London Pension Fund Authority

Meeting of the Board – Corporate and Strategic Session

MINUTES

Meeting:	Minutes of the meeting of the Board of the London Pension Fund Authority	
Date:	Tuesday 08 July 2025	
Time:	11:30 – 15:30	
Location:	Room 101, 10 Union Street, London, SE1 1SZ	
Board Members:	John Preston	LPFA Chair & LPP Shareholder Rep
	Irshaad Ahmad	LPFA Board Member & IC Chair
	Tegs Harding	LPFA Board Member
	Belinda Howell	LPFA Board Member
	Sophia Morrell	LPFA Board Member
	Cllr Richard Olszewski	LPFA Board Member
	Mandy Kaur-Sadler	LPFA Board Member
	Clare Scott	LPFA Board Member & LPP Shareholder Rep
	Luke Webster	LPFA Board Member
In Attendance:	Audrey Allen-Chitwa	LPFA Head of Finance and Accountancy
	Mark Anderson	LPFA Director of Compliance and Risk
	Jo Darbyshire	LPPA CEO (Item 11 Only)
	Jo Donnelly	LPFA CEO
	Ashley Durkan	LPFA Governance Manager
	Anastasia Klimenko	LPFA Chief of Staff
	Joe Peach	LPPI Head of Client Management (Item 11 Only)
	Chris Rule	LPPI CEO (Item 11 Only)
	Christina Thompson	LPFA S151 Officer (Item 3 Only)
	Lana Watson	LPFA Funding and Investment Director

Apologies: Conrad Hall, ARC Chair and Cllr Ruth Dombey, SID

Training Session

The Board received a training session on the provisions of the Pensions Bill. The session covered the legislative timetable, LGPS-specific clauses, and proposed amendments relevant to LPFA.

1. PF2421 - Introductory Matters

1.1 The Chair welcomed those present to the meeting and confirmed that the meeting was quorate.

1.2 Apologies had been received from Conrad Hall and Ruth Dombey.

Declarations of Interest

1.3 Clare Scott and John Preston declared a standing conflict with matters under discussion as the Shareholder Representative Non-Executive Directors ("NED") of Local Pensions Partnership Ltd ("LPP Group") Board.

1.4 Clare Scott also raised that she would be undertaking a one-off project for Dumfries Pension Fund, providing consultancy on governance and the role of the pensions board. No concerns were raised by the Chair or CEO in relation to this engagement.

1.5 Luke Webster declared a standing conflict in relation to his role as a Director at the London Treasury.

Minutes and Actions of the previous meeting held on 26 March 2025

1.6 The Board resolved to **APPROVE** the minutes of the meeting held on 26 March 2025, and the Chair was authorised to sign them. No decisions had been taken by email since the last meeting.

1.7 The Board discussed actions relating to cost reporting and transparency. The Funding and Investment Director and Head of Finance and Accountancy reported that they had held a call with LPPI to review cost data and understand reconciliations between LPFA's accounts and CEM reporting. The analysis sought to improve consistency in cost categorisation and disclosure across funds. Initial findings suggested that LPFA's costs were broadly in line with peers, with differences largely due to disclosure practices

1.8 The Board reviewed the action points and **NOTED** that these had either been completed or were due to be covered under later agenda items.

1.9 The Board **NOTED** the updates provided.

2. PF2422 – Chief Executive Officer Report

2.1 The LPFA CEO presented her report, highlighting key activities undertaken during her first three months in post.

2.2 The Board received an update on the Decision Making and Accountability Review, being conducted by the LGA workforce team. All staff had participated in the process, with a final report expected before the end of the following week.

2.3 Inductions for new Board members Tegs Harding and Luke Webster were progressing, with meetings arranged across the organisation.

2.4 Onboarding of Hackney as an LPPA client was ongoing. Delays were noted due to the pace of Hackney's legal advisers, though progress was being monitored closely. TUPE transfers would apply to staff moving from Capita to LPPA.

2.5 The statutory accounts had been published by the 31 May deadline. For the first time, two sets of accounts were produced rather than three, following audit advice to consolidate the operational and residual liability accounts.

2.6 Results of the staff engagement survey were noted. Improvements had been seen in learning and development and organisational culture, while issues around pay transparency, bonus arrangements and collaboration remained.

2.7 Procurement support was being arranged through CSG, a wholly owned company of Kent County Council, with a contract close to being finalised to support upcoming projects.

2.8 The recent internal audit report had raised concerns. An action plan was in place and weekly progress updates were being received. Further detail would be provided under the Compliance and Risk Director's later agenda item.

