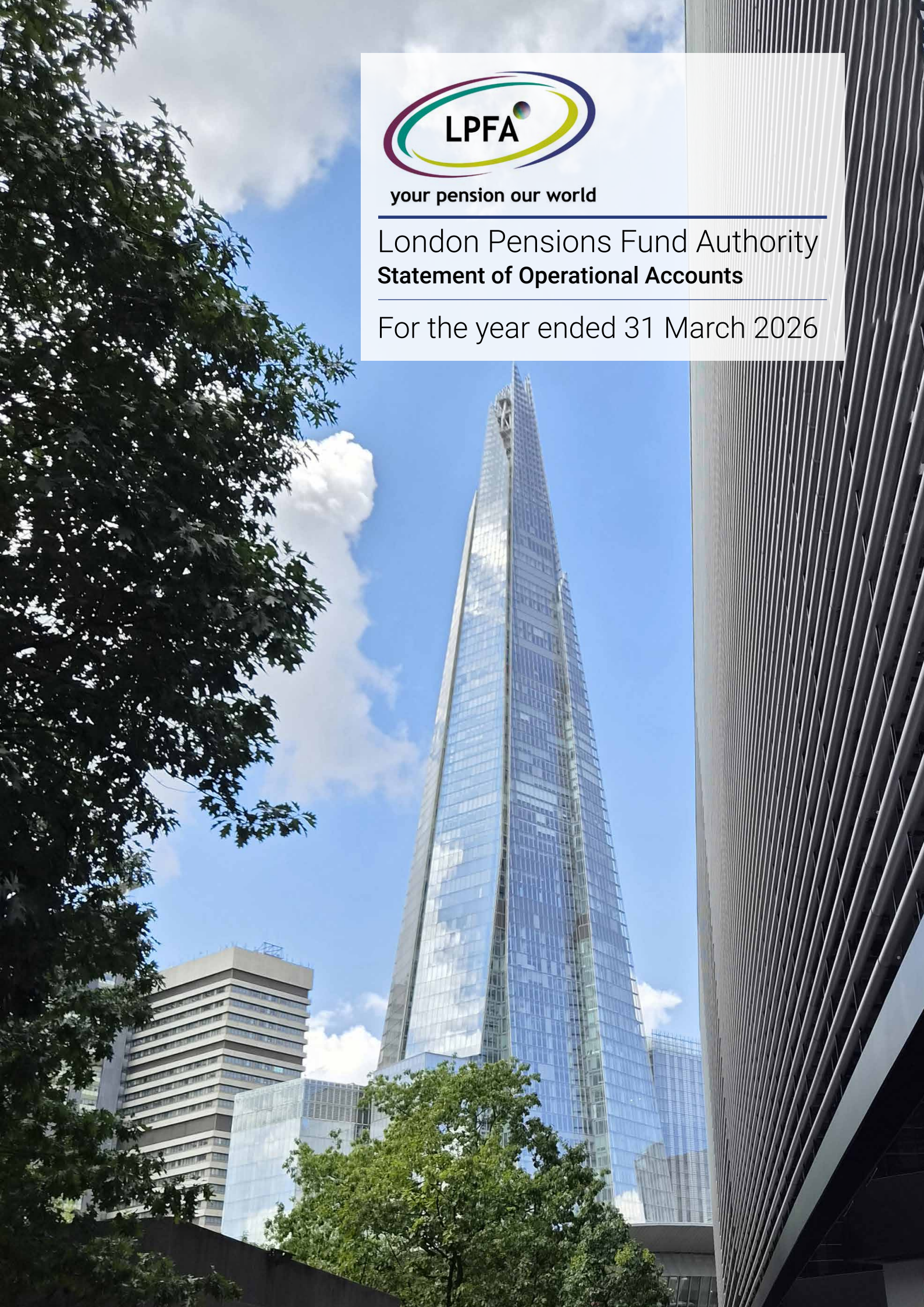

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London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2026

Information

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Board members

John Preston (Chair)
Irshaad Ahmad
Ruth Dombey
Tegs Harding (appointed 1 May 2025)
Belinda Howell
Mandy Kaur-Sadler
Richard Olszewski
Sophia Morrell (resigned 31 Oct 2025)
Clare Scott
Conrad Hall
Luke Webster (appointed 1 May 2025)

Chief Executive Officer

Joanne Donnelly (appointed 1 April 2025)

S151 Officer

Christina Thompson (resigned 31 December 2025)

Interim S151 Officer

Neville Murton
(appointed 1 January 2026, resigned 21 April 2026)

S151 Officer

Matthew Hopson (appointed 21 April 2026)

Deputy S151 Officer

Audrey Allen-Chitwa

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

1. Narrative Report 31 March 2026

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 (LGPS).

The LPFA's Statement of Operational Accounts for the financial year ended 2025-26 consists of:

- The Statement of Responsibilities
- The Group Operational Accounts, which 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, Local Pensions Partnership (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 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 the LPFA's reserves from 1 April 2025 to 31 March 2026.
- The Balance Sheet which sets out the financial position of the LPFA at 31 March 2026. 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 LGPS (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 2025-26 budget is part of the Medium-Term Financial Plan (MTFP). It received initial approval from the Board in December 2024 and was submitted to the Mayor of London for comment. The final budget was approved by the Board in March 2025.

1. Narrative Report 31 March 2026 continued

The LPFA is the largest LGPS Fund in London. The Fund had a net asset value of £8.22 billion, as at 31 March 2026, and is responsible for the provision of pension benefits for 101,305 (2024-25: 100,652) members. Of these, 21,953 are employees working for not-for-profit, charity, private sector and local government employers, 30,904 are deferred members, 37,074 are pensioners and dependants, and 11,374 are undecided leavers and frozen refunds.

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

The LPFA average staff numbers was 27 full-time equivalents in 2025-26. .

Operational budget

Operational Accounts	Actual 2025-26 £'000	Budget 2025-26 £'000	Variance 2025-26 £'000
Administration			
Pension administration services	**3,441**	**3,441**	**–**
Total administration costs	**3,441**	**3,441**	**–**
Oversight and governance			
Board	**301**	**329**	**28**
Office of the Chief Executive	**403**	**905**	**502**
Support services provided by LPPI	**398**	**398**	**–**
Other support costs	**4,347**	**4,892**	**545**
Total oversight and governance costs excluding IAS 19 costs	**5,449**	**6,524**	**1,075**
Pension contributions chargeable to Pension Fund	**48**	**–**	**(48)**
Non-rechargeable cost	**(21)**	**–**	**21**
Total costs	**5,476**	**6,524**	**1,048**
Total operational costs	**8,917**	**9,965**	**1,048**
Funded by:			
Charge made to Pension Fund	**(8,282)**	**(9,330)**	**(1,048)**
Recharge to Residual Labilities	**(635)**	**(635)**	**–**
Total funding	**(8,917)**	**(9,965)**	**(1,048)**
Net result	**–**	**–**	**–**

Overview of the year

The Operational costs for the year ended 31 March 2026 were £8.92 million (2025: £8.07 million), being £1.05 million below the budgeted cost. These costs were funded by a charge to the Fund of £8.28 million (2025: £7.43 million), and a recharge to Residual Liabilities of £635,000 (2025: £639,000). The underspend is mainly due to staff vacancies and an underspend in consultancy costs.

The Operational Accounts and Residual Liabilities Accounts are merged together to form the Comprehensive Income and Expenditure Statements on pages 11 and 12.

The fee charge to Residual Liabilities is eliminated as an intercompany adjustment.

Service level agreements between the LPFA and the Local Pensions Partnership (LPP), which were operated in 2025-26 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 20.

SLA name	**2025-26 £'000**	2024-25 £'000
LPPA Administration	**3,441**	3,078
Information technology	**398**	312
Storage costs	**30**	29
Total	**3,869**	3,419

Residual Liabilities budget

The 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 Fund and are recovered by a levy on London boroughs. 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.

Greater London

The net outflow for Greater London was £3.279 million, being £340,000 below the budgeted net outflow mainly due to increased investment income and lower pension retirement costs.

The budgeted levy requirement in 2025-26 was £1.0 million. Pension costs were higher than expected. Use 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.

Greater London Levy	Actual £'000	Budget £'000	Variance £'000
Pension retirement costs	4,616	4,742	126
Management expenses	270	269	(1)
Asbestosis provision (known cases + direct costs)	1,024	762	(262)
Interest payable and receivable	(1,606)	(1,154)	452
Net gain on financial assets at fair value through profit and loss	24	–	(24)
Levy	(1,049)	(1,000)	49
Net outflow to balances	3,279	3,619	340

Inner London

The net outflow for Inner London was £360,000 being £1.522 million below the budget net outflow mainly due to reduced pension retirement costs and increased investment income.

