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London Pensions Fund Authority

Statement of Pension Fund 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

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Auditor

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Chartered Accountants
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Bankers

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Lawyers

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1. Narrative Report

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 Pension Fund Statement of Accounts for the financial year 2025-26 consists of:

The **Fund Account** which shows the Fund's income and expenditure for the year;

The **Net Assets Statement** which shows the net assets of the Fund at 31 March 2026; and,

The **Notes** and accounting policies to support the LPFA Pension Fund (Fund) accounts.

Investment performance

The Fund makes strategic investment decisions to achieve returns over the long term to pay pensions as they fall due. Regular valuations enable the Fund to check the position at regular intervals, but the ultimate aim is to ensure appropriate risk-adjusted returns are achieved over a longer time period.

In the same context, the Board is focused on the absolute return of the Fund assets rather than achievement of each asset class benchmark, particularly over short time periods. Performance is monitored regularly throughout the year over short-term and long-term time periods.

The value of the Fund's assets at 31 March 2026 was £8,196 million, compared with £8,051 million at 31 March 2025.

Over the 12 months to 31 March 2026 the Fund delivered a positive 4.2% investment return. This annual return figure was below the Fund's Return Objective of 7.0%, where the Return Objective is a long-term objective calculated as UK inflation (as measured by the Consumer Price Index, CPI+ 3.6% p.a). The Board recognises that the Return Objective is intended to apply over the very long-time horizons over which the Fund's liabilities will be paid. The Board also notes that the achievement or otherwise of the Return Objective is not necessarily a measure of Local Pensions Partnership Investments (LPPI's) performance.

The Fund also underperformed versus its Policy Portfolio Benchmark of 12.4%, which is a single return measure which combines each asset class benchmark in proportion to the Fund's strategic asset allocation. For long-term active investors like the LPFA, Policy Portfolio Benchmarks can be an imperfect measure of performance, as short-term market volatility and other external influences may create short-term divergence between benchmark and absolute performance. This effect has been observed across a number of asset classes during the year.

Over the longer-term strategic horizons of three, five, and seven years, the Fund has delivered positive absolute returns of 4.9% p.a., 6.1% p.a. and 6.6% p.a., respectively. However, performance has fallen short of the Return Objective and the Policy Performance Benchmark across all periods, reflecting a challenging period of performance in relative terms despite positive absolute returns. Since launch, the Fund continues to outperform the long-term Return Objective which in the shorter term remains elevated due to higher inflation.

Overall, the investment strategy has delivered appropriate absolute returns for the level of risk taken, over the longer term.

Return metric	1-Year (%)	3-Year (% p.a.)	5-Year (% p.a.)	7-Year (% p.a.)
Total Return	4.2	4.9	6.1	6.6
Return Objective*	7	6.6	8.8	7.8
Policy Portfolio Benchmark	12.4	10.2	7.9	8.3

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

Note: Returns over one year are annualised.

For the year to 31 March 2026, the Fund's underperformance relative to benchmarks was primarily driven by its allocations to Global and Private equities.

Within Global Equities, absolute returns remained positive but lagged the benchmark by 13.3%. Over the 12-month period, this relative underperformance largely reflected the portfolio's underweight position in the narrow rally of large-cap US technology stocks (commonly referred to as the 'Magnificent 7'). Such short-term market over-concentration within the benchmark poses challenges to long-term, active investors who require adequate diversification across currency, sector, geography and economic correlations.

Furthermore, during the final quarter of the financial year, the Global Equities allocation was impacted by a sharp de-rating across the broader technology sector, particularly within software, creating a challenging environment for the systematic quality bias of the portfolio. Markets moved rapidly to price in the considerable disruption risks posed by Artificial Intelligence to traditional software models, which weighed heavily on valuations generically despite these specific underlying companies retaining robust corporate earnings and resilient balance sheets.

Beyond Global Equities, Private Equity struggled to keep pace with the strong rally in listed markets, which forms the basis of its benchmark. The process of valuation (and transaction timescales) of private assets is slow by comparison to public market transactions, which limits the value of direct comparison between the two, as public market valuations are far more likely to reflect the most recent market developments than those of private assets.

The Fund's Infrastructure investment also fell short of its CPI + 4% p.a. benchmark over the period, with returns largely driven by income rather than capital growth. Whilst inflation showed signs of easing through mid-2025, it remained persistently above the Bank of England's 2% target throughout the year, re-accelerating to 3.3% by March 2026. This elevated inflation environment continues to embed a challenging hurdle within Infrastructure's CPI-linked benchmark, placing ongoing pressure on relative returns despite a positive absolute return of 4.4% over the one-year period.

Over the same period, Real Estate emerged as the strongest performing asset class on both an absolute and relative basis, delivering a return of 7.9% and outperforming its benchmark by 2.3%. This strong performance was underpinned by a combination of robust income generation and a recovery in capital valuations, as the sector rebounded from the steep, discount- rate-driven repricing experienced post-2022.

The LPFA Investment Committee and Board undertook a detailed review of the Fund's Investment Strategy and agreed a revised Strategic Asset Allocation (SAA) which came into effect on 1 April 2025. This updated SAA is detailed in the Fund's Investment Strategy Statement and is reflected in the table below. The most notable change to the SAA was the introduction of an allocation to Environmental Opportunities.

The following table presents the LPFA's asset allocation at the end of March 2026 versus its SAA. The asset allocation as at the end of the previous financial year is also shown for comparison purposes.

Asset Class	31 March 2026		31 March 2025		Strategic Asset Allocation* %	Range %
	Exposure £m	Exposure %	Exposure £m	Exposure %		
Global Equities	3,934	48.0	4,287	53.1	50	40.0 - 60.0
Fixed Income	315	3.8	305	3.8	2.5	0.0 -10.0
Private Equity	444	5.4	454	5.6	5	0.0 - 10.0
Infrastructure	963	11.8	931	11.6	13	8.0 -18.0
Credit	1,412	17.2	1,173	14.5	15	10.0 - 20.0
Real Estate	845	10.3	734	9.1	10	5.0 -15.0
Environmental Opportunities	7	0.1	–	–	1.5	0.0 - 3.0
Diversifying Strategies	–	–	1	0	–	–
Cash	276	3.4	188	2.3	1.5	0.0 - 7.5
Total	**8,196**	**100**	**8,073**	**100**	**100**	

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

Further information

Further information about these accounts is available from the London Pension Fund Authority, 2nd Floor, 169 Union Street, London SE1 0LL. In addition, further information on the LPFA's performance can be seen alongside the accounts in the LPFA Annual Report which can be requested at the address above or will be available on the LPFA website from 1 December 2026.

The London Pensions Fund Authority (LPFA) is the largest Local Government Pension Scheme (LGPS) in London. The pension fund had net assets of £8.22 billion as at 31 March 2026 (31 March 2025: £8.08 billion) 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.

Pension Fund actual result compared to budget

Pension Fund	Actual 2025-26 £'000	Budget 2025-26 £'000	Variance 2025-26 £'000	Variance 2025-26 %
Dealings with members and employers				
Contributions	**165,765**	**161,081**	**4,685**	**2.9%**
Transfers in from other funds	**44,365**	**34,700**	**9,665**	**27.9%**
Benefits payable	**(340,126)**	**(336,201)**	**(3,925)**	**(1.2%)**
Payments on account of leavers	**(26,183)**	**(19,400)**	**(6,783)**	**(35.0%)**
Net additions/(withdrawals) from dealings with members	**(156,178)**	**(159,820)**	**3,642**	**2.3%**
Management expenses				
Investment management	**(90,443)**	**(108,021)**	**17,576**	**16.3%**
Administration	**(3,441)**	**(3,397)**	**(44)**	**(1.3%)**
Oversight and governance	**(4,889)**	**(6,200)**	**1,338**	**21.1%**
Investment services fee LPPI	**(190)**	**(130)**	**(60)**	**(46.0%)**
Total management expenses	**(98,963)**	**(117,748)**	**18,811**	**16.0%**
Returns on investments				
Net investment income	**165,520**	**284,031**	**(118,511)**	**(41.7%)**
Taxes on income	**(268)**	**–**	**(268)**	**0.0%**
Profit and loss on disposal and change in market value	**230,214**	**402,100**	**(171,886)**	**(40.5%)**
Total return on investments	**395,466**	**–**	**(290,665)**	**(42.4%)**
Net inflow to the Fund	**140,325**	**(277,569)**	**(268,239)**	**96.6%**

Overview of the year

The net inflow from the Fund for the year was £140.3 million (2024-25: £46.0 million) compared to a budgeted inflow of £408.6 million (2024-25: £392.6 million). The net inflow is less than the budgeted net inflow by £268.2 million (2024-25: below budget by £346.6 million) predominantly due to the change in market value of the investments.

