value of the defined benefit obligation.

	2023-24 £'000	2022-23 £'000
At 1 April	38,766	42,755
Current service cost	263	580
Interest expense	1,833	1,097
Change in financial assumptions	(574)	(16,012)
Change in demographic assumptions	(455)	(701)
Experience loss/(gain) on defined benefit obligation	137	4,747
Liabilities assumed extinguished	–	7,432
Estimated benefits paid (net of transfers in)	(1,639)	(1,254)
Past service cost	165	–
Contributions by scheme participants	143	122
Closing defined benefit obligations	38,639	38,766

5. Notes to the Group and Single Entity Operational Accounts continued

14. Retirement benefit obligations continued

The movement in the fair value of plan assets over the period is as follows:

	2023-24 £'000	2022-23 £'000
At 1 April	36,228	28,591
Interest income	1,711	735
Return on assets less interest	1,136	(3)
Other actuarial losses	–	(37)
Admin expenses	(11)	(9)
Contributions by employer including unfunded	329	479
Contributions by scheme participants and other employers	143	122
Estimated benefits paid including unfunded net of transfers in	(1,639)	(1,254)
Settlement prices received	–	7,604
Closing fair value of plan assets	37,897	36,228

Amounts recognised in Group Comprehensive Income and Expenditure:

	2023-24 £'000	2022-23 £'000
Service cost	428	408
Net interest on the defined benefit liability	122	362
Admin expenses	11	9
Total operating charge	561	779

Amounts recognised in the Statement of Other Comprehensive Income and Expenditure:

	2023-24 £'000	2022-23 £'000
Return on plan assets in excess of interest	(1,136)	3
Other actuarial losses on assets	–	37
Change in financial assumptions	(574)	(16,012)
Change in demographic assumptions	(455)	(701)
Experience gain/(loss) on defined benefit obligation	137	4,747
Remeasurement of net defined benefit liability	(2,028)	(11,926)

The movement in the defined benefit liability:

	2023-24 £'000	2022-23 £'000
At 1 April	(2,538)	(14,164)
Service cost	(428)	(408)
Contributions by employer including unfunded	329	479
Net interest on the defined benefit liability	(122)	(362)
Return on plan assets in excess of interest	1,136	(3)
Admin expenses	(11)	(9)
Actuarial gains/losses	892	11,929
Net defined benefit liability	(742)	(2,538)

5. Notes to the Group and Single Entity Operational Accounts **continued**

14. Retirement benefit obligations **continued**

Administering authority

Employee benefits

All LPFA staff are members of the Local Government Pension Scheme (LGPS) as at 31 March 2024. The LGPS is a tax approved, defined benefit occupational pension scheme set up under the Superannuation Act 1972. The benefits under the scheme are based on the length of membership and the average salary. Each member contributes a proportion of their salary, within a 5.5% to 12.5% range depending of their rate of pay. The LPFA, as the employing body, also contributes in to the scheme on the employee's behalf at 13.1% of the employee's salary.

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses for current employees and are recognised as an expense for services in the year in which employees render service to LPFA.

Termination benefits

Termination benefits are amounts payable as a result of a decision by LPFA to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Cost of Services line in the Comprehensive Income and Expenditure Statement at the earlier of when LPFA can no longer withdraw the offer or when the authority recognises costs for a restructuring under IAS37. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by LPFA to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment benefits

Employees of LPFA are members of the LGPS, administered by the LPFA. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for LPFA.

The Local Government Pension Scheme

LGPS is accounted for as a defined benefits scheme: The liabilities of the LPFA pension fund attributable to LPFA are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Discretionary benefits

LPFA also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

5. Notes to the Group and Single Entity Operational Accounts continued

14. Retirement benefit obligations continued

The principle actuarial assumptions were as follows:

	31 March 2024 Years	31 March 2023 Years
Life expectancy		
Mortality rate for 65 year olds – retiring today		
Males	22.1	22.4
Females	23.7	24.0
Mortality rate for 65 year olds – retiring in 20 years time		
Males	22.0	22.2
Females	25.2	25.5

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

The following assumptions were also made:

- Members will exchange half of their commutable pension for cash at retirement.
- The proportion of the membership that had taken up the option under the new LGPS to pay 50% of contributions for 50% of benefits at the previous valuation date will remain the same.

	31 March 2024 %p.a.	31 March 2023 %p.a.	31 March 2022 %p.a.
RPI increases	3.25	3.3	3.55
Salary increases	3.9	3.9	4.2
Pension increases (CPI)	2.9	2.9	3.2
Discount rate	4.9	4.8	2.6

5. Notes to the Group and Single Entity Operational Accounts continued

14. Retirement benefit obligations continued

31 March 2024	£'000	£'000	£'000	£'000	£'000
Adjustment to discount rate	+0.5%	+0.1%	+0.0%	-0.1%	-0.5%
Present value of total obligation	36,046	38,096	38,639	39,154	41,549
Projected service cost	(153)	(83)	(65)	(45)	38
Adjustment to long-term salary increase	+0.5%	+0.1%	+0.0%	-0.1%	-0.5%
Present value of total obligation	38,639	38,639	38,639	38,639	38,639
Projected service cost	(63)	(64)	(65)	(65)	(66)
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	+0.0%	-0.1%	-0.5%
Present value of total obligation	41,594	39,205	38,639	38,086	35,986
Projected service cost	39	(46)	(65)	(84)	(155)
Adjustment to mortality age rating assumption		+1 Year	None	-1 Year	
Present value of total obligation		40,087	38,639	37,246	
Projected service cost		(44)	(65)	(84)	

Contributions to the Pension Fund during 2023-24

Contributions from the employer amounted to £329,000 (2023: £479,000)

Impact on authority's cash flows

The authority expects to pay £nil contributions in 2024-25.