The budgeted levy requirement in 2025-26 was £7.0 million. The pension costs were lower than expected. The asbestosis provision spending was also below budget. However, as with the Greater London Levy, the asbestosis claims remain a significant variable factor and this led to a reduction in the asbestosis provision.

Inner London Levy	Actual £'000	Budget £'000	Variance £'000
Pension retirement costs	7,806	8,908	1,102
Management expenses	365	365	–
Asbestosis provision (known cases + direct costs)	–	186	186
Interest payable and receivable	(811)	(577)	234
Net gain on financial assets at fair value through profit and loss	12	–	(12)
Levy	(7,012)	(7,000)	12
Net outflow/(inflow) to balances	360	1,882	1,522

Date the Statement of Accounts were authorised for issue

The Statement of Accounts were authorised for issue by the Board on 28 September 2026. 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.

2. Statement of Responsibilities for the Statement of Accounts

The LPFA's responsibilities

The 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 (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 the 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 judgements that were reasonable and prudent.
- Taken reasonable steps for the prevention and/or detection of fraud and/or other irregularities.
- Complied with the code.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the LPFA at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

Matthew Hopson, Section 151 Officer
02 October 2026

Certificate of approval

The accounts were approved by the LPFA Board on 28th September 2026.

John Preston, LPFA Chair
02 October 2026

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON PENSIONS FUND AUTHORITY

Opinion

We have audited the Statement of Operational Accounts (financial statements) of London Pensions Fund Authority and its joint ventures (the 'Group') for the year ended 31 March 2026. The financial statements comprise the:

- Group and Single Entity Comprehensive Income and Expenditure Statement,
- Group and Single Entity Statement of Movement in Reserves,
- Group and Single Entity Balance Sheet,
- Group and Single Entity Cash Flow Statement,
- the related notes 1 to 28 including material accounting policy 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 2025/26.

In our opinion the financial statements:

- give a true and fair view of the financial position of London Pensions Fund Authority and the Group as at 31 March 2026 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 2025/26; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

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.

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 31 March 2028.

Our responsibilities and the responsibilities of the Section 151 Officer 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 and Group's ability to continue as a going concern.

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

Other information

The other information comprises the information included in the Statement of Operational Accounts, 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**.**

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 Authority
- 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)
- 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 2026.

We have nothing to report in these respects.

Responsibility of the Section 151 Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 5, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the Group and the 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 2025/26, 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.

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

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.

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

- Local Government Act 1972,
- Local Government Act 2003,
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015 (as amended).

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 Pensions Fund Authority is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, internal audit, those charged with governance and monitoring officer 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 the Authority's committee minutes, through enquiry of employees to confirm Group and the Authority policies, and through the inspection of employee handbooks 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 presumptive risk of management override of controls to be our fraud risks.

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

To address our fraud risk of management override of controls, we:

- Inquired of management about risks of fraud and the controls put in place to address those risks;
- 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 activities (those that may arise from economic industry and operating conditions);
- Considered whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud;
- Considered the effectiveness of management's controls designed to address the risk of fraud and determining an appropriate strategy to address those identified risks 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 judgements in the financial statements.

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.

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 March 2026**,** as to whether London Pensions 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 London Pensions Fund Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2026.

We planned our work in accordance with the Code of Audit Practice 2024. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether London Pensions 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.

3. Independent Auditor's Report to the members of the London Pensions Fund Authority continued

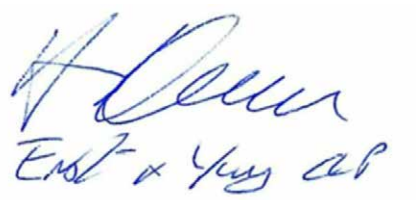
Report on the Audit of the Group Operational Account Financial Statements continued

Certificate

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



Hassan Rohimun (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Manchester
2 October 2026

4. Group and Single Entity Operational Accounts

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2026

		2025-26			2024-25		
	Notes	**Gross Costs £'000**	**Income £'000**	**Net Costs £'000**	Gross Costs £'000	Income £'000	Net Costs £'000
Administering Authority	5-12	**8,088**	**(8,307)**	**(219)**	7,512	(7,455)	57
Residual Liabilities	5-12	**12,422**	**(20,899)**	**(8,477)**	14,767	(21,699)	(6,932)
(Surplus)/deficit from the provision of services		**20,510**	**(29,206)**	**(8,696)**	22,279	(29,154)	(6,875)
Financing and investing (income) and expenditure							
Administering Authority	13			**(195)**			(27)
Residual Liabilities	13			**2,023**			1,516
(Surplus) on the provision of services				**(6,868)**			(5,386)
Share of (surplus)/deficit on provision of services by LPP Joint Venture	19			**195**			(505)
Group (surplus)				**(6,673)**			(5,891)
Share of tax charge of LPP joint venture	19			**98**			183
(Surplus) for the financial year				**(6,575)**			(5,708)
Administering Authority remeasurement of Defined Benefit obligation	14			**1,071**			(133)
Residual Liabilities remeasurement of Defined Benefit obligation	14			**2,176**			(3,751)
Share of remeasurement of Defined Benefit obligation of LPP Joint Venture	19			**3,501**			(90)
Share of tax on components of other comprehensive income in LPP Joint Venture	19			**(876)**			23
Other comprehensive (income) and expenditure				**5,872**			(3,951)
Total comprehensive income and expenditure (surplus)/deficit				**(703)**			(9,659)

Single entity Comprehensive Income and Expenditure Statement for the year ended 31 March 2026

		2025-26			2024-25		
	Notes	**Gross Costs £'000**	**Income £'000**	**Net Costs £'000**	Gross Cost £'000	Income £'000	Net Costs £'000
Administering Authority	5-12	**8,088**	**(8,307)**	**(219)**	7,512	(7,455)	57
Residual Liabilities	5-12	**12,422**	**(20,899)**	**(8,477)**	14,767	(21,699)	(6,932)
(Surplus)/deficit from the provision of services		**20,510**	**(29,206)**	**(8,696)**	22,279	(29,154)	(6,875)
Financing and investing (income) and expenditure							
Administering Authority	13			**(195)**			(27)
Residual Liabilities	13			**2,023**			1,516
(Surplus) for the financial year				**(6,868)**			(5,386)
Administering Authority remeasurement of Defined Benefit obligation	14			**1,071**			(133)
Residual Liabilities remeasurement of Defined Benefit obligation	14			**2,176**			(3,751)
Other comprehensive (income) and expenditure				**3,247**			(3,884)
Total comprehensive income and expenditure (surplus)/deficit				**(3,621)**			(9,270)

4. Group and Single Entity Operational Accounts continued

Group Statement of Movement in Reserves

	Notes	Pension Reserve £'000	Residual Liabilities Pension Reserve £'000	Accum. Absence 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 2025 brought forward		**–**	**87,888**	**–**	**87,888**	**(8,852)**	**(53,206)**	**(12,500)**	**(74,558)**	**13,330**
Group (surplus)		**–**	**–**	**–**	**–**	**(856)**	**(5,817)**	**–**	**(6,673)**	**(6,673)**
Share of tax	19	**–**	**–**	**–**	**–**	**(778)**	**–**	**–**	**(778)**	**(778)**
Remeasurement of the net Defined Benefit liability	14	**1,071**	**2,176**	**–**	**3,247**	**3,501**	**–**	**–**	**3,501**	**6,748**
Total comprehensive income and expenditure		**1,071**	**2,176**	**–**	**3,247**	**1,867**	**(5,817)**	**–**	**(3,950)**	**(703)**
Transfers to/from Earmarked Reserves		**–**	**–**	**21**	**21**	**(12,396)**	**–**	**12,375**	**(21)**	**–**
Movement in year		**(1,071)**	**(8,434)**	**–**	**(9,505)**	**1,071**	**8,434**	**–**	**9,505**	**–**
Total transactions with owners recognised direcly equity										
Increase/decrease in year		**–**	**(6,258)**	**21**	**(6,237)**	**(9,458)**	**2,617**	**12,375**	**5,534**	**(703)**
Balance at 31 March 2026 carried forward		**–**	**81,630**	**21**	**81,651**	**(18,310)**	**(50,589)**	**(125)**	**(69,024)**	**12,627**

During the year the nominal value of the shares held in LPP have been reduced with the balance of the reserves being taken to the general reserves.

