

LONDON PENSIONS FUND AUTHORITY
STATEMENT OF OPERATIONAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2024

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Information

Board Members

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

Chief Executive Officer

Robert Branagh

S151 Officer

Christina Thompson (appointed 8 April 2024)

S151 Officer

Michelle King (resigned 29 February 2024)

Deputy S151 Officer

Audrey Allen-Chitwa (appointed 20 September 2023)

Business Address

2nd Floor
169 Union Street
London, SE1 0LL

Auditor

Ernst & Young LLP
Chartered Accountants
One Cambrige Business Park
Cowley Road, Cambridge
CB4 0WZ

Bankers

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

Lawyers

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

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

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London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

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.

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

The **Statement of Responsibilities**, and

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

The **Group Operational Accounts** consist of:

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

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

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

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

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

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

The **Notes to support the Accounts**.

Funding

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

Review of the accounts

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

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

1 Narrative Report (continued)

London Pensions Fund Authority (LPFA), is the largest Local Government Pension Scheme (LGPS) in London. The pension fund had a balance sheet value of £7,993 million, as at 31 March 2024, and is responsible for the provision of pension benefits for 99,585 (2022-23: 96,796) members of these, 23,730 are employees working for not-for-profit, charity, private sector and local government employers, 30,138 are deferred members, 36,563 are pensioners and dependants, and 9,154 are undecided leavers and frozen refunds.

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

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

Operational budget

Operational accounts	Actual	Budget	Variance
	2023-24	2023-24	2023-24
	£'000	£'000	£'000
Administration			
Pension administration services	2,606	2,636	30
Total administration costs	2,606	2,636	30
Oversight and governance			
Board	253	269	16
Office of the Chief Executive	682	866	184
Support services provided by LPPI	196	168	(28)
Other support costs	3,051	3,678	627
Total oversight and governance excluding IAS19 costs	4,182	4,981	800
Pension contributions	329	903	574
Total costs	4,511	5,884	1,373
Total operational costs	7,117	8,520	1,403
Funded by:			
Charge made to pension fund	(6,524)	(7,927)	(1,403)
Recharge to residual liabilities	(593)	(593)	-
Total funding	(7,117)	(8,520)	(1,403)
Net result	-	-	-

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

1 Narrative Report (continued)

Overview of the year

The Operational costs for the year ended 31 March 2024 were £7,17 million , being £1.4 million below the budgeted cost (2023: £6.72 million. These costs were funded by a charge to the Pension Fund of £6.52 million (2023: £6.15 million), and a recharge to Residual Liabilities of £593,000 (2023: £563,000). The underspend is mainly due to staff vacancies and reduced pension contributions as a result of the surplus on the Pension Fund at the 31 March 2022 triennial valuation.

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

SLA Name	2023-24 £'000	2022-23 £'000
LPPA administration	2,606	2,347
Information technology	196	191
Storage costs	30	25
Total	2,832	2,563

London Pensions Fund Authority

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For the year ended 31 March 2024

1 Narrative Report (continued)

Date the Statement of Accounts were authorised for issue

The Statement of Accounts were authorised for issue by the Audit and Risk Committee on xx September 2024. Post balance sheet events have been considered up to the date the accounts were signed off by the auditor.

Further information

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

London Pensions Fund Authority
Statement of Operational Accounts
For the year ended 31 March 2024

2. Statement of Responsibilities for the Statement of Accounts

LPFA’s responsibilities

LPFA is required to:

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

The Section 151 Officer’s responsibilities

At LPFA the Section 151 Officer is responsible for:

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

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

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

Certificate of approval

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

.....
Christina Thompson, Section 151 Officer

Dated: xx September 2024

**Independent auditor's report to the members of the London
Pensions Fund Authority
Report on the Audit of the Group Operational Account Financial
Statements**

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London Pensions Fund Authority

Statement of Operational Accounts For the year ended 31 March 2024

Group Operational Account

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

2022-23 Group	Notes	2023-24 Group
£'000		£'000
6,716	5	7,117
28	6	33
(6,673)	8-11	(7,248)
71 Income/(deficit) from services		(99)
(371)	7 & 12	(133)
(300)		(232)
(2,222)	16	725
(2,522) Group deficit		493
331	16	(126)
(2,191) Deficit for the financial year		368
11,926	12	2,028
19,561	16	-
(1,460)	16	-
-		-
Other comprehensive income and expenditure		2,028
30,028		2,028
Total comprehensive income and expenditure		2,396
27,837		2,396