The Past service duration of the defined benefit obligation for scheme members is 15 years.

5. Notes to the Group and Single Entity Operational Accounts continued

14. Retirement benefit obligations continued

As at date of the last asset breakdown report pension scheme assets comprised:

Asset breakdown	31 March 2024	
	% Quoted	% Unquoted
Equities		
Segregated:		
Basic materials	0.75%	–
Consumer discretionary	10.25%	–
Consumer staples	3.40%	–
Energy	0.48%	–
Financials	7.19%	–
Health care	3.73%	–
Industrials	10.27%	–
Real estate	0.41%	–
Technology	14.74%	–
Telecommunications	0.60%	–
Utilities	0.62%	–
Other	0.00%	–
Fixed Income and fees	0.05%	–
Private Equity	0.00%	7.05%
Trade cash/pending	1.01%	–
Fixed Income and fees	2.41%	0.00%
Investment/Hedge Funds and Unit Trusts	2.94%	0.00%
Credit	0.00%	11.90%
Infrastructure	0.00%	11.49%
Real estate	0.00%	9.15%
Cash		
Cash	1.54%	0.00%
LDI	0.00%	0.00%
Currency hedge (forward contracts)	0.00%	0.03%
BlackRock DDG	0.00%	0.00%
Total	60.39%	39.62%

5. Notes to the Group and Single Entity Operational Accounts continued

14. Retirement benefit obligations continued

Residual Liabilities

	31 March 2024			31 March 2023		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Retirement benefit obligations						
The amounts recognised in the balance sheet are determined as follows:						
Present value of unfunded obligations	(33,753)	(67,160)	(100,913)	(37,105)	(74,258)	(111,363)
Pension liability	(33,753)	(67,160)	(100,913)	(37,105)	(74,258)	(111,363)
The movement in the present value of unfunded obligations over the year is as follows:						
At 1 April 2023	(36,016)	(74,258)	(111,363)	(44,297)	(91,570)	(135,867)
Net interest on the defined benefit liability	(1,665)	(3,352)	(5,017)	(1,089)	(2,267)	(3,356)
Change in financial assumptions	(461)	(977)	(1,438)	8,753	19,251	28,004
Change in demographic assumptions	543	1,067	1,610	1,810	2,741	4,551
Experience loss/(gain) on defined benefit obligation	29	1,401	1,430	(7,173)	(11,259)	(18,432)
Remeasurement of defined benefit liability	111	1,491	1,602	3,390	10,733	14,123
Unfunded pension payments	4,906	8,959	13,865	4,891	8,846	13,737
At 31 March 2024	(32,664)	(67,160)	(100,913)	(37,105)	(74,258)	(111,363)

Greater London:

The assumed life expectations from age 65 are:	31 March 2024	31 March 2023
Retiring today		
Males	21.3	21.0
Females	23.6	23.3

Inner London:

The assumed life expectations from age 65 are:	31 March 2024	31 March 2023
Retiring today		
Males	21.2	21.0
Females	23.2	23.0

5. Notes to the Group and Single Entity Operational Accounts continued

14. Retirement benefit obligations continued

Remeasurement of the Residual Liabilities retirement obligation

	Year to 31 March 2024			Year to 31 March 2023		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Amounts recognised in the income statement are as follows:						
Net interest on the defined liability (asset)	1,665	3,352	5,017	1,089	2,267	3,356
Total	1,665	3,352	5,017	1,089	2,267	3,356
Remeasurements in other comprehensive income						
Change in financial assumptions	461	977	1,438	(8,753)	(19,251)	(28,004)
Change in demographic assumptions	(543)	(1,067)	(1,610)	(1,810)	(2,741)	(4,551)
Experience (gain)/loss on defined benefit obligation	(29)	(1,401)	(1,430)	7,173	11,259	18,432
Remeasurements	(111)	(1,491)	(1,602)	(3,390)	(10,733)	(14,123)

Financial assumptions for Greater London and Inner London:

	31 March 2024 %p.a.	31 March 2023 %p.a.	31 March 2022 %p.a.
Discount rate	4.70	4.80	2.60
Pension increases (CPI)	2.95	2.80	3.60
RPI inflation	3.60	3.50	4.30

Sensitivity analysis for Greater London:

	£'000	£'000	£'000
Present value of total obligation		33,753	
Sensitivity to	+0.1%		-0.1%
Discount rate	33,540		33,969
Pension increases and deferred revaluation	33,973		33,536
Sensitivity to	+ 1 Year		- 1 Year
Life expectancy assumptions	34,971		32,578

Sensitivity analysis for Inner London:

	£'000	£'000	£'000
Present value of total obligation		67,160	
Sensitivity to	+0.1%		-0.1%
Discount rate	66,712		67,614
Pension increases and deferred revaluation	67,621		66,704
Sensitivity to	+ 1 Year		- 1 Year
Life expectancy assumptions	69,583		64,821

5. Notes to the Group and Single Entity Operational Accounts continued

15. Residual Liabilities Asbestosis Provision

	2023-24			2022-23		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Asbestosis provision						
At 1 April	(6,981)	(1,526)	(8,507)	(9,007)	(1,279)	(10,286)
(Increase)/decrease to provision	(181)	(502)	683	1,577	(339)	1,238
Amount used during the year	245	491	(630)	449	90	539
At 31 March	(6,917)	(1,537)	(8,454)	(6,981)	(1,526)	(8,507)
Non-current	(2,019)	(466)	(2,485)	(5,659)	(804)	(6,463)
Current	(4,898)	(1,071)	(5,969)	(1,322)	(722)	(2,044)
	(6,917)	(1,537)	(8,454)	(6,981)	(1,526)	(8,507)

16. Adjustment for non-cash Items

	2023-24 Group £'000	2023-24 Entity £'000	2022-23 Group £'000	2022-23 Entity £'000
Depreciation	2	2	2	2
Amortisation of intangibles	13	13	13	13
Interest received	(3,398)	(3,398)	(1,698)	(1,698)
Reverse share of profit/loss in joint venture	(3,550)	–	1,891	–
Fair value adjustment	(456)	(456)	–	–
Dividend receivable	(264)	(264)	–	–
Decrease/(increase) in receivables	(512)	(512)	(272)	(272)
Increase/(decrease) in payables	1,295	1,295	(1,143)	(1,143)
Transfer to pension reserve	(8,616)	(8,616)	(10,081)	(10,081)
Movement in provision	(53)	(53)	(1,779)	(1,779)
Balance at 31 March 2024	(15,539)	(11,989)	(13,066)	(14,957)

17. Intangible fixed asset

	Software £'000
Cost at 1 April 2023	64
Balance as at 31 March 2024	64
Amortisation at 1 April 2023	(21)
Charge in the year	(13)
Balance at 31 March 2024	(34)
Net book value 31 March 2024	30
Net book value 31 March 2023	43

5. Notes to the Group and Single Entity Operational Accounts continued

18. Tangible fixed asset

	Fixtures & Fittings £'000	IT Equipment £'000	Total £'000
Cost at 1 April 2023	4	3	7
Balance as at 31 March 2024	4	3	7
Depreciation at 1 April 2023	(2)	(2)	(4)
Charge in the year	(1)	(1)	(2)
Balance at 31 March 2024	(3)	(3)	(6)
Net book value 31 March 2024	1	-	1
Net book value 31 March 2023	2	1	3

19. Net investment in joint venture

LPFA entered into a joint venture with Lancashire County Council and incorporated Local Pensions Partnership Ltd (LPP) and its subsidiaries on 19 October 2015. The objective of LPP is to provide high quality, low cost pension administration, risk management and investment management services to London Pensions Fund Authority (LPFA), Lancashire County Pension Fund and other LGPS clients.

The joint venture has been equity accounted and LPFA's fifty percent share of LPP's results are included, in the Group Comprehensive Income and Expenditure Statement and in the Balance Sheet. The results of the LPP Group are as follows:

	50% Share of LPP 2023-24 £'000	LPP Group 2023-24 £'000	50% Share of LPP 2022-23 £'000	LPP Group 2022-23 £'000
Comprehensive Income and Expenditure Statement:				
Profit/(loss) on ordinary activities before taxation	(371)	(743)	(2,222)	(4,444)
Taxation	(3,179)	(6,358)	331	662
Net actuarial gain/(loss) on defined benefit pension schemes	(2,256)	(4,512)	19,561	39,122
Deferred tax on actuarial gain	3,567	7,135	(1,459)	(2,919)
Total comprehensive income for the period	(2,239)	(4,478)	16,211	32,421
Statement of financial position:				
Net assets excluding pension assets	18,520	37,039	18,033	36,065
Pension asset	2,443	4,886	692	1,384
Net assets	20,963	41,925	18,725	37,449
Represented by:				
Called up share capital	(12,500)	(25,000)	(12,500)	(25,000)
Profit & loss account	(8,463)	(16,925)	(6,225)	(12,449)
Net value	(20,963)	(41,925)	(18,725)	(37,449)

5. Notes to the Group and Single Entity Operational Accounts continued

20. Related party transactions

This disclosure note has been produced using a specific declaration obtained in respect of related party transactions. LPFA Pension Fund, and the Greater London Authority are related parties. LPFA Operational accounts includes income for Administration and Governance services charged to the LPFA Pension Fund, being £6.47 million.