	Notes	Pension Reserve £'000	Residual Liabilities Pension Reserve £'000	Total Unusable Reserves £'000	General Reserve £'000	Residual Liabilities General Reserve £'000	Equity Interest in Joint Venture £'000	Total Usable Reserves £'000	Total Reserves £'000
Balance at 31 March 2024 brought forward		742	100,913	101,655	(8,464)	(57,703)	(12,500)	(78,667)	22,988
Group (surplus)		–	–	–	(1,114)	(4,777)	–	(5,891)	(5,891)
Share of tax	19	–	–	–	183	–	–	183	183
Remeasurement of the net Defined Benefit liability	14	(133)	(3,751)	(3,884)	–	–	–	–	(3,884)
Other movement – joint venture		–	–	–	(66)	–	–	(66)	(66)
Total comprehensive income and expenditure		(133)	(3,751)	(3,884)	(997)	(4,777)	–	(5,774)	(9,658)
Movement in year	14	(609)	(9,274)	(9,883)	609	9,274	–	9,883	–
Increase/decrease in year		(742)	(13,025)	(13,767)	(388)	4,497	–	4,109	(9,658)
Balance at 31 March 2025 carried forward		–	87,888	87,888	(8,852)	(53,206)	(12,500)	(74,558)	13,330

Entity Statement of Movement in Reserves

	Notes	Pension Reserve £'000	Accum. Absence reserve £'000	Residual Liabilities Pension Reserve £'000	Total Unusable Reserves £'000	Residual liabilities General reserve £'000	General reserve £'000	Total Usable Reserves £'000	Total Reserves £'000
Balance at 31 March 2025 brought forward				**87,888**	**87,888**	**(53,206)**	**–**	**(53,206)**	**34,682**
(Surplus)/deficit for the year		**–**	**–**	**–**	**–**	**(5,817)**	**(1,051)**	**(6,868)**	**(6,868)**
Remeasurement of the net Defined Benefit liability	14	**1,071**	**–**	**2,176**	**3,247**	**–**	**–**	**–**	**3,247**
Total comprehensive income and expenditure		**1,071**	**–**	**2,176**	**3,247**	**(5,817)**	**(1,051)**	**(6,868)**	**(3,621)**
Transfers to/from Earmarked Reserves		**–**	**21**	**–**	**21**	**–**	**(21)**	**(21)**	**–**
Movement in year	14	**(1,071)**	**–**	**(8,434)**	**(9,505)**	**8,434**	**1,071**	**9,505**	**–**
Increase/decrease in year		**–**	**21**	**(6,258)**	**(6,237)**	**2,617**	**(1)**	**2,616**	**(3,621)**
Balance at 31 March 2026 carried forward		**–**	**21**	**81,630**	**81,651**	**(50,589)**	**(1)**	**(50,590)**	**31,061**

	Notes	Pension Reserve £'000	Residual Liabilities Pension Reserve £'000	Total Unusable Reserves £'000	Residual liabilities £'000	General Reserve £'000	Total Usable Reserves £'000	Total Reserves £'000
Balance at 31 March 2024 brought forward		742	100,913	101,655	(57,703)	–	(57,703)	43,952
(Surplus)/deficit on provision of services		–	–	–	(4,777)	(609)	(5,386)	(5,386)
Remeasurement of the net Defined Benefit liability	14	(133)	(3,751)	(3,884)	–	–	–	(3,884)
Total comprehensive income and expenditure		(133)	(3,751)	(3,884)	(4,777)	(609)	(5,386)	(9,270)
Movement in year	14	(609)	(9,274)	(9,883)	9,274	609	9,883	
Increase/decrease in year		(742)	(13,025)	(13,767)	4,497	–	4,497	(9,270)
Balance at 31 March 2025 carried forward		–	87,888	87,888	(53,206)	–	(53,206)	34,682

Group and Single Entity Balance Sheet as at 31 March 2026

	Notes	31 March 2026 Group £'000	31 March 2026 Entity £'000	31 March 2025 Group £'000	31 March 2025 Entity £'000
Intangible fixed assets	17	**5**	**5**	17	17
Investment in joint venture	19	**18,433**	**–**	21,352	–
Non-current assets		**18,438**	**5**	21,369	17
Debtors	21	**2,027**	**2,027**	2,507	2,507
Investment	22	**1,244**	**1,244**	1,437	1,437
Cash and cash equivalents	23	**57,325**	**57,325**	60,715	60,715
Current assets		**60,596**	**60,596**	64,659	64,659
Creditors	24	**(2,239)**	**(2,239)**	(2,239)	(2,239)
Residual Liabilities provision	15	**(3,645)**	**(3,645)**	(4,159)	(4,159)
Net current liabilities		**54,712**	**54,712**	58,261	58,261
Total assets less current liabilities		**73,150**	**54,717**	79,630	58,278
Residual Liabilities provision	15	**(4,147)**	**(4,147)**	(5,072)	(5,072)
Residual Liabilities net Defined Benefit liability	14	**(81,630)**	**(81,630)**	(87,888)	(87,888)
Long-term liabilities		**(85,777)**	**(85,777)**	(92,960)	(92,960)
Net liabilities		**12,627**	**31,061**	(13,330)	(34,682)
Usable reserves					
– Administering Authority General reserve		**(18,310)**	**(1)**	(8,852)	–
– Residual Liabilities General reserve		**(50,589)**	**(50,589)**	(53,206)	(53,206)
– Non-voting equity Interest in joint venture		**(125)**	**–**	(12,500)	–
Unusable reserves					
Accumulated absense reserve		**21**	**21**	–	–
Residual Liabilities pension reserve		**81,630**	**81,630**	87,888	87,888
Total reserves		**12,627**	**31,061**	13,330	34,682

These financial statements replace the unaudited financial statements confirmed by Matthew Hopson, Section 151 officer on the 29 May 2026.

Matthew Hopson, Section 151 Officer
02 October 2026

Group and Single Entity Cash Flow Statement for the year ended 31 March 2026

	Notes	31 March 2026 Group £'000	31 March 2026 Entity £'000	31 March 2025 Group £'000	31 March 2025 Entity £'000
Net surplus on the provision of services		**10,606**	**6,868**	5,708	5,386
Adjustments to net surplus on the provision of services for non-cash movements	16	**(16,576)**	**(12,838)**	(12,163)	(11,841)
Net cash flows from operating activities		**(5,970)**	**(5,970)**	(6,455)	(6,455)
Investing activities					
Transfer from core investment		**157**	**157**	676	676
Interest received		**2,421**	**2,421**	2,788	2,788
Proceeds from disposal of fixed assets		**–**	**–**	–	–
Net (decrease) in cash and cash equivalents		**(3,392)**	**(3,392)**	(2,991)	(2,991)
Cash and cash equivalents at the beginning of the reporting period	23	**60,715**	**60,715**	63,706	63,706
Cash and cash equivalents at the end of the reporting period		**57,323**	**57,323**	60,715	60,715

5. Notes to the Group and Single Entity Operational Accounts

General information

The costs incurred within the Operational Accounts to administer the Fund and the Residual Liabilities are recharged to these entities.

1. Summary of significant accounting policies

General principles

The Statement of Accounts summarises the LPFA's transactions for the 2025-26 financial year and its position at year-end 31 March 2026. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26 (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, prior to the accounts being made available for public inspection on 02 June 2026, 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 Residual Liabilities receives £8.0 million as levy income from the 32 London boroughs and the Corporation of London. It contributed £635,000 to the Operational Accounts costs in 2025-26. The remaining costs were reimbursed by the Fund.

The Levy income is less than the annual cost as the strategy is to reduce its cash reserves each year. The cash reserve is currently £57 million and the net outflow was £2.5 million (31 March 2025: £59.5 million, net outflow £3.4 million).

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. As at 31 March 2026 it has remained in a net surplus position since the last triennial valuation and was 120% funded as at 31 March 2026, with assets of £8.22 billion and liabilities of £6.35 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 continue to adopt the going concern basis in preparing the financial statements.

Intangible assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the LPFA (such as The expenditure on assets that do not have physical substance but are identifiable and controlled by the LPFA, such as software developments, is capitalised when it will bring benefits to the LPFA for more than one financial year. The historical cost is amortised to the Comprehensive Income and Expenditure Statement through a straight-line depreciation charge over the economic life of the investment to reflect the pattern of the consumption of economic benefits.