Dealings with members and employers

The total Fund membership to 31 March 2026 grew by 653, or 0.65% (2024-25: 1,067, 1.07%). Active members decreased by 1,005, or 4.38% (2024-25: 772, 3.25% decrease) and deferred members increased by 417 or 1.37% (2024-25: 349, 1.16% increase). The majority of the increase in Fund membership is due to increases in undecided leavers, which increased by 1,086, or 10.55% (2024-25: 1,074, 11.73% increase), whilst pensioners increased slightly by 155, or 0.42% (2024-25: 266, 0.75% increase).

Although active members have reduced contributions increased due to an increase in pensionable pay.

Investment income

Investment income is below budget due to a reduction in private equity income distributions compared to 2024-25.

Non-investment asset and liabilities

The cash held directly by the LPFA has decreased by £2.3 million to £33.5 million in accordance with the cash balance range stipulated in the LPFA's treasury policy. The decrease is due to transferring cash to the custodian for investment to achieve higher returns.

Current liabilities have reduced by £20.8 million to £9.3 million (2024-25: balance £30.1 million). This is due to the fact that the cessation surplus accrued as payable as at 31 March 2025 was paid during 2025-26.

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 (the Section 151 Officer)
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts.

The Section 151 Officer's responsibilities

At 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 as detailed in the net assets statement and its results for the year as detailed in the fund account 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 Fund Financial Statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON PENSIONS FUND AUTHORITY ON THE PENSION FUND'S FINANCIAL STATEMENTS

Opinion

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2026 which comprise the Fund Account, the Net Assets Statement and the related notes 1 to 26, 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 pension fund financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2026 and the amount and disposition at that date of its assets and liabilities as at 31 March 2026; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

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 below. We are independent of the Council as administering authority for the Pension Fund 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 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's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Pension Fund Accounts 2025/26, 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 Pension Fund Accounts 2025/26. 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

Report on the Audit of the Fund Financial Statements continued

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:

- 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); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

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 6, the Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund 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, and for being satisfied that they give a true and fair view. The Section 151 Officer is also responsible 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 Fund'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 Administering Authority either intends to cease operations, or has no realistic alternative but to do so.

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 Section 151 Officer.

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

Report on the Audit of the Fund Financial Statements continued

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Fund is complying with those frameworks by making enquries of the management. We corroborated this through our reading of the Board, Local Pension Board, Investment Committee and Audit and Risk Committee minutes, Pension policies and procedures, and other information.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud.
- In our assessment, we also considered the risk of management override of controls. Our audit procedures included verifying cash balances and investment balances to independent confirmations, testing manual journals on a sample basis and also those journals where there is an increased risk of override, and an assessment of segregation of duties. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation ot the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team including the use of specialists where appropriate, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

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.

Use of our report

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

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

4. Fund Account

Fund Account for the year ended 31 March 2026

	Notes	2025-26 £'000	2024-25 £'000
Dealing with members, employers and others directly involved in the Fund			
Contributions	7	**165,766**	162,039
Transfer in from other pension funds	8	**44,365**	22,929
		210,131	184,968
Benefits	9	**(340,126)**	(332,382)
Payments to and on account of leavers	10	**(26,183)**	(36,719)
		(366,309)	(369,101)
Net additions/(withdrawals) from dealings with members		**(156,178)**	(184,133)
Management expenses	11	**(98,963)**	(92,583)
Net additions/(withdrawals) less fund management expenses		**(255,141)**	(276,716)
Returns on investments			
Investment income	12	**165,520**	256,055
Taxes on income		**(268)**	(915)
Profit and loss on disposal and change in market value	14a	**230,214**	67,605
Net returns on investments		**395,466**	322,745
Net increase/(decrease) in net assets available for benefits during the year		**140,325**	46,029
Opening net assets of the scheme		**8,076,680**	8,030,651
Closing net assets of the scheme		**8,217,005**	8,076,680

5. Net Assets Statement

Net Assets Statement as at 31 March 2026

	Notes	31 March 2026 £'000	31 March 2025 £'000
Investment assets	14	**8,177,719**	8,059,742
Investment liabilities	14	**(1,855)**	(2,241)
Total net investments assets		**8,175,864**	8,057,501
Cash balances	19	**33,503**	35,798
Current assets	21	**16,926**	13,513
Current liabilities	22	**(9,288)**	(30,132)
		41,141	19,179
Net assets of the Fund available to fund benefits at the end of the reporting period*		**8,217,005**	8,076,680

* The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 25.

Matthew Hopson, Section 151 Officer
02 October 2026

6. Notes to the Fund Accounts

1. Description of the Fund

a) General

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (The Regulations) (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016
- the Local Government Pension Scheme (Amendment) Regulations 2018.

It is a contributory Defined Benefit scheme administered to provide pensions and other benefits to members of the LGPS who are working for not-for-profit, charity, private sector and local government employers. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The Fund is overseen by a Board of Non-Executive Members (Board Members).

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the Fund or make their own personal arrangements outside the Fund.

Organisations participating in the LPFA include the following:

- Scheduled bodies, which are automatically entitled to be employers of the Fund
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Details of the participating employer bodies and their individual contribution rates for the year ended 31 March 2026 are set out on pages 42-44.

The Fund membership was as follows:

Fund membership	**31 March 2026**	31 March 2025
Number of employers	**117**	116
Number of active members:		
LPFA	**26**	38
Other employers	**21,927**	22,920
Total	**21,953**	22,958
Number of deferred beneficiaries:		
LPFA	**104**	106
Other employers	**30,800**	30,381
Total	**30,904**	30,487
Number of pensioners and dependents:		
LPFA	**87**	86
Other employers	**36,987**	36,833
Total	**37,074**	36,919
Number of undecided leavers and frozen refunds:		
LPFA	**15**	19
Other employers	**11,359**	10,269
Total	**11,374**	10,288
Total number of members in pension scheme	**101,305**	100,652

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2026. Employer contributions are set based on the triennial actuarial funding valuations. The last such valuation was at 31 March 2025. Currently employer contributions range from 0% to 36.3%.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index (CPI).

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website.

2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2025-26 financial year and its financial position at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the public sector. The accounts have been prepared on a going concern basis.

In carrying out its assessment that this basis is appropriate, made prior to the accounts being made available for public inspection on 31 May 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 net dealings with members is a net withdrawal from the Fund; hence the investment strategy is designed to subsidise the shortfall in income from participating employers by generating sufficient investment income.

In line with Regulation 62 of the Local Government Pension Scheme Regulations 2013, the Fund's actuary assesses the financial position of the Fund each year and as at 31 March 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 £8.20 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 Fund management have a reasonable expectation that it will have adequate resources to continue its operational existence throughout the going concern period to 31 March 2028. For this reason, alongside the statutory guidance, the Pension fund accounts continues to adopt the going concern basis in preparing the financial statements.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to disclose this information in Note 25. .

3. Summary of significant accounting policies

Fund account – revenue recognition

Contributions

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the Fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body.

Employers' augmentation contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (Note 8).

Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

Investment income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current asset.