LPP and its subsidiaries are also related parties, details of which are in note 19. LPP invoiced £2.83 million (2023: £2.56 million) for Administration and Oversight and Governance.

21. Debtors

	2023-24 £'000	2022-23 As restated £'000
Amounts due from LPFA Pension Fund	–	83
Sundry debtors	788	499
Sundry Residual Liabilities debtors	1,873	1,524
Prepayments	101	81
Dividends receivable	264	–
VAT	247	310
	3,273	2,497

22. Short-term investments

	2023-24 £'000	2022-23 £'000
Residual liabilities	1,987	–
	1,987	–

22a. Analysis of Residual Liabilities short-term Investments

	31 March 2024			31 March 2023		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Short-term investment at fair value through profit and loss	1,389	598	1,987	–	–	–
	1,389	598	1,987	–	–	–

5. Notes to the Group and Single Entity Operational Accounts continued

23. Cash and cash equivalents

	2023-24 £'000	2022-23 £'000
Residual liabilities	62,927	67,830
Cash at bank – administering authority	779	412
	63,706	68,242

23a. Analysis of Residual Liabilities cash and cash equivalents

	31 March 2024			31 March 2023		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Cash and cash equivalents	43,995	18,932	62,927	47,063	20,767	67,830

24. Creditors

	31 March 2024 £'000	31 March 2023 As restated £'000
Amounts payable to Residual Liabilities	(573)	–
Amounts payable to Pension Fund	(975)	–
Other taxes	(69)	(64)
Sundry creditors	(1,190)	(1,362)
Sundry Residual Liabilities creditors	(33)	(119)
	(2,840)	(1,545)

25. Financial instruments

The following categories of financial instruments are carried in the balance sheet.

The debtors amount excludes VAT and prepayments as these are not financial assets.

	31 March 2024 £'000	31 March 2023 As restated £'000
Investment in joint venture		
Fair value through profit and loss	20,963	–
Total investments at fair value through profit and loss	20,963	–
Debtors		
Financial assets at amortised costs	2,925	2,106
Total assets at amortised cost	2,925	2,106
Investments		
Fair value through profit and loss	1,987	–
Total investments at fair value through profit and loss	1,987	–
Creditors		
Financial liabilities at amortised cost	(2,840)	(1,545)
Total financial liabilities at amortised cost	(2,840)	(1,545)

5. Notes to the Group and Single Entity Operational Accounts continued

25. Financial instruments continued

	31 March 2024			31 March 2023		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Movement on short-term investments						
Purchase cost	1,070	461	1,531	–	–	–
Net gain on financial assets at fair value through profit and loss	319	137	456	–	–	–
Total value at 31 March 2024	1,389	598	1,988	–	–	–

The carrying value is equivalent to the fair value of the assets.

Credit risk

The key risk associated with the financial instruments relates to the credit risk relating to the collection of debts. These risk are mitigate by the fact that many of the debts relate to local authorities who are obliged to settle their debts.

Financial risks

There are also financial risks associated with these financial instruments but these are mitigated by sound internal controls and a robust internal audit plan that is delivered throughout the year by our independent internal auditors.

Liquidity risk

LPFA monitors its cashflow on a daily basis and the Medium Term Financial plan is created to ensure that the Pension Fund makes funds available for the year. These costs are recharged to the Pension Fund on a monthly basis to ensure that the liquidity risk is managed.

Note 26. Prior year adjustment

The Operational consolidated accounts and Residual Liabilities accounts have historically been prepared as two separate sets of accounts, but in accordance with IAS 1 to achieve fair presentation of the financial statements the accounts have been merged into one set of accounts to fairly represent the financial position of the Operational accounts. This has lead to prior year adjustments to re-state the comparative figures in accordance with this change in presentation.

The decision to prepare separate accounts was reconsidered in 2023-24 by considering the legislation that created the London Pension Fund Authority, being the Local Government Reorganisation (Pensions etc.) Order 1989.

This order established the London Pension Fund Authority on 31 October 1989 to take on the functions, property, rights and liabilities including administering the Pension Fund of the London Residual body with effect from 1 April 1990, It also bestowed the Power to levy the authorities.

Schedule 2 of the order detailed the functions, property, rights and liabilities transferred as follows:

- the function of administering authority under the Local Government Superannuation Regulation 1986 (the Regulation)
- the rights and liabilities of the Residuary Body in respect of benefits payable under Part L of the Regulations (injury allowances etc) except those relating to employment with the Residuary Body
- the functions property rights and liabilities of the Residuary Body in respect of pensions payable
- Functions rights and liabilities which are vested in or fall to be discharged by the Residuary Body under section 61 of the 1985 Act (payment of pension increases) and
- any monies or other property held or used by the Residuary Body exclusively for or in connection with the matters referred in sub-paragraph d above.