Financial interests in other organisations

The group accounts show the LPFA's entire economic activities by reflecting the relevant proportion of the group entities where the value of the entities is deemed to be material. LPP has been included as a Joint Venture and the Residual Liabilities have been fully consolidated as they are both above the materiality level.

Consolidation of Operational and Residual Liabilities Accounts

The Operational and Residual Liabilities accounts are merged together to form the consolidated financial statements. This has been implemented to properly present the economic reality and fully represent the income, expenditure, assets and liabilities of the LPFA as an Administering Authority.

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 the 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 for 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 the LPFA Treasury Management Strategy. Interest earned on the 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 the LPFA Treasury Management Strategy. Interest earned on the LPFA 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 Residual Liabilities Account.

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 the LPFA.

Accumulated paid absences

The LPFA makes a provision for paid accumulated absences to the extent that these are carried forward to the following year. The movement on the provision is transferred to the accumulated absences reserve.

Post-employment benefits

The LPFA participates in the 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 Fund Actuary, Barnett Waddingham. The pension liabilities of the LPFA are included on the statement of financial position on an actuarial basis, that is, an assessment of the future payments (retirement benefits) based on assumptions made by the Actuary about mortality rates, employee turnover rates et cetera and projections of earnings for current employees.

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 (CPI). 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 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 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 London boroughs in relation to the former GLC, ILEA and the London Residuary Body.

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.

Provisions

Provisions in accordance with IAS 37 are made where an event has taken place that gives the 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 the 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 the 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 the 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 (VAT)

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

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 the 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 the 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 five days after the end of each quarter by giving up to 10 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

Together in a Joint Venture with Lancashire County Council, the LPFA is an equal shareholder of LPP. LPP manages the administration and investment functions on behalf of the LPFA and Lancashire County Pension Fund.

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 LPP. As a joint venture, LPP is consolidated into the LPFA'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 Administering Authorities have rights to the net assets of the arrangement. This remains the case in 2025-26.

Reserves

The 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. The are no general reserves in the entity as only actual costs are recharged to the Fund. .

1b.Critical accounting judgements

The critical accounting judgements required to apply the accounting policies are detailed below.

Pensions liability guarantee

The LPFA has provided a guarantee, under the Admission Agreements, to settle 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 the LPFA is providing a guarantee if LPP exits the LGPS. In such an event, the 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 the 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 has 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 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an Administering Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2026-27 Code). This means that only the standards listed below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

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

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024.
- Annual improvements to IFRS accounting standards –Volume 11 issued July 2024.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued December 2024.

These standards will either have no impact or no material impact on the Operational 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 the Senior Leadership Team 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 the 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 depends 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 the 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 depends 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 the 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

The LPFA has 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. The 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.

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 £792,000. b) a 0.1% increase in long-term pension increase would increase the present value of the obligations by £828,000. c) a 1-year increase in life expectancy would increase the present value of the obligation by £1.43 million.
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, 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 £418,000. b) a 0.1% increase in long-term pension increase would increase the present value of the obligations by £441,000. c) a 1-year increase in life expectancy would increase the present value of the obligation by £2.48 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 2.85% based on actuarial advice. If inflation was increased by 0.1% to 2.95% the provision would increase by £15,000. The discount rate used to calculate the present value of the liability was 5.45% based on actuarial advice. If the rate was decreased by 0.1% to 5.35% the provision would increase by £19,000.

5. Income

	2025-26 £'000	2024-25 £'000
Management fee to the Pension Fund	**(8,282)**	(7,428)
	(8,282)	(7,428)

The Operational costs for the year ended 31 March 2026 were £8.9 million. These costs were funded by a charge to the Pension Fund of £8.3 million and a recharge to Residual Liabilities of £635,000, which has been offset to zero due to being an intercompany transaction.

6. Other income

	2025-26 £'000	2024-25 £'000
Recharged staff costs on employer projects	**(25)**	(27)
	(25)	(27)

7. Unfunded benefits recovered

	2025-26			2024-25		
Asbestosis provision	**Greater London £'000**	**Inner London £'000**	**Total £'000**	Greater London £'000	Inner London £'000	Total £'000
Levy income	**(1,049)**	**(7,012)**	**(8,061)**	(1,000)	(7,000)	(8,000)
Unfunded pension payments	**(4,437)**	**(8,401)**	**(12,838)**	(4,803)	(8,896)	(13,699)
	(5,486)	**(15,413)**	**(20,899)**	(5,803)	(15,896)	(21,699)

8. Unfunded benefits payable

	2025-26			2024-25		
Asbestosis provision	**Greater London £'000**	**Inner London £'000**	**Total £'000**	Greater London £'000	Inner London £'000	Total £'000
(Reduction)/increase to asbestosis provision	**179**	**(595)**	**(416)**	1,231	(163)	1,068
Unfunded pensions payable	**4,437**	**8,401**	**12,838**	4,803	8,896	13,699
	4,616	**7,806**	**12,422**	6,034	8,733	14,767

9a. Board remuneration

	2025-26 £'000	2024-25 £'000
Emoluments	**242**	242
Employers' NI contributions	**28**	19
Board meetings	**14**	1
Reimbursable expenses	**1**	6
	285	267

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

	2025-26 Number	2024-25 Number
£5,001 – £10,000	**1**	1
£15,001 – £20,000	**7**	10
£20,001 – £25,000	**1**	–
£40,001 – £45,000	**1**	–
£60,001 – £65,000	**1**	1

10a. Remuneration and other costs – employees

	2025-26 £'000	2024-25 £'000
Salaries	**2,568**	2,279
Employers' NI contributions	**317**	276
Employers' pension contributions	**36**	3
Reimbursable expenses	**13**	15
IAS 19 current service costs	**(832)**	(588)
Temporary staff	**83**	52
Training costs	**42**	60
Recruitment costs	**64**	76
Other employee-related costs	**30**	25
Accumulated compensated absences	**21**	–
	2,342	2,198

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 2026 **Post**	**Salary** **£**	**Severance payment** **£**	**Bonus** **£**	**Total** **£**
Jo Donnelly – Chief Executive Officer	**165,000**	**–**	**33,000**	**198,000**
Director of Compliance and Risk	**122,778**	**63,343**	**19,500**	**205,621**
Director of Pensions	**132,835**	**–**	**26,567**	**159,402**
Finance Director/SI51 Officer	**40,427**	**–**	**–**	**40,427**
Chief of Staff	**120,318**	**75,000**	**20,778**	**216,096**

31 March 2025 **Post**	Salary £	Severance payment £	Pilon Pension £	Bonus £	Total £
Robert Branagh – Chief Executive Officer	118,795	168,750	25,650	–	313,195
Director of Compliance and Risk	115,000	–	–	19,550	134,550
Funding and Investment Director	131,143	–	–	31,166	162,309
S151 Officer	51,067	–	–	10,400	61,467
Chief of Staff	112,072	–	–	20,173	132,245

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

	2025-26	2024-25
£50,001 – £55,000	**1**	2
£55,001 – £60,000	**3**	3
£60,001 – £65,000	**1**	3
£65,001 – £70,000	**4**	2
£70,001 – £75,000	**–**	1
£90,001 – £95,000	**1**	1
£95,001 – £100,000	**4**	3
£100,001 – £105,000	**–**	2
£105,001 – £110,000	**1**	1
£110,001 – £115,000	**1**	–
£130,001 – £135,000	**–**	2
£150,001 – £155,000	**1**	–
£155,001 – £160,000	**2**	–
£160,001 – £165,000	**–**	1
£195,001 – £200,000	**1**	–
£205,001 – £210,000	**1**	–
£215,001 – £220,000	**1**	–
£310,001 – £315,000	**–**	1

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

10c. Exit packages

Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

	2025-26 Number	2024-25 Number
£20,001 – £40,000	**2**	–
£40,001 – £60,000	**2**	–
£60,001 – £80,000	**2**	–
£150,001 – £200,000	**–**	1

	2025-26 £'000	2024-25 £'000
£20,001 – £40,000	**60**	–
£40,001 – £60,000	**92**	–
£60,001 – £80,000	**138**	–
£150,001 – £200,000	**–**	169
	290	169

11. Other services

	2025-26 £'000	2024-25 £'000
Internal audit	**130**	177
External audit (see Note 12)	**214**	285
Professional fees (including consultancy)	**491**	426
Office costs	**78**	80
Members' forum and meetings	**37**	45
Other miscellaneous services	**–**	–
Accommodation	**320**	309
IT support	**505**	406
Pension admin expenses	**3**	2
HR services	**35**	5
Subscriptions & publications	**146**	153
Bad debt provision	**–**	25
Management charges – LPPA pension admin support	**3,441**	3,078
	5,461	5,046

12. Disclosure of audit costs

	2025-26 £'000	2024-25 £'000
External audit	**203**	182
External audit costs relating to underprovisions in previous years	**11**	103
	214	285

Fees are also payable to the external auditors in relation to the certification of the data used to calculate the IAS 19 disclosures for participating employers. The fee is expected to be £60,000 (2025: £60,000). These fees are recharged to the employer so the net cost to LPFA is £nil.