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

Rental income from pooled Real Estate is recognised on a straight-line basis over the term of the lease, and any lease incentives granted are also pro-rated over the lease term. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

Changes in the value of investments are recognised as income and comprise all realised and unrealised profits and losses during the year.

Fund account – expense items

Benefits payable

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

Management expenses

The Fund discloses its management expenses in line with the CIPFA guidance, Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

- Administration expenses.
- Oversight and governance expenses.
- Investment management fees.

Administration expenses consist of the following:

- Expenses related to Fund members and pensioners. These include all activities the Fund must perform to administer entitlements and provide members with Fund and benefit entitlement information. Examples of this include pension allocations, benefit estimates, payment of benefits, processing of the transfer of assets, commutation, communications with members and pensioners, and annual benefit statements.
- Expenses related to interaction with Fund employers, for example, data collection and verification, contributions collection and reconciliation, the employers' help desk or other employer support, and communications with employers.
- Associated project expenses.

Oversight and governance expenses are contained in the Operational accounts and are recharged to the Pension Fund.

- Investment advisory services (strategic allocation, manager monitoring etc.).
- Independent advisors to the Fund.
- Operation and support of the Board (i.e. those charged with governance of the Pension Fund), Local Pension Board (LPB), or any other oversight body.
- Costs of compliance with statutory or non-statutory internal or external reporting (annual reports and accounts, etc.).

Investment management fees consist of the following:

- Investment management expenses incurred in relation to the management of Pension Fund assets and financial instruments;
- In accordance with the CIPFA guidance, Local Government Pension Management Expenses 2016, this includes expenses directly invoiced by investment managers and any fees payable to Fund managers which are deducted from Fund assets; and
- Transaction fees for all categories of investment are included within investment management expenses.

Local Pensions Partnership Investments Limited is responsible for managing all investment managers. Fees of the investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly these are based on the market value of the investments under management and there is also a fee payable based on a percentage of out-performance against an agreed benchmark, for some managers.

Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

Financial assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 14a. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/ Investment Association, 2016).

Financial assets classed as amortised cost are carried in the net assets statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

Foreign currencies

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

Financial liabilities

A financial liability is recognised in the net assets statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net assets statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the Fund actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 25).

Real Estate Fund

The properties within the LPPI Real Estate Fund are included at the open market value as at the year-end. The properties were valued at open market value at 31 March 2026 by an independent valuer, Avison Young.

The Properties have been valued individually based on Fair Value, in accordance with the RICS Global Valuation Standards 2017. VPGA 1 - Valuations for inclusion in financial statements which adopts the definition of Fair Value adopted by the International Accounting Standards Board (IASB) in IFRS 13.

This is an internationally recognised basis and is defined as: "The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date."

Avison Young regards Fair Value as Identical to Market Value, defined within the Global Valuation Standards as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Additional voluntary contributions (AVCs)

The Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVCs are not included in the accounts within the net assets of the scheme in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but the current value of the AVC is disclosed for information in Note 20.

Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the Balance Sheet date to measure the value of the financial obligation reliably.

Accounting standards issued, but not yet adopted

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

Paragraph 3.3.4.3 and Appendix C of the Code 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 2026-27 Code where disclosures are required in the 2025-26 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 fund accounts.

4. Critical accounting judgements

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

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

Unquoted Private Equity, infrastructure investments and credit

Private equities, infrastructure and credit investments are valued at fair value in accordance with International Private Equity and Venture Capital Guidelines (December 2018). See Note 5 for further information on the estimations required as part of the valuation method.

Real Estate Fund

The Real Estate property values within the Real Estate Fund are generally a matter of a valuer's opinion rather than fact and may go down as well as up. There is also a risk that the price at which a property is valued may not be realisable in the event of a sale. This could be due to a misestimation of the asset's value or due to a lack of liquidity in the relevant market. Note 5 contains further details on the estimations required as part of the valuation method. Real estate assets were valued at £839.9 million at 31 March 2026 (31 March 2025: £728.3 million), Note 14.

Pension Fund liability

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 26. Assumptions underpinning the valuations are agreed with the actuary and are summarised in the Actuarial Statement on page 40 of this report. This estimate is subject to significant variances based on changes to the underlying assumptions.

6. Notes to the Fund Accounts continued

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations, however actual outcomes could be different from the assumptions and estimates made. The items in the financial statements for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised benefits	Estimation of the net liability to pay pensions depends on a number of complex estimates relating to the discount rate used, salary increases, changes in retirement ages, mortality rate, and returns on Fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice based on their judgement about the appropriate assumptions to be applied.	For instance: a) a 0.1% increase in the discount rate would reduce the present value of the total obligation by £84.5 million. b) a 0.1% increase in long-term salary would increase the present value of the obligations by £86.9 million. c) a 0.1% increase in pension rates would increase the present value of the obligation by £254.1 million. More details on the assumptions are shown in Note 25.
Long-term credit	Long-term credit investments are valued by calculating the Fund's share of the net assets in the audited fund accounts. As these values are not based on observable market data, they have been categorised as fair value level 3 investments.	Credit is valued at £1.41 billion (31 March 2025: £1.17 billion). There are inherent risks within the valuation technique which means the value could vary between plus and minus 3.1%.
Real Estate	The valuation method for the Real Estate ASC is detailed in Note 16. The key valuation uncertainties relate to estimating the rental growth, vacancy levels and the appropriate discount rate. Over the next 12 months, these inputs may change with respect to the changing economic conditions. Refer to Note 16, sensitivity of assets, for further explanation.	Real Estate is valued at £839.9 million (31 March 2025: £728.3 million). There are inherent risks within the valuation technique which means the asset value could vary between plus and minus 4.6%.
Private Equity and Infrastructure	Private equity and Infrastructure investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation (IPEV) Guidelines (2022). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation of these assets. Uncertainties including changes in market activity, credit risk, expected cash flows, discount rates used can impact valuations. Over the next 12 months, these inputs may change with respect to the changing economic conditions. Refer to Note 16, sensitivity of assets, for further explanation.	Private Equity is valued at £456.6 million (31 March 2025: £466.1 million) and Infrastructure is valued at £963.0 million (31 March 2025: £930.5 million). There are inherent risks within the valuation technique which means the asset value could vary between plus and minus 4.6% and plus 2.6% respectively. Environmental Opportunities Fund (EOF) is a new fund valued at £7.2 million. The inherent risk within the valuation is 4.6%. See Note 16 for further information.

6. Post balance sheet events

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

7. Contributions

By category

	2025-26 £'000	2024-25 £'000
Employers – normal	**93,397**	92,648
Employers – deficit	**247**	(666)
Other contributions	**11,957**	12,655
Members – normal	**54,382**	52,520
Augmentation	**5,783**	4,773
Cessation valuations	**–**	109
	165,766	162,039

By type of employer

	2025-26 £'000	2024-25 £'000
Scheduled bodies	**104,070**	98,989
Admitted community	**58,116**	59,291
Transferee admitted bodies	**3,580**	3,759
	165,766	162,039

8. Transfers in from other pension funds

	2025-26 £'000	2024-25 £'000
Group transfers	**12,703**	(2,210)
Individual transfers	**31,662**	25,139
	44,365	22,929

9. Benefits

By category

	2025-26 £'000	2024-25 £'000
Pensions	**293,768**	287,504
Commutation and lump sum retirement benefits	**40,260**	37,720
Lump sum death benefits	**5,830**	6,700
Tax on exceeding lifetime or annual allowance	**268**	458
	340,126	332,382

By type of employer

	2025-26 £'000	2024-25 £'000
Scheduled bodies	**211,100**	207,765
Admitted bodies	**14,079**	13,864
Community admitted body	**111,996**	108,008
Transferee admitted body	**2,893**	2,678
Resolution body	**58**	67
	340,126	332,382

10. Payments to and on account of leavers

	2025-26 £'000	2024-25 £'000
Refunds to members leaving service	**725**	753
Group transfers and surpluses on exit payments	**498**	10,843
Individual transfers	**24,960**	25,123
	26,183	36,719

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

11. Management expenses

	2025-26 £'000	2024-25 £'000
Investment management expenses	**90,633**	85,103
Administration	**3,441**	3,078
Oversight and governance	**4,889**	4,402
	98,963	92,583

11a. Investment management expenses

	2025-26 £'000	2024-25 £'000
Management fees	**65,458**	72,927
LPP management fees directly invoiced	**190**	214
Performance fees	**16,716**	7,878
Custody fees	**105**	123
Transaction fees	**8,164**	3,955
Other fees	**–**	6
	90,633	85,103

The investment management expenses are grossed up to include fees netted against the investment value, in line with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016). This adjustment has an equal impact on management expenses and the change in the market value of investments. There is no impact on the overall net assets of the scheme.