5. Notes to the Group and Single Entity Operational Accounts **continued**

Note 26. Prior year adjustment continued

The London Residuary Body (Transfer of Compensation Functions Order 1991) transferred all the compensation functions to the LPFA with effect from 2 April 1991, except those detailed in paragraph 3 of the order, being compensation to:

1. A former employee of the greater London Council who sustained an injury at work or their widow , widower or child of the employee who died as a result of their injury at work.
2. A person who suffers a loss of employment with Inner London Education Authority (ILEA) or the London Residuary Body or diminution in value of emoluments arising from their termination of employment with ILEA or the Residuary Body.
3. Payment of pension and pension increase by in relation to all liabilities of ILEA that transferred to the London Residuary Body on ILEA's abolition.
4. A former employee of the ILEA who sustained an injury at work or their widow , widower or child of the employee who died as a result of their injury at work.
5. Payment to person for loss of property where a claim may have been made against ILEA

Hence all the functions within the London Residual Body become the functions of the LPFA including the Pension Fund and the administration of the Pension Fund.

There is a legal requirement to produce separate accounts for the Pension Fund and in accordance with section 57 of the Local Government Pension Scheme Regulation 2013, the Fund Account and Net Asset statement must be published as part of the Annual Report.

To facilitate transparency the LPFA have always produced separate accounts for the Residual Liabilities but there was no specific legislation requiring these accounts to be treated separately from the Administration Authority.

The auditors challenged the board who concluded that the separation of the Residual Liabilities did not give a true and fair view of the assets and liabilities of the administering authority, hence it has agreed that these accounts should be merged to make clear that assets and liabilities belong to the administering authority.

In accordance with IAS 8 the comparative accounts have therefore been restated by merging the 2022-23 accounts for the Operational Accounts and Residual Liabilities accounts.

The reserve note distinguishes the Residual Liabilities reserves from the reserves of the administering authority and the Income and Expenditure and Balance Sheet for the Residual Liabilities have been including as a supplementary note to provide additional information regarding the transactions relating to the Residual Assets and Liabilities.

Note 26. Prior year adjustment continued

The consolidated Comprehensive Income and Expenditure accounts prior to the adjustments and the reconciliation to the restated figures for the merged accounts are detailed below. There is no impact on the figure relating to the share of the joint venture

Reconciliation of adjustments to the consolidated Comprehensive Income and Expenditure account

Group	2022-23 As originally stated £'000	Residual Liabilities £'000	Management fee charged to Residual Liabilities £'000	Other income shown separately in the original accounts £'000	2022-23 As restated £'000
Income	(6,716)	(37,120)	563	(28)	(43,301)
Costs	6,673	13,052	(563)		19,162
Other income	(28)			28	–
(Surplus)/deficit from the provision of services	(71)	(24,068)	–	–	(24,139)
Financing and investing (income) and expenditure					
Administering Authority net interest in defined benefit liabilities	371				371
Residual Liabilities net interest in defined benefit liabilities		1,658			1,658
(Surplus)/deficit on provision of services	300	(22,410)	–	–	(22,110)
Share of (surplus) deficit on provision of services by LPP joint venture	2,222				2,222
Group (surplus)/ deficit	2,522	(22,410)	–	–	(19,888)
Tax income of LPP joint venture	(331)				(331)
(Surplus)/deficit for the financial year	2,191	(22,410)	–	–	(20,219)
Remeasurement of net assets/defined liability	(11,926)				(11,926)
Residual Liabilities remeasurement of defined benefit liability	–	(14,123)			(14,123)
Share of remeasurement of defined benefit obligation of LPP joint venture	(19,561)				(19,561)
Share of tax on components of other comprehensive income in LPP Joint Venture	1,459				1,459
Other comprehensive (income) and expenditure	(30,028)	(14,123)	–	–	(44,151)
Total comprehensive income and expenditure (surplus)/deficit	(27,837)	(36,533)	–	–	(64,370)

5. Notes to the Group and Single Entity Operational Accounts *continued*

Note 26. Prior year adjustment *continued*

The Comprehensive Income and Expenditure accounts prior to the adjustments and the reconciliation to the restated figures for the merged accounts are detailed below.

Reconciliation of adjustments to the Single Entity Comprehensive Income and Expenditure account

Single Entity	2022-23 As originally stated £'000	Residual Liabilities £'000	Management fee charged to Residual Liabilities £'000	Other income shown separately in the original accounts £'000	2022-23 As restated £'000
Income	(6,716)	(37,120)	563	(28)	(43,301)
Costs	6,673	13,052	(563)	–	19,162
Other income	(28)	–	–	28	–
(Surplus)/deficit from the provision of services	(71)	(24,068)	–	–	(24,139)
Financing and investing (income) and expenditure					
Administering Authority net interest in defined benefit liabilities	371	–	–	–	371
Administering Authority net interest in defined benefit liabilities	–	1,658	–	–	1,658
(Surplus)/deficit for the financial year	300	(22,410)	–	–	(22,110)
Remeasurement of defined benefit obligation	(11,926)	–	–	–	(11,926)
Residual Liabilities remeasurement of defined benefit liability	–	(14,123)	–	–	(14,123)
Other comprehensive (income) and expenditure	(11,926)	(14,123)	–	–	(26,049)
Total comprehensive income and expenditure (surplus)/deficit	(11,626)	(36,533)	–	–	(48,159)

General Reserves

The restated general reserves for the Operational accounts are unchanged as the Reserves relating to the Residual Liabilities have been shown separately so these can be clearly distinguished.