London Pensions Fund Authority Statement of Operational Accounts For the year ended 31 March 2024

Group Operational Account

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

2022-23 Entity	Notes	2023-24 Entity
£'000		£'000
6,716 Income	5	7,117
28 Other income	6	33
(6,673) Expenditure	8-11	(7,248)
71 Income/(deficit) from services		(99)
(371) IAS19 pension costs	7 & 12	(133)
(300) Deficit for the financial year		(232)
11,926 Remeasurement of net assets/ defined liability	12	2,028
11,926 Other comprehensive income and expenditure		2,028
11,626 Total comprehensive income and expenditure		1,796

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Group Operational Account

Group Statement of Movement in Reserves

	Pension Reserve	Total Unusable Reserves	General Reserve	Equity Interest in Joint Venture	Total Usable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023 brought forward	(2,538)	(2,538)	6,225	12,500	18,725	16,187
Deficit on provision of services	-	-	493	-	493	493
Share of tax	-	-	(126)	-	(126)	(126)
Net increase before transfers to earmarked reserves	-	-	367	-	367	367
Remeasurement of the net defined benefit liability	2,028	2,028	-	-	-	2,028
Other movement - joint venture	-	-	-	-	-	-
Movement in year	(232)	(232)	232	-	232	-
Increase in year	1,796	1,796	599	-	599	2,395
Balance at 31 March 2024 carried forward	(742)	(742)	6,824	12,500	19,324	18,582

Group Statement of Movement in Reserves

	Pension Reserve	Total Unusable Reserves	General Reserve	Equity Interest in Joint Venture	Total Usable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022 brought forward	(14,164)	(14,164)	(9,986)	12,500	2,514	(11,650)
Deficit on provision of services	-	-	(2,522)	-	(2,522)	(2,522)
Share of Tax	-	-	331	-	331	331
Net increase before transfers to earmarked reserves	-	-	(2,191)	-	(2,191)	(2,191)
Remeasurement of the net defined benefit liability	11,926	11,926	-	-	-	11,926
Other movement - joint venture	-	-	18,102	-	18,102	18,102
Movement in year	(300)	(300)	300	-	300	-
Increase in year	11,626	11,626	16,211	-	16,211	27,837
Balance at 31 March 2023 carried forward	(2,538)	(2,538)	6,225	12,500	18,725	16,187

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Group Operational Account

Entity Statement of Movement in Reserves

	Pension Reserve	Total Unusable Reserves	General Reserve	Total Usable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023 brought forward	(2,538)	(2,538)	-	-	(2,538)
Deficit on provision of services	-	-	(232)	(232)	(232)
Net increase before transfers to earmarked reserves	-	-	(232)	(232)	(232)
Remeasurements of the net defined benefit liability	2,028	2,028	-	-	2,028
Movement in year	(232)	(232)	232	232	-
Increase in year	1,796	1,796	-	-	1,796
Balance at 31 March 2024 carried forward	(742)	(742)			(742)

Entity Statement of Movement in Reserves

	Pension Reserve	Total Unusable Reserves	General Reserve	Total Usable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022 brought forward	(14,164)	(14,164)	-	-	(14,164)
Deficit on provision of services	-	-	(300)	(300)	(300)
Net increase before transfers to earmarked reserves	-	-	(300)	(300)	(300)
Remeasurements of the net defined benefit liability	11,926	11,926	-	-	11,926
Movement in year	(300)	(300)	300	300	-
(Decrease) in year	11,626	11,626	-	-	11,626
Balance at 31 March 2023 carried forward	(2,538)	(2,538)	-	-	(2,538)

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Group Operational Account

Group Statement of Financial Position as at 31 March 2024

31 March 2023		Notes	31 March 2024	
Group	Entity		Group	Entity
£'000	£'000		£'000	£'000
43	43 Intangible fixed assets	14	30	30
3	3 Property, plant & equipment	15	1	1
18,725	- Investment in joint venture	16	19,324	-
18,771	46 Non-current assets		19,356	31
973	973 Debtors	18	1,138	1,138
412	412 Cash and cash equivalents	20	779	779
1,385	1,385 Current assets		1,917	1,917
(1,431)	(1,431) Creditors	19	(1,948)	(1,948)
(46)	(46) Net current liabilities		(31)	(31)
18,725	- Total assets less current liabilities		19,324	-
(2,538)	(2,538) Pension liability	12	(742)	(742)
16,187	(2,538) Net liabilities		18,583	(742)
	Reserves			
6,225	- General reserve		6,824	-
12,500	- Non-voting equity Interest in Joint Ven		12,500	-
(2,538)	(2,538) Pension reserve		(742)	(742)
16,187	(2,538)		18,582	(742)