11b. Analysis of investment management expenses

2025-26	Total £'000	Management £'000	Transaction £'000	Performance £'000	Other £'000
Pooled investments – private equity and Infrastructure	**36,598**	**22,230**	**23**	**14,345**	**–**
Pooled investments – unit trusts and other managed funds	**46,864**	**36,740**	**7,915**	**2,104**	**105**
Pooled property income	**6,909**	**6,416**	**226**	**267**	**–**
Hedge	**262**	**262**	**–**	**–**	**–**
	90,633	**65,648**	**8,164**	**16,716**	**105**

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

12. Investment income

	2025-26 £'000	2024-25 £'000
Pooled investments – Private Equity and Infrastructure	**77,700**	161,911
Pooled investments – unit trusts and other managed funds	**48,058**	50,243
Pooled property income	**32,792**	29,071
Interest on cash deposits	**6,970**	14,830
	165,520	256,055

13. External audit fee

The audit fee for the Pension Fund is included within the oversight and governance costs charged by LPFA Operations. The fee payable to the auditors of £213,751 was comprised of £202,647 for the 2025-26 audit, £38,769 for the 2024-25 audit, and (£27,665) for the 2023-24 audit.

14. Investments

	Market value at 31 March 2026 £'000	Market value at 31 March 2025 £'000
Pooled investments:		
– Fixed Income	**314,767**	305,249
– Equities	**3,933,788**	4,287,127
– Credit	**1,412,472**	1,173,187
– Private Equity	**444,060**	453,622
– Infrastructure	**963,022**	930,469
– Real Estate	**839,912**	728,339
– Environmental Opportunities	**7,170**	–
	7,915,191	7,877,993
Non-pooled investments:		
– Equities	**–**	11
– Private Equity	**12,500**	12,500
– Infrastructure	**9**	69
– Diversifying Strategies	**15**	1,220
	12,524	13,800
– Cash managed by LPPI	**–**	148,901
– Cash at investment managers	**231,781**	7,815
– Derivatives – forward exchange contracts	**12,444**	5,795
– Investment income due	**5,779**	5,438
	250,004	167,949
	8,177,719	8,059,742
– Derivatives – forward exchange contracts	**(1,855)**	(2,241)
Net investment assets	**8,175,864**	8,057,501

14a. Reconciliation of movements in investments and derivatives

Net Investment Assets	Market value at 31 March 2025 £'000	Purchases during the year and derivative payments £'000	Sales during the year and derivative receipts £'000	Change in market value during the year £'000	Market value at 31 March 2026 £'000
Pooled investments:					
– Fixed Income	305,249	**23,512**	**(15,000)**	**1,006**	**314,767**
– Equities	4,287,127	**(21,325)**	**(395,000)**	**62,986**	**3,933,788**
– Credit	1,173,187	**146,053**	**–**	**93,232**	**1,412,472**
– Private Equity	453,622	**8,670**	**(25,950)**	**7,718**	**444,060**
– Infrastructure	930,469	**52,452**	**(19,194)**	**(705)**	**963,022**
– Real Estate	728,339	**60,875**	**–**	**50,698**	**839,912**
– Environmental Opportunities	–	**7,029**	**–**	**141**	**7,170**
	7,877,993	**277,266**	**(455,144)**	**215,076**	**7,915,191**
Non-pooled investments:					
– Equities	11	**–**	**–**	**(11)**	**–**
– Private Equity	12,500	**–**	**–**	**–**	**12,500**
– Infrastructure	69	**–**	**–**	**(60)**	**9**
– Diversifying Strategies	1,220	**–**	**(1,270)**	**65**	**15**
	7,891,795	**277,266**	**(456,414)**	**215,070**	**7,927,715**
Derivative contracts:					
– Forward exchange contracts	3,554	**24,633**	**(32,781)**	**15,183**	**10,589**
Cash	148,901	**642,060**	**(559,141)**	**(39)**	**231,781**
	8,044,248	**943,959**	**(1,048,336)**	**230,214**	**8,170,085**
Cash at investment managers	7,815				**–**
Amount receivable for sale of investments	–				
Investment income due	5,438			**–**	**5,779**
Net investment assets	8,057,501			**230,214**	**8,175,864**

14a. Reconciliation of movements in investments and derivatives continued

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

14b. Investments analysed by fund manager

	Market value at 31 March 2026 £'000	% of market value at 31 March 2026 %	Market value at 31 March 2025 £'000	% of market value at 31 March 2025 %
Investment managed within LPPI asset pools				
LPPI Global Equities	**3,933,788**	**48.11%**	4,287,127	53.21%
LPPI Diversifying Strategies	**–**	**–**	–	0.00%
LPPI Real Estate	**761,056**	**9.31%**	660,249	8.19%
LPPI Private Equity	**444,060**	**5.43%**	461,444	5.73%
LPPI Credit	**1,412,472**	**17.28%**	1,173,187	14.56%
LPPI Infrastructure	**963,022**	**11.78%**	930,469	11.55%
LPPI Fixed Income	**314,767**	**3.85%**	305,249	3.79%
London Fund	**84,065**	**1.03%**	73,520	0.91%
Environmental Opportunities	**7,170**	**0.09%**	–	0.00%
	7,920,400	**96.88%**	7,891,245	97.94%
Select Market Access	**9**	**0.00%**	894	0.01%
Aeolus Property	**15**	**0.00%**	326	0.00%
LPP Group	**12,500**	**0.15%**	12,500	0.16%
Infrared Capital Partners	**–**	**0.00%**	–	0.00%
Foresight Group	**–**	**0.00%**	–	0.00%
Impax Asset Management	**–**	**0.00%**	69	0.00%
BlackRock Management	**–**	**0.00%**	12	0.00%
RCM	**10,589**	**0.13%**	3,554	0.04%
LPPI	**232,351**	**2.84%**	148,901	1.85%
	255,464	**3.12%**	166,256	2.06%
	8,175,864	**100%**	8,057,501	100%

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

Security	Market value at 31 March 2026 £'000	% of Total Fund	Market value at 31 March 2025 £'000	% of Total Fund
LPPI Global Equity Fund	**3,933,788**	**47.87%**	4,287,127	53.21%
LPPI Real Estate	**761,056**	**9.26%**	660,249	8.19%
LPPI PE Investments (No.1) LP	**444,060**	**5.40%**	461,444	5.73%
LPPI Credit	**1,412,472**	**17.19%**	1,173,187	14.56%
LPPI Infrastructure	**963,022**	**11.72%**	930,469	11.55%
Total	**7,514,398**	**91.44%**	7,512,476	93.24%

15. Analysis of derivatives

Objectives and policies for holding derivatives

Derivatives are used to hedge liabilities or hedge exposures to reduce risk to the Fund. They are also used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the Investment Management Agreement between the LPFA and the various investment managers.

Futures

There were no directly held outstanding exchange traded futures contracts at 31 March 2026 (31 March 2025: £nil).

Open forward foreign currency contracts

The net position on open forward currency contracts at 31 March 2026 amounts to an asset of £10.6 million (31 March 2025: asset of £3.6 million). This amount is reflected within the cash balance held by investment managers.