5. Notes to the Group and Single Entity Operational Accounts continued

Note 26. Prior year adjustment continued

The 2022-23 unmerged consolidated balance sheet is reconciled to the restated consolidated balance sheet below:

Reconciliation of adjustments to the Consolidated Balance Sheet

Group	31 March 2023 As originally stated £'000	Residual Liabilities £'000	Intercompany balance £'000	31 March 2023 As restated £'000
Intangible fixed assets	43	–	–	43
Property, plant & equipment	3	–	–	3
Investment in joint venture	18,725	–	–	18,725
Non-current assets	18,771	–	–	18,771
Debtors	973	1,529	(5)	2,497
Cash and cash equivalents	412	67,830	–	68,242
Current assets	1,385	69,359	(5)	70,739
Creditors	(1,431)	(119)	5	(1,545)
Residual Liabilities provision		(2,044)		(2,044)
Net current liabilities	(46)	67,196	–	67,150
Total assets less current liabilities	18,725	67,196	–	85,921
Residual Liabilities provision		(6,463)		(6,463)
Pension liability	(2,538)	–	–	(2,538)
Residual Liabilities net defined benefit liability	–	(111,363)	–	(111,363)
	(2,538)	(117,826)	–	(120,364)
Net liabilities	16,187	(50,630)	–	(34,443)
Reserves				
General reserve	(6,225)	–	–	(6,225)
Residual Liabilities General reserve	–	(60,733)	–	(60,733)
Non-voting equity Interest in joint venture	(12,500)	–	–	(12,500)
Pension reserve	2,538	–	–	2,538
Residual Liabilities pension reserve	–	111,363	–	111,363
Total reserves	(16,187)	50,630	–	34,443

5. Notes to the Group and Single Entity Operational Accounts continued

Note 26. Prior year adjustment continued

The 2022-23 unmerged entity balance sheet is reconciled to the restated entity balance sheet below:

Reconciliation of adjustments to the Single Entity Balance Sheet

Single entity	31 March 2023 As originally stated £'000	Residual Liabilities £'000	Intercompany balance £'000	31 March 2023 As restated £'000
Intangible fixed assets	43	–	–	43
Property, plant & equipment	3	–	–	3
Non-current assets	46	–	–	46
Debtors	973	1,529	(5)	2,497
Cash and cash equivalents	412	67,830		68,242
Current assets	1,385	69,359	(5)	70,739
Creditors	(1,431)	(119)	5	(1,545)
Provisions		(2,044)		(2,044)
Net current liabilities	(46)	67,196	–	67,150
Total assets less current liabilities	–	67,196	–	67,196
Residual Liabilities Provision		(6,463)		(6,463)
Pension liability	(2,538)	–	–	(2,538)
Residual Liabilities net defined benefit liability		(111,363)	–	(111,363)
	(2,538)	(117,826)	–	(120,364)
Net liabilities	(2,538)	(50,630)	–	(53,168)
Reserves				
Residual Liabilities General reserve	–	(60,733)	–	(60,733)
Pension reserve	2,538	–	–	2,538
Residual Liabilities pension reserve	–	111,363	–	111,363
Total reserves	2,538	50,630	–	53,168

5. Notes to the Group and Single Entity Operational Accounts *continued*

Note 26. Prior year adjustment *continued*

The 2021-22 unmerged consolidated balance sheet is reconciled to the restated consolidated balance sheet below

Group	31 March 2022 As originally stated £'000	Residual Liabilities £'000	Intercompany balance £'000	31 March 2022 As restated £'000
Intangible fixed assets	56	–	–	56
Property, plant & equipment	5	–	–	5
Investment in joint venture	2,514	–	–	2,514
Non-current assets	2,575	–	–	2,575
Debtors	870	1,399	(44)	2,225
Cash and cash equivalents	46	59,346		59,392
Current assets	916	60,745	(44)	61,616
Creditors	(977)	(1,755)	44	(2,688)
Provisions		(1,829)		(1,829)
Net current liabilities	(61)	57,161	–	57,100
Total assets less current liabilities	2,514	57,161	–	59,675
Residual Liabilities Provision	–	(8,457)	–	(8,457)
Pension liability	(14,164)	–	–	(14,164)
Residual Liabilities net defined benefit liability		(135,867)		(135,867)
	(14,164)	(144,324)	–	(158,488)
Net liabilities	(11,650)	(87,163)	–	(98,813)
Reserves				
General reserve	9,986	–	–	9,986
Residual Liabilities General reserve		(48,704)	–	(48,704)
Non-voting equity Interest in Joint Venture	(12,500)	–	–	(12,500)
Pension reserve	14,164	–	–	14,164
Residual Liabilities pension reserve	–	135,867	–	135,867
Total reserves	11,650	87,163	–	98,813