London Pensions Fund Authority

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For the year ended 31 March 2024

Group Operational Account

Group Account Cashflow Statement for the year ended 31 March 2024

31 March 2023			Notes	31 March 2024	
Group	Entity			Group	Entity
£'000	£'000			£'000	£'000
(2,191)	(300)	Net surplus/(deficit) on the provision of services		368	(232)
2,557	666	Adjustments to net surplus/(deficit) on the provision of services for non-cash movements	13	(1)	599
366	366	Net cash flows from Operating Activities		367	367
366	366	Net increase or (decrease) in cash and cash equivalents		367	367
46	46	Cash and cash equivalents at the beginning of the reporting period	20	412	412
412	46	Cash and cash equivalents at the end of the reporting period		779	779

London Pensions Fund Authority

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For the year ended 31 March 2024

Notes to the Group Operational accounts

General information

The operational costs incurred by LPFA in administering the pension fund, residual liabilities fund and agency contracts are accumulated in the operational accounts and are reimbursed from the respective source.

Note 1. Summary of significant accounting policies

General principles

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

The financial statements and accounts have been prepared on a going concern basis.

Accruals of income and expenditure

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

Fees and charges are accounted for as income at the date LPFA provides the relevant services.

Supplies are recorded as expenditure when they are consumed.

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

Cash and cash equivalents

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

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

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts

Employee benefits

Benefits payable during employment

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

Post-employment benefits

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

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

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

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

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Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts

Post statement of financial position events

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

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

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

Provisions

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

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

Contingent liabilities

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

Value added tax

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

Financial assets/ liabilities

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

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

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

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

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts

Joint venture

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

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

Group Accounts have been included recognising the LPFA's significant interest in the LPP. As a Joint Venture, the LPP is consolidated into the Fund's Group Accounts using the equity method. The judgement in defining LPP as a Joint Venture is reached due to LPP being an arrangement under which two (or more) parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control, and the two Funds have rights to the net assets of the arrangement. This remains the case in 2022-23.

Reserves

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

Pension reserve

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

Non-voting equity interest in joint venture

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

Group general reserve

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

Note 2. Accounting standards issued, but not yet adopted

There are no relevant standards that have been issued but not adopted during the year.

Note 3. Financial risk management

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

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts

Note 4. Critical accounting judgements and estimates

Estimates

Pensions liability

Estimation of the net liability to pay pensions depend on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets that give rise to a number of estimation uncertainties. A firm of consulting actuaries are engaged to provide LPFA with expert advice about the assumptions to be applied. However, because these judgements cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The impact of the change in key assumptions is set out in note 12.

Judgements

Pensions liability guarantee

The LPFA has provided a guarantee, under the Admission Agreements, to settle the LPP and LPPI pension deficits in the event of both entities ceasing to trade and exiting the LGPS. To determine how this guarantee is treated within the LPFA financial statements requires several judgements to be made regarding the balance between financial risks such as the discount rate and non financial risks from such things as changes in life expectancy or final salaries of members. The non-financial risks falls within the definition of an insurance contract under IFRS 4. As the financial and non-financial risks are both significant, the guarantee has not been deemed to be a derivative under IAS 39. IAS 37 excludes obligations and contingencies arising from insurance contracts, but it does apply to other provisions, contingent liabilities and contingent assets of an insurer. The LPFA Admissions Agreement states that LPFA is providing a guarantee if LPP exits the LGPS. In such an event LPFA would suffer a loss equivalent to the amount required to settle the pensions liability. After consideration of IAS 28 and IAS 37, the possible liability to settle the pension deficit within LPP should not be disclosed in LPFA financial statements, as a contingent liability in accordance with IAS 37 due to the very low probability of a cessation event triggering the LPFA guarantee.

Joint venture

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

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts (continued)

Note 5. Income

2022-23	2023-24
£'000	£'000
6,153 Management fee	6,524
563 Funded by Residual Liabilities	593
6,716	7,117

The Operational costs for the year ended 31 March 2024 were £7.12 million. These costs were funded by a charge to the Pension Fund of £6.52 million and a recharge to Residual Liabilities of £593,000.