13a. Administering Authority Financing and Investment Income and Expenditure

	2025-26 £'000	2024-25 £'000
Net interest on Defined Benefit liability	**(191)**	(21)
Bank interest receivable	**(4)**	(6)
	(195)	(27)

13b. Residual Liablilities Financing and Investment Income and Expenditure

	2025-26			2024-25		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Net interest on Defined Benefit liability	**1,435**	**2,969**	**4,404**	1,475	2,950	4,425
Interest receivable and similar income	**(1,606)**	**(811)**	**(2,417)**	(1,847)	(936)	(2,783)
Net gain on financial assets at fair value through profit and loss	**24**	**12**	**36**	(84)	(42)	(126)
	(147)	**2,170**	**2,023**	(456)	1,972	1,516

14. Retirement benefit obligations

Administering Authority

On 11 March 2024, the LPFA entered a risk-sharing arrangement with LPPI that became effective from 1 April 2024. The LPFA took on the liabilities and assets of the LPPI within the Fund and those transferred from the Lancashire Pension Fund on a closed bases. The LPPI agreed to pay a fixed contribution rate of 20% and this contribution rate is sufficient to enable the LPFA to reduce its contribution rate to 0% in relation to the Administering Authority's Fund members.

Amounts recognised in the balance sheet are determined as follows:

	2025-26 £'000	2024-25 £'000
Fair value of plan assets	**57,699**	55,659
Asset ceiling adjustment	**(9,099)**	(5,952)
Defined Benefit obligations	**(48,600)**	(49,707)
Net Defined Benefit liability	**–**	–

Reconciliation of the opening and closing balance of the present value of the Defined Benefit obligation.

	2025-26 £'000	2024-25 £'000
At 1 April	**49,707**	38,639
Current service cost	**(863)**	(148)
Interest expense	**2,688**	2,602
Change in financial assumptions	**(3,404)**	(6,783)
Change in demographic assumptions	**623**	(123)
Experience loss/(gain) on Defined Benefit obligation	**(513)**	(144)
Liabilities assumed extinguished	**–**	14,865
Estimated benefits paid (net of transfers in)	**(2,028)**	(1,566)
Past service cost	**31**	–
Contributions by scheme participants	**2,359**	2,365
Closing Defined Benefit obligations	**48,600**	49,707

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

	2025-26 £'000	2024-25 £'000
At 1 April	**55,659**	37,897
Interest income	**3,281**	2,634
Return on assets less interest	**(947)**	(965)
Other actuarial losses	**(621)**	–
Admin expenses	**(52)**	(11)
Contributions by employer including unfunded	**48**	–
Contributions by scheme participants and other employers	**2,359**	2,365
Estimated benefits paid including unfunded net of transfers in	**(2,028)**	(1,566)
Settlement prices received	**–**	15,305
Closing fair value of plan assets	**57,699**	55,659

14. Retirement benefit obligations continued

Amounts recognised in Group Comprehensive Income and Expenditure:

	2025-26 £'000	2024-25 £'000
Service cost	**(832)**	(588)
Net interest on the Defined Benefit liability	**(243)**	(32)
Admin expenses	**52**	11
Total operating charge	**(1,023)**	(609)

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

	2025-26 £'000	2024-25 £'000
Return on plan assets in excess of interest	**947**	965
Other actuarial losses on assets	**621**	–
Change in financial assumptions	**(3,404)**	(6,783)
Change in demographic assumptions	**623**	(123)
Experience gain/(loss) on Defined Benefit obligation	**(513)**	(144)
Change in impact of asset ceiling	**2,797**	5,952
Remeasurement of net Defined Benefit liability	**1,071**	(133)

The movement in the Defined Benefit liability:

	2025-26 £'000	2024-25 £'000
At 1 April	**–**	(742)
Service cost	**832**	588
Contributions by employer including unfunded	**48**	–
Net interest on the Defined Benefit liability	**243**	32
Return on plan assets in excess of interest	**(947)**	(965)
Admin expenses	**(52)**	(11)
Actuarial gains/losses	**(124)**	1,098
Net Defined Benefit liability	**–**	–

14. Retirement benefit obligations continued

Administering Authority

Employee benefits

All LPFA staff are members of the LGPS as at 31 March 2026. The LGPS is a tax approved, Defined Benefit occupational pension scheme set up under the Superannuation Act 1972. The benefits under the LGPS are based on the length of service and the average pensionable pay within the period eligible for the final salary rules or the pensionable pay within the input period for relevant service under the CARE rules. 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 to the scheme on the employee's behalf, although the contribution rate is currently 0% of the employee's salary due to the existing surplus that has been capped due to the asset ceiling.

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 the LPFA.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the 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 LPFA recognises costs for a restructuring under IAS 37. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the 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 the LPFA are members of the LGPS, administered by the LPFA. The LGPS provides Defined Benefits to members (retirement lump sums and pensions), earned as employees having worked for the LPFA.

The LGPS is accounted for as a Defined Benefit scheme The liabilities of the Fund attributable to the LPFA are included in the balance sheet on an actuarial basis using the projected unit method, that is 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 projected earnings for current employees.

Discretionary benefits

The LPFA also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements.

14. Retirement benefit obligations continued

The principle actuarial assumptions were as follows:

Life expectancy	31 March 2026 Years	31 March 2025 Years
Mortality rate for 65 year olds – retiring today		
Males	**22.4**	22.1
Females	**24.4**	23.8
Mortality rate for 65 year olds – retiring in 20 years' time		
Males	**23.7**	22.0
Females	**26.3**	25.2

Post retirement mortality	31 March 2026	31 March 2025
Base table	**Club Vita tables**	Club Vita tables
Multiplier (M/F)	**105% -100%**	95% -125%
Future improvements model	**CMI_2025**	CMI_2023
Long-term rate of improvement	**1.50% p.a.**	1.25% p.a.
Smoothing parameter	**7**	7
Initial addition parameter	**0.0% p.a.**	0.0% p.a.
2020 weighted parameter	**n/a**	0%
2021 weighted parameter	**n/a**	0%
2022 weighted parameter	**n/a**	15%
2023 weighted parameter	**n/a**	15%
Half-life parameter	**1**	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 2026 % p.a.	31 March 2025 % p.a.	31 March 2024 % p.a.
RPI increases	**3.25**	3.2	3.25
Salary increases	**3.9**	3.9	3.9
Pension increases (CPI)	**2.9**	2.9	2.9
Discount rate	**6.2**	5.8	4.9

14. Retirement benefit obligations continued

31 March 2026	£'000	£'000	£'000	£'000	£'000
Adjustment to discount rate	**+0.5%**	**+0.1%**	**+0.0%**	**-0.1%**	**-0.5%**
Present value of total obligation	44,931	47,828	48,600	49,392	52,779
Projected service cost	(910)	(912)	(913)	(914)	(917)
Adjustment to long-term salary increase	**+0.5%**	**+0.1%**	**+0.0%**	**-0.1%**	**-0.5%**
Present value of total obligation	48,668	48,613	48,600	48,587	48,535
Projected service cost	(913)	(913)	(913)	(913)	(913)
Adjustment to pension increases and deferred revaluation	**+0.5%**	**+0.1%**	**+0.0%**	**-0.1%**	**-0.5%**
Present value of total obligation	52,844	49,428	48,600	47,851	44,934
Projected service cost	(919)	(914)	(913)	(912)	(908)
Adjustment to mortality age rating assumption		**+1 Year**	**None**	**-1 Year**	
Present value of total obligation		50,029	48,600	47,215	
Projected service cost		(914)	(912)	(912)	

Contributions to the Pension Fund during 2025-26

Contributions from the employer amounted to £48,000 (2025: £nil).

Impact on authority's cash flows

The authority expects to pay £nil contributions in 2025-26.