5. Notes to the Group and Single Entity Operational Accounts continued

Note 26. Prior year adjustment continued

The 2022-23 unmerged consolidated cashflow is reconciled to the restated consolidated cashflow below:


Reconciliation of adjustments to the Consolidated Cashflow Statement

Group	31 March 2023 as originally stated £'000	Residual Liabilities £'000	31 March 2023 As restated £'000
Net surplus/(deficit) on the provision of services	(2,191)	22,410	20,219
Adjustments to net surplus/(deficit) on the provision of services for non-cash movements	2,557	(15,624)	(13,067)
Net cash flows from operating activities	366	6,786	7,152
Investing activities			
Interest received	–	1,698	1,698
Net increase in cash and cash equivalents	366	8,484	8,850
Cash and cash equivalents at the beginning of the reporting period	46	59,346	59,392
Cash and cash equivalents at the end of the reporting period	412	67,830	68,242

The 2022-23 unmerged single entity cashflow is reconciled to the restated consolidated cashflow below:

Reconciliation of adjustments to the Single Entity Cashflow Statement

Single entity	31 March 2023 as originally stated £'000	Residual Liabilities £'000	31 March 2023 as restated £'000
Net surplus/(deficit) on the provision of services	(300)	22,410	22,110
Adjustments to net surplus/(deficit) on the provision of services for non-cash movements	666	(15,624)	(14,958)
Net cash flows from operating activities	366	6,786	7,153
Investing activities			
Interest received	–	1,698	1,698
Net increase in cash and cash equivalents	366	8,484	8,851
Cash and cash equivalents at the beginning of the reporting period	46	59,346	59,392
Cash and cash equivalents at the end of the reporting period	412	67,830	68,242



6. Supplementary Notes and Accounts
– Residual Liabilities (unaudited)

London Pensions Fund Authority
Statement of Operational Accounts

6. Supplementary Account - Residual Liabilities (unaudited) continued

Residual Liabilities Income and expenditure

	Notes	2023-24 Greater London £'000	2023-24 Inner London £'000	Total £'000	2022-23 Greater London £'000	2022-23 Inner London £'000	Total £'000
Unfunded benefits recovered	7	(5,906)	(15,959)	(21,865)	(15,209)	(21,911)	(37,120)
Unfunded benefits cost	8	5,087	9,461	14,548	3,314	9,175	12,489
Administration costs		253	340	593	240	(323)	563
(Surplus) on the provision of services		(566)	(6,158)	(6,725)	(11,655)	(13,059)	(24,068)
Financing and investment (income) and expenditure							
Net interest in defined benefit liabilities	13b	1,665	3,352	5,017	1,089	2,267	3,356
Interest and investment income	13b	(2,224)	(1,167)	(3,391)	(1,124)	(574)	(1,698)
Dividends income	13b	(174)	(90)	(264)	-	-	-
Net gain on financial assets at fair value through profit and loss	13b	(319)	(137)	(456)	-	-	-
Surplus for the financial year		(1,618)	(4,200)	(5,818)	(11,690)	(11,367)	(22,410)
Remeasurement of the net defined benefit liability	14	(111)	(1,491)	(1,602)	(3,390)	(10,733)	(14,123)
Other comprehensive income and (expenditure)		(111)	(1,491)	(1,602)	(3,390)	(10,733)	(14,123)
Total comprehensive income and expenditure (surplus)/deficit		(1,729)	(5,691)	(7,420)	(15,080)	(22,100)	(36,533)

6. Supplementary Account - Residual Liabilities (unaudited) continued

Statement of movement in reserves for the year ended 31 March 2024

	General Fund Reserve			Pension Reserve			Total reserves £'000
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000	
Balance at 31 March 2022 carried forward	(32,214)	(16,490)	(48,704)	44,297	91,570	135,867	87,163
Movement in reserves during 2022-23							
Surplus on the provision of services	(11,690)	(10,720)	(22,410)	–	–		(22,410)
Contributions for unfunded benefits	4,891	8,846	13,737	(4,891)	(8,846)	(13,737)	–
Net interest on pension scheme liabilities	(1,089)	(2,267)	(3,356)	1,089	2,267	3,356	–
Remeasurements of the net defined benefit liability	–	–	–	(3,390)	(10,733)	(14,123)	(14,123)
Net movement in reserves	(7,888)	(4,141)	(12,029)	(7,192)	(17,312)	(24,504)	(36,533)
Balance at 31 March 2023 carried forward	(40,102)	(20,631)	(60,733)	37,105	74,258	111,363	50,630
Movement in Reserves during 2023-24							
Remeasurements of the Net Defined Benefit Liability	(1,618)	(4,200)	(5,818)	–	–	–	(5,818)
Contributions for unfunded benefits	4,906	8,959	13,865	(4,906)	(8,959)	(13,865)	–
Net interest on pension scheme liabilities	(1,665)	(3,352)	(5,017)	1,665	3,352	5,017	–
Remeasurements of the net defined benefit liability	–	–	–	(111)	(1,491)	(1,602)	(1,602)
Net movement in reserves	1,623	1,407	3,030	(3,352)	(7,098)	(10,450)	(7,420)
Balance at 31 March 2024 carried forward	(38,479)	(19,224)	(57,703)	33,753	67,160	100,913	43,210