Analysis of open forward foreign currency contracts

To maintain appropriate diversification a significant proportion of the Fund's investments is in overseas assets. To reduce the volatility associated with fluctuating currency rates, the Fund hedges a proportion of overseas investments currency exposure.

Settlement	Currency bought	Local value £'000	Currency sold	Local value £'000	Asset value £'000	Liability value £'000
Up to one month	GBP	5,846	USD	(7,720)	–	(9)
Up to one month	JPY	3,794,000	GBP	(18,857)	25	(750)
One to six months	GBP	17,205	USD	(23,160)	23	(387)
One to six months	JPY	18,970,000	GBP	(91,511)	378	(502)
One to six months	USD	337,805	GBP	(247,782)	8,570	–
One to six months	EUR	148,676	GBP	(129,741)	626	–
Up to one month	EUR	98,114	GBP	(85,663)	181	–
Up to one month	USD	70,649	GBP	(51,139)	2,438	–
Up to one month	GBP	20,660	EUR	(23,776)	–	(142)
One to six months	GBP	55,413	CHF	(58,201)	–	(64)
One to six months	GBP	83,700	SEK	(1,045,109)	107	–
One to six months	AUD	58,110	GBP	(30,096)	54	–
One to six months	GBP	161	NOK	(2,071)	–	–
One to six months	CAD	51,836	GBP	(28,255)	29	–
One to six months	GBP	4,783	NZD	(10,990)	12	–
Open forward currency contracts at 31 March 2026					**12,443**	**(1,855)**
Net forward currency contracts at 31 March 2026						**10,589**

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

16. Fair values – basis of valuation

The LPFA has financial liabilities carried at amortised cost and the carrying amount for instruments that will mature within the next twelve months from the net assets statement date is assumed to equate to the fair value.

The fair values of current financial assets and current financial liabilities at 31 March 2026 have been reviewed and were assessed as being the same as the carrying amounts in the net assets statement. Current financial assets and liabilities are accounted for as financial instruments and held at amortised cost.

The LPFA has not entered into any financial guarantees that are required to be accounted for as financial instruments.

All other investments are held at fair value in accordance with the requirements of the Code and IFRS 13. The valuation bases is set out in a table below. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. There has been no change in the valuation techniques used this year.

Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1
Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities, futures and options.

Level 2
Financial instruments at Level 2 are those where quoted market prices are not available, for example where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable data.

Level 3
Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity and infrastructure are based on valuations provided by the general partners of the funds in which the LPFA has invested.

16. Fair values – basis of valuation continued

Basis of valuation	Valuation hierarchy level	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting valuations provided
Pooled Global Equities	1	Unadjusted quoted bid market prices.	Not required.	Not required.
Cash and cash equivalents	1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	Not required.	Not required.
Amount receivable for sale of investments	1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	Not required.	Not required.
Fixed Income Funds	2	Unadjusted market values based on current yields.	Not required.	Not required.
Forward foreign exchange derivatives	2	Market forward exchange rates at year-end.	Exchange rate.	Not required.
Pooled Diversifying Strategies	2	Independently audited net asset value.	Discount rates, cash flow projections.	Not required.
Long-term credit	3	Annually at fair value in accordance with international Private Equity and Venture Capital Valuation Guidelines 2022 or equivalent.	Discount rates, cash flow projections.	Valuations can be affected by changes to cash flows and discount rates.
Pooled Real Estate Investments	3	The Real Estate ASC is valued in accordance with RICS Red Book valuation methodology. The valuations are used to calculate the unit price.	NAV-based pricing set on a forward pricing basis.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices.
Private Equity, Infrastructure investments and Non-pooled Diversifying Strategies	3	Annually at fair value in accordance with international Private Equity and Venture Capital Valuation Guidelines 2022 or equivalent.	Discount rates, cash flow projections.	Material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, changes to expected cash flows; differences between audited and unaudited accounts.

16. Fair values – basis of valuation continued

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments at 31 March 2026.

	Assessed valuation range	**Value at 31 March 2026**	**Value increase**	**Value decrease**
	(+/-)	**£'000**	**£'000**	**£'000**
Private Equity	**4.6%**	**456,560**	**477,562**	**435,558**
Infrastructure	**2.6%**	**963,030**	**988,069**	**937,992**
Diversifying Strategies	**4.6%**	**15**	**16**	**14**
Credit	**3.1%**	**1,412,472**	**1,456,259**	**1,368,686**
Real Estate	**4.6%**	**839,912**	**878,548**	**801,276**
Environmental Opportunities	**2.6%**	**7,170**	**7,356**	**6,984**
		3,679,159	**3,807,810**	**3,550,510**

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

16a. Fair value hierarchy

Market value at 31 March 2026	Quoted market prices Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss	**4,171,349**	**327,210**	**3,679,160**	**8,177,719**
Financial liabilities at fair value through profit or loss	**–**	**(1,855)**	**–**	**(1,855)**
Net financial assets	**4,171,349**	**325,355**	**3,679,160**	**8,175,864**

Market value at 31 March 2025	Quoted market prices Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss	4,449,292	311,044	3,299,406	8,059,742
Financial liabilities at fair value through profit or loss	–	(2,241)	–	(2,241)
Net financial assets	4,449,292	308,803	3,299,406	8,057,501

Reconciliation of Level 3 assets

	Market value at 31 March 2025 £'000	Purchases during the year £'000	Sales during the year £'000	Realised gains/ (losses) £'000	Unealised gains/ (losses) £'000	Market value at 31 March 2026 £'000
Private Equity	466,122	**8,670**	**(25,950)**	**1,908**	**5,810**	**456,560**
Infrastructure	930,538	**52,452**	**(19,194)**	**868**	**(1,633)**	**963,031**
Credit	1,173,187	**146,053**	**–**	**–**	**93,232**	**1,412,472**
Diversifying Strategies	1,220	**–**	**(1,270)**	**(42)**	**107**	**15**
Real Estate	728,339	**60,875**	**–**	**–**	**50,698**	**839,912**
Environmental Opportunities	–	**7,029**	**–**	**–**	**141**	**7,170**
Total	3,299,406	**275,079**	**(46,414)**	**2,734**	**148,355**	**3,679,160**

In measuring the Level 3 investments it is possible that one or more of the inputs could be changed, by the valuing manager, to acceptable alternative assumptions. For example different earnings multiples could be used for a comparable company or industry sector. These assumptions may significantly change the valuation of the investment being valued. However, each investment is valued in isolation and changing assumptions for one investment may not be applicable to others. Therefore, carrying out a sensitivity analysis on the whole class may be inappropriate. The LPFA has a large portfolio of Level 3 investments and changes to the value of any one investment are not likely to have a significant impact on the value of the whole class of investments or to the value of the LPFA's total asset portfolio.

17. Classification of financial instruments

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

Category

Financial assets – fair value through profit and loss	Market value at 31 March 2026 £'000	Market value at 31 March 2025 £'000
Pooled investments:		
– Fixed Income	**314,767**	305,249
– Equities	**3,933,788**	4,287,127
– Credit	**1,412,472**	1,173,187
– Private Equity	**444,060**	453,622
– Infrastructure	**963,022**	930,469
– Real Estate	**839,912**	728,339
– Environmental Opportunities	**7,170**	–
	7,915,191	7,877,993
Non-pooled investments		
Equities	**–**	11
Private Equity	**12,500**	12,500
Infrastructure	**9**	69
Diversifying Strategies	**15**	1,220
Forward exchange contracts	**12,443**	5,795
Total financial assets at fair value through profit and loss	**7,940,158**	7,897,588
Assets at amortised cost		
Cash managed by LPPI	**231,781**	148,901
Cash at investment managers	**–**	7,815
Investment income due	**5,779**	5,438
Amounts receivable for sales		
Cash balances	**33,503**	35,798
Current assets – Note 21	**3,639**	3,494
Total financial assets at amortised cost	**274,702**	201,446
Finance liabilities – fair value through profit and loss		
Forward exchange contracts	**(1,855)**	(2,241)
Finance liabilities – at amortised cost		
Current liabilities – Note 22	**(2,834)**	(6,084)
Total liabilities	**(4,689)**	(8,325)
Grand total*	**8,210,171**	8,090,709

* The difference between the total financial instruments and the net assets statement relates to assets and liabilities that are not financial instruments, being the VAT receivable, the contributions due, the benefits payable, cessation amounts and the other taxes payable.