2.9 A visit to LPPA's offices in Preston had included meetings with Jo Darbyshire, senior staff, and the interim Section 151 Officer at Lancashire.

2.10 In reflecting on her first three months, the CEO noted the extensive volume of work undertaken and confirmed that her previous working relationship with Chris had supported a positive transition into

the role.

2.11 The Board discussed issues raised by staff in relation to transparency of pay and bonuses. It was confirmed that these points would be taken into account in future consideration of reward structures.

2.12 The Board **NOTED** the report provided.

3. PF2423 – Feedback from the Audit and Risk Committee

3.1 In the absence of the ARC Chair, Richard Olszewski and Mandy Kaur-Sadler presented feedback on behalf of the Committee. The Board noted that the main focus had been the recent internal audit report, particularly the findings on IT disaster recovery and cyber security.

3.2 [redacted]

3.3 [redacted]

3.4 [redacted]

3.5 It was noted that PwC had recommended the production of a full IT disaster recovery policy. The Committee agreed that in the short period before the new tenancy migration this would not be proportionate due to LPFA moving to cloud-based services, but confirmed that appropriate interim actions had been identified to ensure LPFA could continue to safeguard its data.

3.6 The Board noted that eight actions had been reported as outstanding in the audit. Four of these related to LPPI and Civica system updates, which were now progressing. The remaining LPFA-owned actions were in the process of being completed.

3.7 In relation to the Benefits and Calculations audit, the Committee reported confidence that recommendations were being accepted and embedded by LPPA, with improvements being implemented through system changes.

3.8 Data management was also discussed. The Board acknowledged that LPFA continued to hold some personal data, for example in relation to appeals, death grants, or legacy casework such as asbestos claims. It was agreed that LPFA should only hold personal data where strictly necessary and that measures were being taken to reduce the volume of data retained. Steps were underway to ensure all data was transferred into more secure environments, with access restricted and transfers controlled through tools such as SharePoint and Protect.

3.9 [redacted]

3.10 The Board further noted that while LPPA had reported breaches to the ICO in line with requirements, reporting to LPFA as a client had been inconsistent. Members stressed the importance of clear reporting back to LPFA on all breaches, including lessons learned, and distinguishing between LPFA's role as a client and its responsibilities as a shareholder.

3.11 The Board **NOTED** the update provided and the assurance that all outstanding audit actions were expected to be addressed by the end of the financial year.

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4. PF2425 – Compliance Report

4.1 The Director of Compliance and Risk presented the compliance report, noting three key areas of focus: tenancy separation, disaster recovery and cyber security, and business continuity planning.

4.2 The Board was updated on IT tenancy separation from LPPI. A monthly steering group was now in place, alongside a new working group with business leads. Progress was being made in relation to cyber security testing, penetration testing and monitoring, with further support to be provided by PwC.

4.3 On disaster recovery, it was noted that once tenancy separation was completed, only two key areas would remain to be addressed: arrangements for laptops and devices, and procedures for re-establishing access through remote systems. Work was underway to formalise responsibilities and escalation protocols to cover the interim period until the new tenancy was operational.

4.4 [redacted]

4.5 [redacted]

4.6 The Board **NOTED** the update provided.

5. PF2424 – Risk Management Report 2.08

5.1 The Director of Compliance and Risk presented the risk management report, including the updated Risk Appetite Principles and Risk Management Policy. The revised documents sought to simplify processes, provide clearer guidance on assessing risk, and introduce an updated taxonomy to ensure different aspects of risk (such as cyber security, data protection and operational IT) could be separated and monitored more effectively.

5.2 The Board discussed the likelihood ratings included in the policy and were informed that these were based on ISO standards. Clarification was also sought on the inherent ratings of certain risks within the dashboard, particularly cyber security and data protection. It was explained that the new taxonomy would distinguish between organisational risks, with data protection rated lower for LPFA due to the limited amount of personal data held directly.

5.3 Members raised concerns that the risk dashboard was difficult to scrutinise due to the lack of accompanying descriptions and context. It was agreed that Board members should be able to access more detailed reporting, including a demonstration of the system, to better understand the

information behind the ratings.

5.4 Comments were made on the draft policy and statement, including references to shareholder directors, outdated references to LPPA, and the need to acknowledge regulatory changes in shaping shareholder risk appetite. It was also emphasised that ultimate responsibility for the risk register lay with the Board, which delegated oversight to the Audit and Risk Committee (ARC), but remained accountable for the risks of the organisation. The policy wording would be amended to reflect this.