Note 6. Other Income

2022-23	2023-24
£'000	£'000
28 Recharged staff costs on employer projects	26
- Bank interest receivable	7
28	33

Note 7. IAS19 pension costs

£'000	£'000
371 IAS19 admin & net interest costs	133
371	133

Note 8a. Remuneration and other costs - Board members

2022-23	2023-24
£'000	£'000
211 Emoluments	228
18 Employers NI contributions	17
1 Training	6
2 Reimbursable expenses	1
232	253

Note 8b. Remuneration was paid to the Board in the following bands:

2022-23	2023-24
2 Up to £10,000	1
- £10,001 to £15,000	2
8 £15,001 to £20,000	8
1 £50,001 to £55,000	1

London Pensions Fund Authority
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Notes to the Group Operational accounts (continued)

Note 9. Remuneration and other costs - employees

2022-23	2023-24
£'000	£'000
1,699 Salaries	1,740
206 Employers NI contributions	204
6 Employers pension contributions	4
(31) Past service contributions	-
42 Reimbursable expenses	18
408 IAS 19 current service costs	428
80 Temporary staff	101
29 Training costs	38
73 Recruitment costs	71
37 Other employee related costs	56
- Accumulated compensated absences	-
2,549	2,661

Note 9a Disclosure of remuneration for senior employees

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

31 March 2024						
Post	Salary	Severance payment	Bonus	Total remuneration	Pension contributi	Total
	£		£	£	£	£
Robert Branagh - Chief Executive Officer	176,710		30,600	207,310	26,176	233,486
Director of Compliance and Risk	97,667		14,079	111,746	10,556	122,302
Funding and Investment Director	74,733		14,200	88,933	11,650	100,583
Michelle King - Finance Director and S151 Officer	150,900	69,936	-	220,835	14,441	235,276
Deputy S151 Officer	93,044		13,122	106,166	13,541	119,707
Chief of Staff	105,000		18,900	123,900	17,343	141,243

London Pensions Fund Authority
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For the year ended 31 March 2024

Notes to the Group Operational accounts (continued)

31 March 2023					
Post	Salary	Bonus	Total remuneration	Pension contributions	Total
	£	£	£	£	£
Robert Branagh -Chief Executive Officer	181,822	31,512	213,334	-	213,334
Helen Astle -Chief Legal and Compliance Director	171,728	-	171,728	7,248	178,976
Funding and Risk Director	112,442	-	112,442	14,693	127,135
Finance Director/ SI51 Officer	111,350	21,156	132,506	15,252	147,758
Chief of Staff	92,150	17,508	109,658	12,304	121,962

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

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

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

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts (continued)

Note 10. Other services

2022-23	2023-24
£'000	£'000
143 Internal audit	192
91 External audit (see note 11)	201
569 Professional fees (including consultancy)	453
69 Office costs	84
39 Members' forum and meetings	27
35 Communication	71
255 Accommodation	293
231 IT support	233
25 Pension admin expenses	5
36 HR services	26
158 Subscriptions & publications	147
(106) Bad debt provision	-
2,347 Management charge - LPPA pension admin support	2,601
3,892	4,335

Some comparative figures have been reclassified to be consistent with current year figures.

Note 11. Disclosure of audit costs

2022-23	2023-24
£'000	£'000
91 External audit	170
- Other external audit costs	31
91	201

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

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts (continued)

12. Retirement Benefit Obligations

Amounts recognised in the balance sheet are determined as follows:

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

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

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

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

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

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts (continued)

Amounts recognised in Group Comprehensive Income and Expenditure:

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

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

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

The movement in the defined benefit liability:

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

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts (continued)

12. Retirement Benefit Obligations (continued)

The principle actuarial assumptions were as follows:

Life Expectancy	31-Mar-24	31-Mar-23
Mortality rate for 65 year olds - retiring today		
Males	22.1	22.4
Females	23.7	24.0
Mortality rate for 65 year olds - retiring in 20 years time		
Males	22.0	22.2
Females	25.2	25.5

Post retirement mortality	31-Mar-24	31-Mar-23
Base table	Club Vita tables	Club Vita tables
Multiplier (M/F)	1	1
Future improvements model	CMI_2022	CMI_2021
Long-term rate of improvement	1.25% p.a.	1.25% p.a.
Smoothing parameter	7	7
Initial addition parameter	0.0% p.a.	0.0% p.a.
2020 weighted parameter	0%	5%
2021 weighted parameter	0%	5%
2021 weighted parameter	25%	n/a