17a. Net gains and losses on financial instruments

	2025-26 £'000	2024-25 £'000
Financial assets		
Gains on financial instruments	**231,029**	203,187
Financial liabilities		
Losses on financial instruments	**(815)**	(135,582)
Total financial assets at fair value through profit and loss	**230,214**	67,605

18. Nature and extent of risks arising from financial instruments

Risk and risk management

The Fund's primary long-term risk is that its assets may fall short of its liabilities (i.e. promised benefits payable to members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall Pension Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Board. Risk management policies are established to identify and analyse the risks faced by the Pension Fund's operations, then reviewed regularly to reflect changes in activity and market conditions.

Market risk

Market risk is the risk of loss from fluctuations in market prices which includes interest and foreign exchange rates, credit spreads, equity prices and volatility. The Fund is exposed to market risk from its investment and hedging activities, with the level of risk exposure depending on asset mix, market conditions, expectations of future price and yield movements. Most of the market risk arises from financial instruments held in investments in LPP pooled funds.

Market risk is managed in line with the risk management objectives within the Fund's Investment Strategy Statement (ISS) and Funding Strategy Statement (FSS), which is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising return on risk. The Fund manages its market risk by establishing a well-diversified asset allocation across different asset classes, countries and currencies. The Fund also seeks to include assets which provide real-term returns as well as cash flow generating assets that try to match the Fund's liabilities.

Market risk – sensitivity analysis

Several approaches are used to measure and monitor the market risk of the Fund including sensitivity analysis, expected volatility, value at risk (VaR) and stress testing. The methodology used may be based on historical data or using simulation techniques, depending on the measure and the type of risk.

The expected volatility over a 1-year time horizon is used as one risk measure for the Fund and is measured as a one standard deviation movement in the total return for the asset classes in which the Fund is invested. The expected volatility provides a measure of the potential largest change in the value of the Fund in around 2/3rds of the time. The total Fund volatility reflects the expected interactions between the different asset classes, based on underlying volatilities and correlations of the assets. LPPI uses economic scenario generation (ESG) to model future returns. Ortec Finance's (Ortec) ALM software (GLASS) is used to generate 2,000 future economic scenarios and analyse future investment returns stochastically. Assumptions around future economic conditions and asset class risk and return are primarily Ortec's, however LPPI specifies the weights of Ortec's sub-asset class building blocks for each asset class to best reflect the asset classes which LPPI manages.

The approach makes assumptions on the potential distribution of prices and the potential movement and correlation in equity prices, interest and foreign exchange rates and credit spreads. The limitations of the approach are that the expected asset volatility and correlations may be different over the 1-year time horizon, the assumed distribution of prices may be different and it does not provide a measure of potential outcomes outside the one standard deviation movement.

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

Asset class	2026 1-year expected volatility (%)	2026 % of Fund	2025 1-year expected volatility (%)	2025 % of Fund
Global Equities	**15.9**	**47.8%**	20.9	53.1%
Private Equity	**21.5**	**5.6%**	27.5	5.7%
Real Estate	**13.8**	**10.3%**	15.8	9.1%
Fixed Income	**3.7**	**3.8%**	4.5	3.8%
Infrastructure	**15.9**	**11.8%**	16.5	11.5%
Credit	**6.2**	**17.2%**	7.9	14.5%
Diversifying Strategy	**–**	**–**	8.6	0.0%
Environmental Opportunities	**17.0**	**0.1%**	–	–
Cash	**0.0**	**3.4%**	0.0	2.3%
Total Fund	**10.6**	**100%**	15.0	100.0

The value of the Fund as at 31 March 2026 was £8,217 million (2025: £8,077 million) and the expected volatility was 10.6% (2025: 15.0%). Given these figures, we would expect that in roughly 2/3rds of outcomes the value of the Fund would lie between £9,088 million (2025: £9,288 million) and £7,346 million (2025: £6,865 million) in 12 months' time, expressed in today's equivalent present value.

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The main interest rate risk for the Fund is within the fixed income assets.

The Fund is also exposed to interest risks within its pension liabilities.

The sensitivity of financial instruments in the Fund to interest rate movements is captured in the sensitivity analysis within the market risk section.

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk through non-sterling investments, where the currency risk has not been hedged, while it holds sterling liabilities. The currency risk is mainly in the global equity, private equity, credit and infrastructure pooled portfolios.

The Board has established a currency hedge programme to dampen the effect of foreign currency fluctuations on the value of the non-sterling investment asset. The hedge currently covers 50% of the non-sterling exposure of the global equity portfolio, excluding emerging markets, and 100% of the total return portfolio. The currency hedge programme is reviewed regularly as part of the LPFA's investment strategy review.

Currency risk sensitivity analysis

The increase in currency exposure over the year reflects the inclusion of currency risk from investments in private equity, infrastructure and credit in the table below.

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

The expected standard deviation of the Fund's significant currency exposure is based on 12-month market implied volatilities taken from Bloomberg as at 31 March 2026. The following table summarises the Fund's approximate currency exposure and expected 12-month volatility by currency as at 31 March 2026 and as at the previous period end:

Value at 31 March 2026 £m	Implied volatility %	Currency	Value at 31 March 2025 £m	Implied volatility %
3,354	7.7	USD	3,153	8.2
149	10.6	JPY	130	9.6
735	5.4	EUR	722	5.5
57	7.1	CHF	72	7.4
137	6.9	CAD	69	6.4

The sensitivity of the Fund to currency movements is captured in the sensitivity analysis within the market risk section.

Credit risk

Credit risk is the risk that the issuer or counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The main credit risk within the Fund arises predominantly from investments in fixed income securities within the pooled funds, where the issuer may default or is unable to pay its obligation when due. The Fund seeks to minimise its credit risk by the selection of high quality counterparties, brokers and financial institutions.

Credit risk also arises with LPFA deposits held with banks and financial institution. The majority of the cash balance is held by the fund manager in the LPFA LPPI cash account. This cash is placed in money market funds in accordance with the recommendation of the fund manager.

The sensitivity of the Fund to credit spreads is captured in the sensitivity analysis within the market risk section.

The LPFA believes it has managed its exposure to credit risk, and has had no experience of default and uncollectable deposits over the past five financial years. The fund's cash holding under its Treasury Management arrangements at 31 March 2026 was £231.8 million (2025: £148.9 million).

Liquidity risk

Liquidity risk is the risk that the LPFA has insufficient funds to meet its financial obligation when due. These obligations may arise from operating expenses, payment to members or to meet investment commitments.

LPFA manages its liquidity risk by forecasting future cash requirements and having immediate access to enough funds, either through cash holdings or holding highly liquid assets that can be readily liquidated if required. The LPFA has immediate access to its cash holdings with the LPFA LPPI cash account held by the custodian Bank of New York Mellon (BNYM) and Lloyds Bank Plc.

The LPFA defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert in to cash. As at 31 March 2026, the value of illiquid assets (Private Equity, Infrastructure, Real Estate, Credit non-pooled Diversifying Strategy and the Environmental Oppurtunities Fund) was £3,679 million, which represented 44.77% of the total LPFA assets (31 March 2025: £3,299 million which represented 40.85% of the total LPFA assets).

All financial liabilities at 31 March 2026 are due within one year.