5.5 The Board requested that the risk register be treated as a live document, with evidence provided to substantiate risk ratings and regular review to ensure appropriateness.

5.6 Further discussion took place on whether the Risk Appetite Statement should be reviewed annually or every three years. It was agreed that it should be reviewed annually, aligned to the Strategic Policy Statement, with a deeper review undertaken periodically.

5.7 Members commented that some risks within the dashboard were inconsistent or unclear, including certain IT and investment-related risks. It was agreed that members would provide specific comments offline, which would be reviewed by ARC.

5.8 The Board requested that ARC consider the format of risk reporting to the Board and make a recommendation on the most appropriate approach to ensure transparency and usability.

5.9 The Board **NOTED** the updates and requested that the agreed amendments be made before the Risk Appetite Principles and Risk Management Policy were brought back to the September Board for approval.

5.10 The Board **NOTED** the update and **AGREED** that an action be passed to ARC to review the format of Board risk reporting and bring forward recommendations to the Board at the December meeting.

6. PF2426 – Feedback from the Local Pensions Board

6.1 The CEO presented feedback from the Local Pensions Board (LPB) meeting held on 5 June 2025.

6.2 The Board noted that Chris Bax, LPPA's Client Relationship Manager, had been welcomed to the LPB meeting. In the absence of the Director of Compliance and Risk, the Pensions Technical Manager provided the update on LPFA's compliance oversight and regulation. LPPA continued to report quarterly against SLAs, with further discussion taking place on the extent to which SLA reporting captured member experience.

6.3 Regular engagement meetings between LPFA and LPPA were highlighted, particularly in relation to specific cases and service trends. It was reiterated that while administration was outsourced to LPPA, LPFA retained statutory responsibility for oversight and compliance with TPR requirements.

6.4 The LPB received an update from LPPA on service performance. It was reported that overall SLA performance was positive, with volumes of cases increasing. Additional Voluntary Contributions (AVCs) were noted as a factor increasing the complexity and timescales of retirements. LPPA was taking steps to improve communication with members and employers to manage expectations.

6.5 Complaint volumes had reduced, and resolution times were improving. LPPA had also introduced greater automation of processes, with online retirement estimates now being processed within hours where data was accurate and complete. It was noted that incorrect or missing employer data continued to be a barrier to more widespread automation.

6.6 The Board discussed the ongoing challenge of members retiring without employers providing timely notifications, which remained a source of delay in pension payments.

6.7 A joint LPFA-LPPA lunch and learn session had been held at London Councils, providing information

on LGPS benefits and responsible investment. Around 60 participants attended in person and online, with positive initial feedback received. It was confirmed that similar sessions would be offered to other large employers within the Fund where appropriate.

6.8 On governance matters, the LPB considered the draft Annual Governance Statement, which was subsequently shared with ARC for review and comment.

6.9 The LPB Chair, Andy Cunningham, presented his annual report to the LPB, which was approved without amendment. It was confirmed that the report was submitted to the LPFA Board for inclusion in the Annual Report and Accounts.

6.10 The CEO and Board members observed that the LPB continued to operate effectively, with engaged members and a clear understanding of its role.

6.11 It was noted that the LPB had not yet raised questions regarding the implications of pooling reforms or governance changes arising from the admission of new partner funds. The Board agreed that this was an area for future discussion once proposals were more developed.

6.12 The Board **NOTED** the update provided.

7. PF2427 - Feedback from the Investment Committee

7.1 The Chair of the Investment Committee presented the update and confirmed that the report had been taken as read. The Board noted that thanks had been extended to Sophia Morrell, who had moved to the Audit and Risk Committee, and welcomed the appointment of two new IC members, Tegs Harding and Luke Webster.

7.2 The Board noted that the IC had received a deep dive on fixed income. LPPI was considering splitting the management of its credit fund into separate listed public credit and private markets allocations. This approach could offer greater flexibility for LPFA in managing liquidity within the Strategic Asset Allocation (SAA).

7.3 Long-term performance remained strong in absolute terms, with five-year returns to March 2025 at 8.5%. However, performance remained over 150 basis points behind the benchmark, driven largely by private equity and global equities, although short-term equity performance had improved into 2025. Infrastructure performance was also slightly behind benchmark.

7.4 The funding level remained strong at just over 115%, with no change in implied total contributions from the previous quarter. The CEM benchmarking report indicated that LPFA compared favourably with peers on both cost and performance, although data limitations were noted.