The estimated Macaulay duration of the Employer's Liabilities as at the accounting date using assumptions set out above is 17 years.

14. Retirement benefit obligations continued

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

		31 March 2026	
Asset breakdown		**% Quoted**	**% Unquoted**
Equities			
	Segregated:		
	Basic materials	**1.29%**	**–**
	Consumer discretionary	**7.01%**	**–**
	Consumer staples	**2.10%**	**–**
	Energy	**0.58%**	**–**
	Financials	**6.60%**	**–**
	Healthcare	**3.47%**	**–**
	Industrials	**9.21%**	**–**
	Real estate	**0.45%**	**–**
	Technology	**15.75%**	**–**
	Telecommunications	**0.40%**	**–**
	Utilities	**0.58%**	**–**
	Other	**0.00%**	**–**
Fixed Income & fees		**–**	**–**
Private Equity		**–**	**5.42%**
Trade cash/pending		**0.55%**	
Fixed Income and fees		**3.84%**	
Investment/Hedge Funds and Unit Trusts		**0.00%**	
Credit		**–**	**17.23%**
Infrastructure		**–**	**11.75%**
Environmemtal Opportunities		**–**	**0.09%**
Real Estate		**–**	**10.31%**
Cash		**–**	
Cash		**3.24%**	**–**
LDI		**–**	**–**
Currency hedge (forward contracts)		**–**	**0.13%**
BlackRock DDG		**–**	**–**
Total		**55.07%**	**44.93%**

14. Retirement benefit obligations continued

Residual Liabilities

	31 March 2026			31 March 2025		
	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	**(26,387)**	**(55,243)**	**(81,630)**	(28,759)	(59,129)	(87,888)
Pension liability	**(26,387)**	**(55,243)**	**(81,630)**	(28,759)	(59,129)	(87,888)
The movement in the present value of unfunded obligations over the year is as follows:						
At 1 April 2025	**(28,759)**	**(59,129)**	**(87,888)**	(33,753)	(67,160)	(100,913)
Net interest on the Defined Benefit liability	**(1,435)**	**(2,969)**	**(4,404)**	(1,475)	(2,950)	(4,425)
Change in financial assumptions	**388**	**966**	**1,354**	964	2,199	3,163
Change in demographic assumptions	**(490)**	**(936)**	**(1,426)**	184	362	546
Experience loss/(gain) on defined benefit obligation	**(528)**	**(1,576)**	**(2,104)**	518	(476)	42
Remeasurement of Defined Benefit liability	**(630)**	**(1,546)**	**(2,176)**	1,666	2,085	3,751
Unfunded pension payments	**4,437**	**8,401**	**12,838**	4,803	8,896	13,699
At 31 March 2026	**(26,387)**	**(55,243)**	**(81,630)**	(28,759)	(59,129)	(87,888)

Life Expectancy from age 65 (years)

Greater London:

The assumed life expectations from age 65 are:	31 March 2026	31 March 2025
Retiring today		
Males	**21.9**	21.0
Females	**23.0**	22.8

Inner London:

The assumed life expectations from age 65 are:	31 March 2026	31 March 2025
Retiring today		
Males	**21.9**	21.0
Females	**23.3**	23.2

14. Retirement benefit obligations continued

Remeasurement of the Residual Liabilities retirement obligation

	Year to 31 March 2026			Year to 31 March 2025		
	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)	**1,435**	**2,969**	**4,404**	1,475	2,950	4,425
Total	**1,435**	**2,969**	**4,404**	1,475	2,950	4,425
Remeasurements in other comprehensive income						
Change in financial assumptions	**(388)**	**(966)**	**(1,354)**	(964)	(2,199)	(3,163)
Change in demographic assumptions	**490**	**936**	**1,426**	(184)	(362)	(546)
Experience (gain)/loss on defined benefit obligation	**528**	**1,576**	**2,104**	(518)	476	(42)
Changes in effect of asset ceiling	**–**	**–**	**–**	–	–	–
Remeasurements	**630**	**1,546**	**2,176**	(1,666)	(2,085)	(3,751)

Financial assumptions for Greater London and Inner London:

	31 March 2026 % p.a.	31 March 2025 % p.a.	31 March 2024 % p.a.
Discount rate	**5.70**	5.40	4.70
Pension increases (CPI)	**2.85**	2.90	2.95
RPI inflation	**3.40**	3.50	3.60

Sensitivity analysis for Greater London:

	£'000	**£'000**	**£'000**
Present value of total obligation		**26,387**	
Sensitivity to	**+0.1%**		**-0.1%**
Discount rate	**26,259**		**26,516**
Pension increases and deferred revaluation	**26,523**		**26,516**
Sensitivity to	**+ 1 Year**		**- 1 Year**
Life expectancy assumptions	**27,189**		**25,609**

Sensitivity analysis for Inner London:

	£'000	**£'000**	**£'000**
Present value of total obligation		**55,243**	
Sensitivity to	**+0.1%**		**-0.1%**
Discount rate	**54,957**		**55,532**
Pension increases and deferred revaluation	**55,548**		**55,135**
Sensitivity to	**+ 1 Year**		**- 1 Year**
Life expectancy assumptions	**56,922**		**53,613**

15. Residual Liabilities Asbestosis Provision

	2025-26			2024-25		
Asbestosis provision	**Greater London £'000**	**Inner London £'000**	**Total £'000**	Greater London £'000	Inner London £'000	Total £'000
At 1 April	**(7,862)**	**(1,369)**	**(9,231)**	(6,917)	(1,537)	(8,454)
(Increase)/decrease to provision	**(179)**	**595**	**416**	(1,230)	163	(1,068)
Amount used during the year	**1,024**	**–**	**1,024**	286	5	291
At 31 March	**(7,017)**	**(774)**	**(7,791)**	(7,862)	(1,369)	(9,231)
Current	**(3,485)**	**(159)**	**(3,645)**	(3,712)	(447)	(4,159)
Non-current	**(3,532)**	**(615)**	**(4,147)**	(4,150)	(922)	(5,072)
	(7,017)	**(774)**	**(7,792)**	(7,862)	(1,369)	(9,231)

16. Adjustment for non-cash Items

	2025-26 Group £'000	**2025-26 Entity £'000**	2024-25 Group £'000	2024-25 Entity £'000
Amortisation of intangibles	**12**	**12**	13	13
Interest received	**(2,421)**	**(2,421)**	(2,788)	(2,788)
Reverse share of profit/loss in joint venture	**(3,738)**	**–**	(322)	–
Fair value adjustment	**36**	**36**	(126)	(126)
Dividend receivable	**–**	**–**	264	264
Decrease/(increase) in receivables	**480**	**480**	502	502
Increase/(decrease) in payables	**–**	**–**	(601)	(601)
Transfer to pension reserve	**(9,505)**	**(9,505)**	(9,883)	(9,883)
Movement in provision	**(1,440)**	**(1,440)**	777	777
Balance at 31 March 2025	**(16,576)**	**(12,838)**	(12,163)	(11,841)

17. Intangible fixed asset

	Software £'000
Cost at 1 April 2025	**64**
Balance as at 31 March 2026	**64**
Amortisation at 1 April 2025	**(47)**
Charge in the year	**(12)**
Balance at 31 March 2026	**(59)**
Net book value 31 March 2026	**5**
Net book value 31 March 2025	17

18. Tangible fixed asset

	Fixtures & Fittings £'000	IT Equipment £'000	Total £'000
Cost at 1 April 2025	**4**	**3**	**7**
Balance as at 31 March 2026	**4**	**3**	**7**
Depreciation at 1 April 2025	**(4)**	**(3)**	**(7)**
Balance at 31 March 2026	**(4)**	**(3)**	**(7)**
Net book value 31 March 2026	**–**	**–**	**–**

19. Net investment in joint venture

The LPFA entered into a joint venture with Lancashire County Council and incorporated 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 the LPFA, Lancashire County Pension Fund and other LGPS clients.