19. Cash balances

	31 March 2026 £'000	31 March 2025 £'000
Short-term deposits	**33,503**	35,798
	33,503	35,798

20. Additional Voluntary Contributions investments

	31 March 2026 £'000	31 March 2025 £'000
Prudential	**15,730**	16,307

21. Current assets

	31 March 2026 £'000	31 March 2025 £'000
Contributions due – employees	**4,311**	3,118
Contributions due – employers	**7,034**	4,959
VAT	**1,942**	1,942
Sundry debtors	**3,639**	3,494
	16,926	13,513

22. Current liabilities

	31 March 2026 £'000	31 March 2025 £'000
Sundry creditors	**2,834**	6,084
Other taxes	**5,323**	4,897
Cessation amounts payable	**–**	13,950
Benefits payable	**1,131**	5,201
	9,288	30,132

23. Related party transactions

This disclosure note has been produced using a specific declaration obtained in respect of related party transactions. The LPFA has prepared this note in accordance with its interpretation and understanding of IAS 24 and its applicability to the public sector using current advice and guidance.

Some of the Board members have positions of authority within organisations that are participating employers of the scheme. The employer contributions paid into the scheme by these employers have been disclosed as related party transactions. The Board members receive no financial benefit from these payments.

Board members, via their employment with the LPFA, are not enrolled in the Pension Fund.

The Office of the Mayor of London is issued with a draft of the LPFA Medium Term Financial Plan by the end of December and has the opportunity to provide feedback. As the Office of the Mayor of London is part of the Greater London Authority and it is a participating employer, the employer contributions are deemed to be related party transactions. The Greater London Authority paid employer contributions of £8.7 million (2025: £7.8 million) during the year.

The LPFA, being the Administering Authority, is deemed to be a related party and the transactions with the Fund are reflected in its accounts. The LPFA Operational Accounts include costs recharged to the Pension Fund totalling £8.3 million (2025: £7.4 million).

The LPFA entered into a joint venture with Lancashire County Council and incorporated Local Pensions Partnership Ltd (LPP) and its subsidiaries Local Pensions Partnership Investments Ltd (LPPI) and Local Pensions Partnership Administration Ltd (LPPA) on 8 April 2016. LPP is a related party of the LPFA. In addition, in 2020 the LPFA acquired a £12.5 million direct investment in LPP, being £12.5 million non-voting £1 ordinary shares. This is included as private equity within investment assets.

The LPFA continues to rely on LPPI's AAF 01/20 assurance process to provide confidence regarding the information provided by LPPI in relation to investment management. During the reporting period, BNY Mellon acted as custodian for the first six months (April to September 2025), followed by Northern Trust, which was appointed as custodian from 1 October 2025. Both custodians were responsible for reviewing the net asset values issued by LPPI to the LPFA, and the LPFA obtained and reviewed their respective internal controls reports. For the Special Purpose Vehicle Accounts, these continued to be subject to external audit annually, providing assurance over the year-end figures. Currently there is an arrangement in place between LPPI and LPPA that contributions are paid by LPPI on behalf of the LPFA.

The membership data and other services provided by LPPA pension administration services were subject to periodic internal audit by LPPA and the LPFA's internal auditors. There was also reliance on the Fund actuary, Barnett Waddingham, which liaised with LPPA in providing pension data that LPFA used for the collection of contributions and the payment of benefits.

The year-end joint venture adjustment for 50% of the LPP Group is based on independently audited LPP Group accounts.

24. Contractual commitments

Outstanding capital commitments (investments) at 31 March 2026 totalled £432.5 million (2025: £327.2 million) based on:

Currency	Commitment currency value	Exchange rate	31 March 2026 £'000
USD	213,600	0.743	158,804
CHF	7,029	0.938	6,596
EUR	86,244	0.873	75,305
GBP	191,832	1.000	191,832
Total			**432,537**

These commitments relate to outstanding call payments due on unquoted Limited Partnership funds held in the Private Equity and Infrastructure parts of the portfolio.

The amounts "called" by these funds are both irregular in size and timing over a period of between four and six years from the date of each original commitment.

25. Actuarial present value of promised retirement benefits

In addition to the triennial valuation, the fund's actuary also undertakes a valuation of the Pension Fund liabilities in accordance with IAS 26, every year using the results of the latest Triennial Actuarial Valuation, which for this report was at 31 March 2025.

Estimated income and expenditure for the year, fund returns for the year and details of any new retirements for the year that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost

The present value of the defined benefit obligation at 31 March 2026 of the Fund was £6,351.0 million (2025: £6,148.2 million). The net liabilitiy for the Fund at 31 March 2026 was £1,845.9 million (2025: liability £1,902.9 million). Fair Value of Fund Assets at 31 March 2026 was £8,196.9 million (2025: asset £8,051.0 million).

Key assumptions used

Life expectancy from age 65 (years)	31 March 2026	31 March 2025
Retiring today		
Males	**20.90**	**21.80**
Females	**23.70**	**24.50**
Retiring in 20 years		
Males	**21.90**	**22.90**
Females	**25.10**	**26.10**

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50/50 section at the previous valuation date will remain the same.

25. Actuarial present value of promised retirement benefits continued

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

	31 March 2026 % p.a.	31 March 2025 % p.a.
Discount rate	**5.70**	6.10
Pension increases (CPI)	**2.95**	2.90
RPI increases	**3.30**	3.30
Salary increases	**3.95**	3.90

These assumptions are set with reference to market conditions at 31 March 2026.

	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

Sensitivity analysis	£000	£000	£000
Adjustment to discount rate	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	6,268,399	6,350,973	6,435,466
Adjustment to long-term salary increase	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	6,353,659	6,350,973	6,348,301
Adjustment to pension increases and deferred revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	6,437,907	6,350,973	6,281,113
Adjustment to mortality age life expectancy assumption rating	**+1 Year**	**None**	**-1 Year**
Present value of total obligation	6,605,040	6,350,973	6,108,037

These assumptions are set with reference to market conditions at 31 March 2026.

26. Key management personnel

The payments to key management personnel are included within the Operational Accounts, being the administering authority. The key management personnel are the Chief Executive Officer, the Finance Director and S151 Officer, the Compliance and Risk Director, the Funding and Investment Director and the Chief of Staff. The details are summarised below:

	2025-26 £'000	2024-25 £'000
Short-term benefits	**682**	634
Temination benefits	**138**	169
	820	803

7. Actuary's Statement as at 31 March 2026

Introduction

The last full triennial valuation of the London Pensions Fund Authority (the Fund) was carried out as at 31 March 2025 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 26 March 2026.

Asset value and funding level

The results for the Fund at 31 March 2025 were as follows:

- The smoothed market value of the Fund's assets as at 31 March 2025 was £8,230 million.
- The Fund had a funding level of 120% i.e. the value of assets for valuation purposes was 120% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a surplus of £1,360 million.
- These results take into account the individual employer funding strategies which have been updated since the 2022 valuation.
- The contribution rate for each employer was based on the employer's calculated cost of new benefits, known as the primary rate, plus any adjustment required (for example, to allow for deficit recovery), known as the secondary rate.
- The assumptions used for each employer in setting these contributions varied based on the period that they were expected to continue in the Fund and the assessed strength of their covenant.
- In particular, the discount rate varied by employer as higher allowances for prudence (leading to lower discount rates) were applied for less secure employers. .

Contribution rates

The employer contribution rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- the annual accrual of benefits allowing for future revaluation and increases to pensions in payment when these fall due;
- plus an amount to reflect each participating employer's notional share of the Fund's assets compared with their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on the whole Fund level was 14.7% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing and is payable in each of the three years beginning 1 April 2026.

In addition, each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions. This secondary rate is based on their particular circumstances and so individual adjustments are made for each employer.

Details of each employer's contribution rate are contained in the Rates and Adjustments Certificate in Appendix 8 of the triennial valuation report.

7. Actuary's Statement as at 31 March 2026 continued

Assumptions	Assumptions used for 2025 Valuation
Financial assumptions	
Market date	31 March 2025
CPI inflation	2.7% p.a.
Long-term salary increase	3.7% p.a.
Weighted average discount rate (employer specific strategies)	5.1% p.a.
Demographic assumptions	
Post-retirement mortality	
Base tables	Club Vita tables
Projection model	CMI_2024
Long-term rate improvement	1.5% p.a.
Initial addition to improvements	0.0% p.a.
Overlay half-life	1-year

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the 2025 valuation report and accompanying advice documents.