7.5 The IC Chair reported that with the induction of new members complete, a strategy day would be arranged over the summer to explore broader issues, including responsible investment and SAA. The Valuation Working Group would also be engaged to ensure alignment across funding and investment issues.

7.6 The Board discussed the IC's debate on employer requests for differential investment strategies. The IC concluded that LPFA's statutory duty was to administer the LGPS in a way that best met liabilities at the lowest long-term cost to taxpayers. It was agreed that while employer positions should be understood, preferences could not determine investment strategy. The IC recommended further analysis by the Valuation Working Group to consider the implications, with feedback to return to the IC and Board.

7.7 The Board noted that some employers had approached LPFA with proposals for buy-ins of past service liabilities. The Board agreed that no decision should be taken at this stage and that the matter should be considered in the context of the valuation process. It was recognised that while employers might see buy-ins as a means of locking in current surplus positions, such arrangements could have

significant implications for the Fund, including precedent-setting and impacts on contribution rates.

7.8 The Board agreed that any communications with employers should emphasise LPFA's duty to manage the Fund in the collective interest, noting that individual employer preferences could not override that responsibility. The Board also noted the importance of clear messaging to stakeholders to explain LPFA's approach.

7.9 The Board **NOTED** the update provided.

8. PF2428 – Valuation Working Group Update

8.1 The IC Chair presented an update from the Valuation Working Group (VWG) and took the paper as read. Members noted the results in section 13 and the interactive charts in the appendix illustrating LPFA's positioning across the LGPS universe. It was observed that, sector-wide, there appeared to be little correlation between funds' investment strategies and the discount rates adopted.

8.2 The VWG discussed contribution rate implications under the existing smoothing methodology. If the prior probability margin were maintained, total contributions were expected to fall further, leaving LPFA towards the lower end of the LGPS range but not as much of an outlier as in 2022. The Group considered whether to increase conservatism modestly to moderate any further reduction.

8.3 Members emphasised consistent language and approach. It was agreed that "conservative" better reflected LPFA's stance than "prudent", given that the current probability margin (circa mid-60s) aligned with LPFA's long-term, smoothed framework rather than implying undue risk.

8.4 The Board noted continuing divergence between actuarial methodologies across the LGPS and reaffirmed support for an approach grounded in long-term expected returns for an open fund. It was observed that methodologies anchored primarily to gilts yielded inconsistent outcomes across funds.

8.5 The VWG highlighted the importance of clear communications with employers. It was agreed to prepare materials explaining LPFA's smoothing, the stability of contribution outcomes and illustrative stress testing, to address perceptions created by sector headlines.

8.6 The Board noted a significant reduction in secured employer guarantees compared with the previous cycle, from c.£500m to c.£20m, and requested that implications for employer oversight be reflected in forthcoming VWG and Employer Services planning.

8.7 It was agreed that the VWG would bring forward a recommendation on the probability margin and contribution strategy, reflecting the discussion, for consideration alongside the broader valuation timetable.

8.8 The Funding and Investment Director confirmed that, following internal audit recommendations, the LPPI side letter had been updated to reflect changes in reporting requirements. This would be reviewed further as part of LPFA's September strategy session on reporting and total plan implementation. The Board **NOTED** that this action had been completed.

8.9 The Board **NOTED** the update.

9. PF2429 – Finance Report P12 (01/04/2024 – 31/03/2025)

9.1 The Head of Finance and Accountancy presented the Finance Report for the year ended 31 March 2025, the report was taken as read and she invited questions from the Board.

9.2 It was reported that employer contributions had increased by 7.2%, despite membership numbers remaining broadly stable. This reflected an increase in the overall number of active accounts.

9.3 Staffing costs had risen compared to the previous year due to the filling of posts that had remained

vacant in 2023–24. This was consistent with expectations and not the result of additional unplanned expenditure.

9.4 In the operational accounts, variances against the December forecast were noted. The underspend was largely attributable to credits arising from the revised cost-sharing arrangement with LPPI, which had not been anticipated in the original forecast.

9.5 Consultancy costs were below budget. However, this was offset by an increase in provisions for legal cases. The higher provision reflected both increased case costs and a larger number of active cases at year-end. Active case costs rose to £3m compared to £1m in the prior year, leading to a net provision increase of £0.7m despite the higher discount rate used to calculate present values.