The joint venture has been consolidated according to the equity method of accounting and the LPFA's 50% share of LPP's results are included in the Group Comprehensive Income and Expenditure Statement and in the Balance Sheet. The results for LPP are as follows:

	50% Share of LPP 2025-26 £'000	LPP Group 2025-26 £'000	50% Share of LPP 2024-25 £'000	LPP Group 2024-25 £'000
Comprehensive Income and Expenditure Statement:				
(Profit) on ordinary activities before taxation	**195**	**390**	(505)	(1,010)
Taxation	**98**	**196**	183	366
Remeasurement of defined benefit obligation	**3,501**	**7,001**	(90)	(180)
Tax on components of other comprehensive income	**(876)**	**(1,753)**	23	45
Total comprehensive income for the period	**2,918**	**5,834**	(389)	(779)
Statement of financial position:				
Net assets excluding pension assets	**18,433**	**36,866**	18,582	37,164
Pension asset	**–**	**–**	2,770	5,538
Net assets	**18,433**	**36,866**	21,352	42,702
Represented by:				
Called up share capital	**(125)**	**(250)**	(12,500)	(25,000)
Profit & loss account	**(18,308)**	**(36,616)**	(8,852)	(17,702)
Net value	**(18,433)**	**(36,866)**	(21,352)	(42,702)

20. Related party transactions

This disclosure note has been produced using a specific declaration obtained in respect of related party transactions. The Fund, and the Greater London Authority are related parties. The LPFA Operational Accounts includes income for Administration and Governance services charged to the Fund, being £8.28 million (2024-25: £7.43 million).

LPP and its subsidiaries are also related parties, details of which are in Note 19. LPP invoiced £3.87 million (2025: £3.42 million) for Administration and Oversight and Governance.

21. Debtors

	31 March 2026 £'000	31 March 2025 £'000
Amounts due from the LPFA Pension Fund	**201**	–
Sundry debtors	**444**	571
Sundry Residual Liabilities debtors	**951**	1,582
Prepayments	**127**	93
Operational VAT	**329**	286
Allowance for credit losses	**(25)**	(25)
	2,027	2,507

22. Short-term investments

	31 March 2026 £'000	31 March 2025 £'000
Residual liabilities	**1,244**	1,437
	1,244	1,437

22a. Analysis of Residual Liabilities short-term Investments

	31 March 2026			31 March 2025		
	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	**877**	**367**	**1,244**	1,004	433	1,437
	877	**367**	**1,244**	1,004	433	1,437

23. Cash and cash equivalents

	31 March 2026 £'000	31 March 2025 £'000
Residual liabilities	**57,054**	59,524
Cash at bank – Administering Authority	**271**	1,191
	57,325	60,715

23a. Analysis of Residual Liabilities cash and cash equivalents

	31 March 2026			31 March 2025		
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Cash and cash equivalents	**39,020**	**18,034**	**57,054**	42,037	17,487	59,524

24. Creditors

	31 March 2026 £'000	31 March 2025 £'000
Amounts payable to Pension Fund	**–**	(618)
Amounts payable to Pension Fund by Residual Liabilities	**(1,019)**	(308)
Other taxes	**(107)**	(70)
Sundry creditors	**(1,009)**	(1,079)
Sundry Residual Liabilities creditors	**(104)**	(164)
	(2,239)	(2,239)

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 2026 £'000	31 March 2025 £'000
Investment in joint venture		
Fair value through profit and loss	**18,433**	21,351
Total investments at fair value through profit and loss	**18,433**	21,351
Debtors		
Financial assets at amortised costs	**1,571**	2,128
Total assets at amortised cost	**1,571**	2,128
Short-term investments		
Fair value through profit and loss	**1,244**	1,437
Total short-term investments at fair value through profit and loss	**1,244**	1,437
Creditors		
Financial liabilities at amortised cost	**(2,239)**	(2,239)
Total financial liabilities at amortised cost	**(2,239)**	(2,239)

25. Financial instruments continued

Movement on short-term investments	2025-26 Greater London £'000	2025-26 Inner London £'000	2025-26 Total £'000	2024-25 Greater London £'000	2024-25 Inner London £'000	2024-25 Total £'000
Value at 1 April 2025	**1,004**	**433**	**1,437**	1,389	598	1,987
Transfer to Loan account	**(103)**	**(54)**	**(157)**	(469)	(207)	(676)
	901	**379**	**1,280**	920	391	1,311
Net gain on financial assets at fair value through profit and loss	**(24)**	**(12)**	**(36)**	84	42	126
Total value at 31 March 2026	**877**	**367**	**1,244**	1,004	433	1,437

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 risks are mitigated by the fact that many of the debts relate to local authorities who are obliged to settle their debts.

Liquidity risk

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

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.

26. Contingent liability

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The LGPS is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the LGPS actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed; however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, The LPFA does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

27. Post Balance Sheet Event

There are two types of post balance sheet events. There are events after the Balance Sheet date that provide additional information relating to conditions that existed at the date of the Balance Sheet (adjusting event) and there are events after the Balance Sheet date relating to conditions that did not exist at the date of the Balance Sheet (non-adjusting event). On 1 April 2026 there was a non-adjusting post balance sheet event relating to the structure of the LPP.

As part of the Government's 'Fit for the future' programme, LPPI welcomed a further six new clients to its existing roster of three: Avon Pension Fund; Cornwall Pension Fund; Devon Pension Fund; Dorset County Pension Fund; Environment Agency Pension Fund and Somerset Council Pension Fund. The existing three are the LPFA, Lancashire County Pension Fund and The Royal County of Berkshire Pension Fund.

The business structure of LPP was altered to accommodate the increase in the LPPI clients. LPPI split out from LPP and now sits under LPPI Holdings Ltd (LPPIH). The Administering Authorities of the nine funds for whom LPPI manage assets are now equal joint shareholders of LPPIH.

LPPA remains a subsidiary of LPP and the LPFA and Lancashire County Council are still equal joint shareholders.

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

London Pensions Fund Authority
Statement of Operational Accounts

6. Supplementary Account – Residual Liabilities (unaudited)

Residual Liabilities Income and expenditure

		2025-26			2024-25		
	Notes	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Unfunded benefits recovered	7	**(5,486)**	**(15,413)**	**(20,899)**	(5,803)	(15,896)	(21,699)
Unfunded benefits cost	8	**4,616**	**7,806**	**12,424**	6,034	8,733	14,767
Administration costs		**270**	**365**	**635**	273	366	639
(Surplus) on the provision of services		**(600)**	**(7,242)**	**(7,840)**	504	(6,797)	(6,293)
Financing and investment (income) and expenditure							
Net interest in Defined Benefit liabilities	13b	**1,435**	**2,969**	**4,404**	1,475	2,950	4,425
Interest and investment income	13b	**(1,606)**	**(811)**	**(2,417)**	(1,847)	(936)	(2,783)
Net gain on financial assets at fair value through profit and loss	13b	**24**	**12**	**36**	(84)	(42)	(126)
Surplus for the financial year		**(747)**	**(5,072)**	**(5,817)**	48	(4,825)	(4,777)
Remeasurement of the net defined benefit liability	14	**630**	**1,546**	**2,176**	(1,666)	(2,085)	(3,751)
Other comprehensive (income) and expenditure		**630**	**1,546**	**2,176**	(1,666)	(2,085)	(3,751)
Total comprehensive income and expenditure (surplus)/deficit		**(117)**	**(3,526)**	**(3,641)**	(1,618)	(6,910)	(8,528)

6. Supplementary Account – Residual Liabilities (unaudited) continued

Statement of movement in reserves for the year ended 31 March 2026

	General Fund Reserve			Pension Reserve			
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000	Total reserves £'000
Balance at 31 March 2024 carried forward	(38,479)	(19,224)	(57,703)	33,753	67,160	100,913	43,210
Movement in reserves during 2024-25							
Surplus on provision of services	48	(4,825)	(4,777)	–	–	–	(4,777)
Contributions for unfunded benefits	4,803	8,896	13,699	(4,803)	(8,896)	(13,699)	–
Net interest on pension scheme liabilities	(1,475)	(2,950)	(4,425)	1,475	2,950	4,425	–
Remeasurements of the net defined benefit liability	–	–	–	(1,666)	(2,085)	(3,751)	(3,751)
Net movement in reserves	3,376	1,121	4,497	(4,994)	(8,031)	(13,025)	(8,528)
Balance at 31 March 2025 carried forward	(35,103)	(18,103)	(53,206)	28,759	59,129	87,888	34,682
Movement in reserves during 2025-26							
Surplus on provision of services	**(747)**	**(5,072)**	**(5,819)**	**–**	**–**	**–**	**(5,819)**
Contributions for unfunded benefits	**4,437**	**8,401**	**12,838**	**(4,437)**	**(8,401)**	**(12,838)**	**–**
Net interest on pension scheme liabilities	**(1,435)**	**(2,969)**	**(4,404)**	**1,435**	**2,969**	**4,404**	**–**
Remeasurements of the net defined benefit liability	**–**	**–**	**–**	**630**	**1,546**	**2,176**	**2,176**
Net movement in reserves	**2,255**	**360**	**2,615**	**(2,372)**	**(3,886)**	**(6,258)**	**(3,643)**
Balance at 31 March 2026 carried forward	**(32,848)**	**(17,743)**	**(50,591)**	**26,387**	**55,243**	**81,630**	**31,039**