Updated position since the 2025 valuation

Assets

Investment returns on the Fund's assets over the year to 31 March 2026 have been lower than assumed at the 31 March 2025 actuarial valuation, which has reduced the funding position.

Liabilities

Overall, the value of the Fund's liabilities has increased over the year to 31 March 2026. This is primarily due to interest accruing on those liabilities and the accrual of new benefits by members.

Overall position

The value of the liabilities is estimated to have increased by more than the assets over the year to 31 March 2026, resulting in a slight drop in funding level.

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

Liam Drysdale FFA
Partner, Barnett Waddingham LLP

8. Employers participating in the Fund

Administration statistics – employers

Employers participating in the Fund

The table below lists employers with whom the LPFA has had financial transactions, such as contribution payments in 2025-26 together with their employer contribution rates as set out at the Triennial Valuation at 31 March 2022. Contribution rates vary by employer based on their membership profile and funding level at the valuation date.

Employer name	Admission type	Employer contribution rate %
Apleona UK Limited	Admitted – TUPE	24.50
Arbour Vale School	Scheduled	12.20
Babcock Critical Services Ltd	Admitted – TUPE	14.20
Babcock Training Limited	Admitted – TUPE	14.00
Bishop Thomas Grant School	Scheduled	11.10
Bramley Grange Academy	Scheduled	15.6
British Film Institute	Admitted – Community	15.50
Brunel University London	Admitted – Community	16.00
Capital City College Group	Scheduled	9.50
Cater Link Ltd	Admitted – TUPE	19.70
Cater Link Ltd (LSEC)	Admitted – TUPE	6.8
City St George's, University of London	Admitted – Community	13.30
Compass Contract Services (U.K.) Ltd (Brunel)	Admitted – TUPE	6.00
Computacenter (UK) Ltd	Admitted – TUPE	14.50
Coram's Fields	Admitted – Community	14.90
Corpus Christi Catholic Primary School	Scheduled	14.90
Dunraven School	Scheduled	12.60
Ealing, Hammersmith & West London College	Scheduled	5.80
East London Waste Authority	Scheduled	13.70
Education Development Trust *	Admitted – Community	0.00
Food Standards Agency	Admitted – Community	19.10
Food Standards Scotland	Admitted – Community	9.30
Freedom Leisure	Admitted – Community	27.80
Friars Primary Foundation School	Scheduled	19.40
GLL (Lee Valley Regional Authority)	Admitted – TUPE	19.50
Goldsmiths, University of London	Admitted – Community	14.80
Greater London Authority	Scheduled	9.50
Greenwich Leisure Ltd	Admitted – Community	25.80
Horniman Museum & Gardens	Admitted – Community	16.90
Ibstock Place School	Admitted – Community	13.10
Immanuel & St Andrew C of E Primary School	Scheduled	13.50
Julian's Primary School	Scheduled	13.10
L.B. of Camden	Scheduled	12.30
L.B. of Greenwich	Scheduled	11.50
L.B. of Hackney	Scheduled	10.50
L.B. of Hammersmith & Fulham	Scheduled	11.60
L.B. of Islington	Scheduled	12.20
L.B. of Lambeth	Scheduled	12.30
L.B. of Lewisham	Scheduled	14.20

* The fund actuary has allocated this employer a 0% employer contribution rate, as detailed in the rates and adjustment certificate, due to the results of the triennial valuation as at 31 March 2022.

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

Administration statistics – employers

Employers participating in the Fund continued

Employer name	Admission type	Employer contribution rate %
L.B. of Southwark	Scheduled	12.70
L.B. of Tower Hamlets	Scheduled	10.50
L.B. of Wandsworth	Scheduled	11.00
La Retraite Roman Catholic Girls' School	Scheduled	14.30
Lee Valley Regional Park Authority	Scheduled	13.80
Lionheart (RICS Benevolent Fund Ltd)	Admitted – Community	15.00
Local Government and Social Care Ombudsman	Scheduled	5.00
Local Pensions Partnership Administration	Admitted – TUPE	13.40
Local Pensions Partnership Investments	Admitted – TUPE	20.00
London Councils	Admitted – Community	7.70
London Fire Commissioner	Scheduled	14.20
London Legacy Development Corporation	Scheduled	12.00
London Metropolitan University	Scheduled	10.30
London Nautical, City of London Academy	Scheduled	7.40
London Pensions Fund Authority**	Scheduled	0.00
London South Bank University	Admitted – Community	15.50
London South East Colleges	Scheduled	4.9
London Treasury Ltd	Admitted – Community	9.50
Mary Ward Centre	Admitted – Community	8.90
Meadowbrook Academy	Scheduled	12.20
Morley College London	Scheduled	14.1
New City College	Scheduled	7.00
Newcastle College Group	Scheduled	10
Notre Dame School	Scheduled	10.30
Nourish Contract Catering Limited	Admitted – TUPE	14.00
NSL Limited	Admitted – TUPE	15.50
Old Oak and Park Royal Development Corporation (OPDC)	Scheduled	10.40
Open College Network London Region	Admitted – Community	6.80
Orchard Hill College & Academies	Scheduled	12.20
Oxford Street Development Corporation	Scheduled	12.00
Poplar HARCA	Admitted – Community	29.7
R.B. of Kensington & Chelsea	Scheduled	14.80
Roehampton University	Admitted – Community	17.20
Royal Central School of Speech and Drama	Admitted – Community	14.80
Sacred Heart Catholic School	Scheduled	17.20
South Bank Colleges	Admitted – Community	10.3
South Thames College Group	Scheduled	7.9
Sport and Recreation Alliance	Admitted – Community	2.00
Sport England	Admitted – Community	6.40
St Andrew's Catholic Primary School	Scheduled	16.30
St Anne's Catholic Primary School	Scheduled	9.90
St Anthony's Catholic Primary School	Scheduled	13.20
St Bede's Catholic Primary School	Scheduled	11.70
St Francis Xavier 6th Form College	Scheduled	6.2

Administration statistics – employers

Employers participating in the Fund continued

Employer name	Admission type	Employer contribution rate %
St Joseph's Catholic Infants' School	Scheduled	18.50
St Joseph's Catholic Junior School	Scheduled	18.10
St Mary's Roman Catholic Primary School	Scheduled	11.60
St Michael's Catholic College	Scheduled	13.70
St Thomas the Apostle College	Scheduled	12.00
Suez Recycling And Recovery UK Ltd	Admitted – TUPE	20.10
Surrey Square Primary School	Scheduled	10.10
The City Literary Institute	Admitted – Community	13.60
The Froebel Trust	Admitted – Community	21.70
The Geffrye Museum Trust	Admitted – Community	6.90
The Pride Academy	Scheduled	12.20
The Skills Hub	Scheduled	12.20
Total Support Services	Admitted – TUPE	6.8
Transport for London	Scheduled	15.30
Trinity Laban Conservatoire of Music and Dance	Admitted - Community	8.60
Turney School	Scheduled	5.40
Turnham Academy	Scheduled	2.90
UAL Short Courses ltd	Admitted – Community	36.3
UK Anti Doping	Admitted – Community	4.20
UK Sports Institute	Admitted – Community	5.80
Unified Academy	Scheduled	12.20
United Colleges Group	Scheduled	15.60
United Kingdom Sports Council	Admitted – Community	9.10
University of Greenwich	Admitted – Community	15.00
University of St Mark and St John	Admitted – Community	10.10
University of the Arts London	Scheduled	14.90
University of Westminster	Admitted – Community	14.80
Valuation Office Agency	Scheduled	10.50
Valuation Tribunal Service	Scheduled	16.30
Van Gogh Primary School	Scheduled	16.00
West London Waste Authority	Scheduled	14.60
Western Riverside Waste Authority	Scheduled	4.10
Wings Academy	Scheduled	12.20