9.6 The Board **NOTED** the update

10. PF2430 – LPFA Board Structure and Transparency Report

10.1 The Governance Manager introduced the report on Board structure and transparency. It was recalled that when the Chair appeared before the GLA Oversight Committee in 2024, concerns had been raised that LPFA was less transparent than other LGPS funds, including suggestions that Board meetings should be broadcast publicly. The Board had previously agreed that broadcasting would not be appropriate but acknowledged that greater transparency could nonetheless be achieved.

10.2 The Governance Manager summarised the proposals. Going forward, Board meetings would begin with a private session, followed by the Corporate and Strategic (CNS) session, which would be split into two parts. Part A would be reserved for LPP Group updates and any other commercially sensitive matters. Part B would be open to the public, with papers, agendas and minutes published in advance.

10.3 It was confirmed that the Audit and Risk Committee and Local Pension Board reports would not be published in full, as their meeting minutes are already published on the website. In addition, Committee Chairs would continue to provide quarterly activity updates, and these summary reports would be included in the CNS reporting pack to ensure sufficient visibility of matters under discussion.

10.4 Members discussed the legal basis for creating Part A and Part B sessions. It was agreed that this approach mirrored council practice and, if any technical limitations were identified, commercially sensitive matters would instead continue to be addressed in the private session.

10.5 The Board noted that public attendance at LPFA meetings had historically been minimal but agreed that procedures should nonetheless be in place to manage interest, including the option of online access if required.

10.6 It was confirmed that the public would be permitted to observe but not participate in Part B. As LPFA is a statutory authority rather than an elected body, there was no obligation to provide speaking rights, though member and employer representatives could be invited to contribute at the discretion of the Board.

10.7 The Board **APPROVED** the new meeting structure, with private Board business first, followed by CNS Part A (private) and CNS Part B (public), and **AGREED** to publish agendas, minutes and supporting papers for the public session in line with the approach set out in the paper.

11. PF2431 – LPP Group Business Update Q4 2024-25

[redacted]

11.1 [redacted]

[redacted]

11.2 [redacted].

11.3 [redacted]

11.4 [redacted]

11.5 [redacted]

11.6 [redacted]

11.7 [redacted]

11.8 [redacted]

11.9 [redacted]

11.10 [redacted]

11.11 [redacted]

11.12 [redacted]

11.13 [redacted]

11.14 [redacted]

11.15 [redacted]

11.16 [redacted]

11.17 [redacted]

11.18 [redacted]

11.19 [redacted]

11.20 [redacted]

11.21 [redacted]

11.22 [redacted]

11.23 [redacted]

11.24 [redacted]

11.25 [redacted]

11.26 [redacted]

11.27 [redacted]

12. PF2432 – LPFA Forward Planner & AOB

12.1 The Governance Manager noted that the current Board pack was shorter than usual, reflecting changes agreed under the Board transparency and structure review.

12.2 It was confirmed that future Employer Management Services updates would be incorporated into the Audit and Risk Committee (ARC) reports, with any items requiring Board approval to be escalated accordingly. Updates from the Chief of Staff would be absorbed into the CEO Report, with separate Board papers provided only where specific approvals were required.

12.3 The next Board meeting was scheduled for 30 September 2025. It was noted that the draft front half of the Annual Report and Accounts had been included in the supplementary pack. Members were reminded that last year the timetable did not provide sufficient time for review ahead of approval. Feedback was requested to be directed to the Head of Communications and Engagement, the CEO, and the Chair, with a final word version to be presented for approval at the September meeting.

12.4 The Governance Manager confirmed that the Annual Governance Statement had been updated to reflect the external audit opinion and reviewed by SLT, this document would also come back to the Board for approval along with the statuoty accounts.

12.5 Members discussed the timetable for the valuation data submission, noting that while LPPA had initially indicated a four-week delay, this had been reduced to two weeks following further review. Although this now used available contingency, the revised timetable was considered manageable. The Board also raised concerns about the approach to data security and requested that the SLT seek further clarification from LPPA on the measures in place.

12.6 The Board was informed of forthcoming legislative requirements for directors of companies to undergo an identification process with Companies House. While this would not affect LPFA directly, it would apply to Board members serving as directors of LPP or other companies. Once completed, the verification would apply across all relevant appointments.

12.7 The Governance Manager confirmed that a provider would shortly be identified to undertake the Board Effectiveness Review. A briefing would be shared with the Chair and CEO, with the review expected to take place in September–November and findings reported to the Board in December 2025.

12.8 The Board **NOTED** the forward plan and updates provided.

Signed as a true and accurate account of the meeting:

John Preston, Chair Date: 30 September 2025