Statement of movement in reserves for the year ended 31 March 2025

	General Fund Reserve			Pension Reserve			
	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000	Total reserves £'000
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							
Surplus on provision of services	(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
Movement in reserves during 2024-25							
Surplus on provision of services	48	(4,825)	(4,777)	–	–	–	(4,777)
Contributions for unfunded benefits	4,803	8,896	13,699	(4,803)	(8,896)	(13,699)	–
Net interest on pension scheme liabilities	(1,475)	(2,950)	(4,425)	1,475	2,950	4,425	–
Remeasurements of the net defined benefit liability	–	–	–	(1,666)	(2,085)	(3,751)	(3,751)
Net movement in reserves	3,376	1,121	4,497	(4,994)	(8,031)	(13,025)	(8,528)
Balance at 31 March 2025 carried forward	(35,103)	(18,103)	(53,206)	28,759	59,129	87,888	34,682

6. Supplementary Account – Residual Liabilities (unaudited) continued

Residual Liabilities Balance Sheet as at 31 March 2026

		31 March 2026			31 March 2025		
	Notes	Greater London £'000	Inner London £'000	Total £'000	Greater London £'000	Inner London £'000	Total £'000
Debtors	S2	**127**	**1,080**	**1,207**	88	1,860	1,948
Investment	22	**877**	**367**	**1,244**	1,004	433	1,437
Cash and cash equivalents	23	**39,020**	**18,034**	**57,053**	42,037	17,487	59,524
Current assets		**40,024**	**19,481**	**59,504**	43,129	19,780	62,909
Creditors	S3	**(159)**	**(964)**	**(1,123)**	(164)	(308)	(472)
Provision	15	**(3,485)**	**(159)**	**(3,643)**	(3,712)	(447)	(4,159)
Current liabilities		**(3,644)**	**(1,123)**	**(4,766)**	(3,876)	(755)	(4,631)
Total assets less current liabilities		**36,380**	**18,358**	**54,738**	39,253	19,025	58,278
Provision	15	**(3,532)**	**(615)**	**(4,147)**	(4,150)	(922)	(5,072)
Current liabilities	14	**(26,387)**	**(55,243)**	**(81,630)**	(28,759)	(59,129)	(87,888)
Long-term liabilities		**(29,919)**	**(55,858)**	**(85,777)**	(32,909)	(60,051)	(92,960)
Net liabilities		**6,461**	**(37,500)**	**(31,039)**	6,344	(41,026)	(34,682)
Reserves							
General fund reserve		**(32,848)**	**(17,743)**	**(50,591)**	(35,103)	(18,103)	(53,206)
Pension reserve		**26,387**	**55,243**	**81,630**	28,759	59,129	87,888
Total reserves		**(6,461)**	**37,500**	**31,039**	(6,344)	41,026	34,682

Cash flow statement

	Notes	2025-26 £'000	2024-25 £'000
Net surplus on the provision of services		**5,817**	4,777
Adjustments to net surplus on the provision of services for non-cash movements	S1	**(10,863)**	(11,639)
Cash flows from operating activities		**(5,046)**	(6,862)
Financing activities			
Net cash flows from operating activities		**(5,046)**	(6,862)
Investing activities			
Transfer from core investment	25	**157**	502
Interest received		**2,417**	2,783
Net increase or (decrease) in cash and cash equivalents		**(2,472)**	(3,403)
Cash and cash equivalents at the beginning of the reporting period		**59,524**	62,927
Cash and cash equivalents at the end of the reporting period		**57,052**	59,524

7. Notes to the Residual Liabilities supplementary accounts

S1. Reconciliation of non-cash movements

	2025-26			2024-25		
	Greater London £'000	**Inner London £'000**	**Total £'000**	Greater London £'000	Inner London £'000	Total £'000
Transfer to pension reserve	**(3,002)**	**(5,432)**	**(8,434)**	(3,328)	(5,946)	(9,274)
(Increase)/decrease in debtors	**(39)**	**779**	**740**	51	(12)	39
Increase/(decrease) in creditors	**(5)**	**657**	**652**	(136)	(400)	(536)
Dividend receivable	**–**	**–**	**–**	174	90	264
Interest received	**(1,606)**	**(811)**	**(2,417)**	(1,847)	(936)	(2,783)
Fair value adjustment	**24**	**12**	**36**	(84)	(42)	(126)
Movement in provisions	**(845)**	**(595)**	**(1,440)**	945	(168)	777
	(5,473)	**(5,390)**	**(10,863)**	(4,225)	(7,414)	(11,639)

S2. Debtors

	31 March 2026			31 March 2025		
	Greater London £'000	**Inner London £'000**	**Total £'000**	Greater London £'000	Inner London £'000	Total £'000
Amounts due from operations	**72**	**184**	**256**	28	338	366
Sundry debtors	**55**	**896**	**951**	60	1,522	1,582
	127	**1,080**	**1,207**	88	1,860	1,948

S3. Creditors

	31 March 2026			31 March 2025		
	Greater London £'000	**Inner London £'000**	**Total £'000**	Greater London £'000	Inner London £'000	Total £'000
Amounts payable to Pension Fund	**(55)**	**(964)**	**(1,019)**	–	(308)	(308)
Sundry creditors	**(104)**	**–**	**(104)**	(164)	–	(164)
	(159)	**(964)**	**(1,123)**	(164)	(308)	(472)

S4. Financial instruments

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

	31 March 2026			31 March 2025		
	Greater London £'000	**Inner London £'000**	**Total £'000**	Greater London £'000	Inner London £'000	Total £'000
Debtors						
Financial assets at amortised costs	**127**	**1,080**	**1,207**	88	1,860	1,948
Total assets at amortised cost	**127**	**1,080**	**1,207**	88	1,860	1,948
Investments						
Fair value through profit and loss	**877**	**367**	**1,244**	1,004	433	1,437
Total investments at fair value through profit and loss	**877**	**367**	**1,244**	1,004	433	1,437
Creditors						
Financial liabilities at amortised cost	**(159)**	**(964)**	**(1,123)**	(164)	(308)	(472)
Total financial liabilities at amortised cost	**(159)**	**(964)**	**(1,123)**	(164)	(308)	(472)

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.

8. Glossary

Accounting policies
The accounting policies are the rules and guidelines that help an organisation prepare and present its financial statements.

Accruals
The amounts included in the accounts for income and expenditure in relation to the financial year that have not been included as invoiced income or expenses.

Actuarial gain or losses
These result when actual experience varies from the assumptions made by the actuary such as returns on investments, discount rates or mortality assumptions.

Amortisation
This relates to the utilisation of the value of an intangible asset over its useful economic life.

Annual Governance Statement
This document provides assurance regarding the internal control processes that exist within the authority to ensure it achieves its objectives by implementing effective plans and sound management of resources, hence also ensuring value for money and safeguarding the resources of the entity.

CIPFA (Chartered Institute of Public Finance and Accountancy)
CIPFA is a professional accountancy body for accounts that work in the public sector. It issues the CIPFA Code which is a guide for the preparation of accounts in the public sector.

Consolidation
This is the process of merging the financial results of an entity with those of an entity over which it exercises control. Intercompany transactions are eliminated and intercompany balances are offset to zero.

Current service cost
The current service costs are the pension benefits that accrues to active members as a result of a year of employment service.

Defined Benefit pension scheme
This is a pension scheme where the benefits payable to the member are determined by the rules of the scheme. Hence the risk lies with the employer as they need to ensure that the assets of the scheme are sufficient to pay the benefits described in the rules.

Depreciation
This is the utilisation of the value of a tangible fixed assets over its useful life down to its residual value.

Equity method of accounting
The equity method of accounting is used to include an entity in the financial statements if it is subject to significant influence by the holder of shares in that entity. The owner incorporates its share of the profits and net assets at the balance sheet date.

Fixed assets
These are assets that will provide economic benefits to its owner over a period of more than one year.

Going concern
The going concern basis is a method of preparing accounts if it is expected that the entity will continue to exist for the foreseeable future, defined as at least another year.

Joint venture
A joint venture is joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.