6. Supplementary Account - Residual Liabilities (unaudited) continued

Residual Liabilities Balance Sheet as at 31 March 2024

	Notes	31 March 2024 Greater London £'000	31 March 2024 Inner London £'000	Total £'000	31 March 2023 Greater London £'000	31 March 2023 Inner London £'000	Total £'000
Debtors	S2	312	1,938	2,250	133	1,396	1,529
Investment	22	1,389	598	1,987	–	–	–
Cash and cash equivalents	23	43,995	18,932	62,927	47,063	20,767	67,830
Current assets		45,696	21,468	67,165	47,196	22,163	69,359
Creditors	S3	(300)	(707)	(1,008)	(113)	(6)	(119)
Provision	15	(2,019)	(466)	(2,485)	(1,322)	(722)	(2,044)
Current liabilities		(2,319)	(1,173)	(3,492)	(1,435)	(728)	(2,163)
Total assets less current liabilities		43,377	20,295	63,672	45,761	21,435	67,196
Provision	15	(4,898)	(1,071)	(5,969)	(5,659)	(804)	(6,463)
Unfunded pension liability	14	(33,753)	(67,160)	(100,913)	(37,105)	(74,258)	(111,363)
Long-term liabilities		(38,651)	(68,231)	(106,882)	(42,764)	(75,062)	(117,826)
Net liabilities		4,726	(47,936)	(43,210)	2,997	(53,627)	(50,630)
Reserves							
General fund reserve		(38,479)	(19,224)	(57,703)	(40,102)	(20,631)	(60,733)
Pension reserve		33,753	67,160	100,913	37,105	74,258	111,363
Total reserves		(4,726)	47,936	43,210	(2,997)	53,627	50,630

Cashflow statement

	Notes	2023-24 £'000	2022-23 £'000
Net surplus on the provision of services		5,818	22,410
Adjustments to net surplus on the provision of services for non-cash movements	S1	(12,581)	(15,624)
Cash flows from operating activities		(6,763)	6,786
Investing activities			
Purchase of short-term investments	25	(1,531)	–
Interest received		3,391	1,698
Net increase or (decrease) in cash and cash equivalents		(4,903)	8,484
Cash and cash equivalents at the beginning of the reporting period		67,830	59,346
Cash and cash equivalents at the end of the reporting period		62,927	67,830

7. Notes to the Residual Liabilities supplementary accounts

S1. Reconciliation of non-cash movements

	2023-24			2022-23		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Transfer to pension reserve	(3,241)	(5,607)	(8,848)	(3,802)	(6,579)	(10,381)
(Increase)/decrease in debtors	(6)	(452)	(458)	60	(190)	(130)
Increase/(decrease) in creditors	188	701	889	(313)	(1,323)	(1,636)
Dividend receivable	(174)	(90)	(264)	–	–	–
Interest received	(2,224)	(1,167)	(3,391)	(1,124)	(574)	(1,698)
Fair value adjustment	(319)	(137)	(456)	–	–	–
Movement in provisions	(64)	11	(53)	(2,026)	247	(1,779)
	(5,839)	(6,741)	(12,581)	(7,205)	(8,419)	(15,624)

S2. Debtors

	31 March 2024			31 March 2023		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Amounts due from operations	10	104	114	4	1	5
Sundry debtors	128	1,745	1,873	129	1,395	1,524
Dividends receivable	174	90	264	–	–	–
	312	1,938	2,250	133	1,396	1,529

S3. Creditors

	31 March 2024			31 March 2023		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Amounts payable to Pension Fund	(267)	(707)	(974)	–	–	–
Sundry creditors	(33)	–	(33)	(113)	(6)	(119)
	(300)	(707)	(1,007)	(113)	(6)	(119)

7. Notes to the Residual Liabilities supplementary accounts continued

S4. Financial instruments

The following categories of financial instruments are carried in the balance sheet

	31 March 2024			31 March 2023		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Debtors						
Financial assets at amortised costs	312	1,938	2,250	133	1,396	1,529
Total assets at amortised cost	312	1,938	2,250	133	1,396	1,529
Investments						
Fair value through profit and loss	1,389	598	1,987	–	–	–
Total investments at fair value through profit and loss	1,389	598	1,987	–	–	–
Creditors						
Financial liabilities at amortised cost	(300)	(707)	(1,007)	113	6	119
Total financial liabilities at amortised cost	(300)	(707)	(1,007)	113	6	119

The carrying value is equivalent to the fair value of the assets and liabilities.

Credit risk

One of the main sources of risk relating to these financial instruments is the credit risk relating to the collection of outstanding debts. This is mitigated by the fact that the majority of debts relate to local authorities and many of the old debtors have confirmed their intention to pay. Therefore there are no allowances for credit losses.

Financial risks

There are also financial risks associated with these financial instruments but these are mitigated by sound internal controls and a robust internal audit plan that is delivered throughout the year by our independent internal auditors.