The following assumptions were also made:

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

	31-Mar-24	31-Mar-23	31-Mar-22
	%p.a.	%p.a.	%p.a.
RPI Increases	3.2	3.2	3.5
RPI increases	3.25	3.3	3.55
Salary increases	3.9	3.9	4.2
Pension increases (CPI)	2.9	2.9	3.2
Discount rate	4.9	4.8	2.6

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts (continued)

12. Retirement Benefit Obligations (continued)

31-Mar-24	£'000	£'000	£'000	£'000	£'000
Adjustment to discount rate	+0.5%	+0.1%	+0.0%	-0.1%	-0.5%
Present value of total obligation	36,046	38,096	38,639	39,154	41,549
Projected service cost	(153)	(83)	(65)	(45)	38
Adjustment to long term salary increa	+0.5%	+0.1%	+0.0%	-0.1%	-0.5%
Present value of total obligation	38,639	38,639	38,639	38,639	38,639
Projected service cost	(63)	(64)	(65)	(65)	(66)
Adjustment to pension increases and	+0.5%	+0.1%	+0.0%	-0.1%	-0.5%
Present value of total obligation	41,594	39,205	38,639	38,086	35,986
Projected service cost	39	(46)	(65)	(84)	(155)
Adjustment to mortality age rating as:	-	+1 Year	None	-1 Year	
Present value of total obligation	-	40,087	38,639	37,246	
Projected service cost	-	(44)	(65)	(84)	

Contributions to the pension fund during 2023-24

Contributions from the employer amounted to £329k (2023 - £479k)

Impact on authority's cash flows

The authority expects to pay £nil contributions in 2023-24.

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

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts (continued)

12. Retirement Benefit Obligations (continued)

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

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

London Pensions Fund Authority
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Notes to the Group Operational accounts (continued)

12. Retirement Benefit Obligations (continued)

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts (continued)

Note 12. Retirement Benefit Obligations (continued)

Employee benefits

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

Benefits payable during employment

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

Termination benefits

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

Post-employment benefits

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

The Local Government Pension Scheme

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

Discretionary benefits

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

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts (continued)

Note 13. Adjustment for non-cash items

2022-23		2022-23		2023-24		2023-24	
Group	Entity	Group	Entity	Group	Entity	Group	Entity
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2	2	2	2	2	2	2	2
13	13	13	13	13	13	13	13
-	-	-	-	-	-	-	-
1,891	-	-	-	(600)	-	-	-
(103)	(103)	(103)	(103)	(165)	(165)	(165)	(165)
-	-	-	-	-	-	-	-
454	454	454	454	517	517	517	517
-	-	-	-	-	-	-	-
300	300	300	300	232	232	232	232
2,557	666	Balance at 31 March 2024	666	(1)	599	(1)	599

Note 14. Intangible fixed asset

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

Note 15. Tangible fixed asset

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

London Pensions Fund Authority

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For the year ended 31 March 2024

Notes to the Group Operational accounts (continued)

Balance at 31 March 2024	(3)	(3)	(6)
Net book value 31 March 2024	1	-	1
Net book value 31 March 2023	2	1	3

Note 16. Net investment in joint venture

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

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

50% Share of LPP	LPP Group		50% Share of LPP	LPP Group
2022-23	2022-23		2023-24	2023-24
£'000	£'000		£'000	£'000
		Comprehensive income and expenditure statement:		
(2,222)	(4,444)	Profit/ (loss) on ordinary activities before taxation	725	1,450
331	662	Taxation	(126)	(252)
19,561	39,122	Net actuarial gain/ (loss) on defined benefit pension schemes		
(1,460)	(2,919)	Deferred tax on actuarial loss		
-	-	- Pension reserve deferred tax movement in LPP	-	-
16,210	32,421	Total comprehensive income for the period	599	1,198
		Statement of Financial Position:		
18,725	37,449	Net assets	19,575	39,150
		Post-employment benefits		
18,725	37,449	Net liabilities	19,575	39,150
		Represented by:		
12,500	25,000	Called up share capital	12,500	25,000
6,225	12,449	Profit & loss account	7,075	14,150
18,725	37,449	Net value	19,575	39,150

London Pensions Fund Authority

Statement of Operational Accounts

For the year ended 31 March 2024

Notes to the Group Operational accounts (continued)

Note 17. Related party transactions

This disclosure note has been produced using a specific declaration obtained in respect of related party transactions. Agency contracts and pension funds are related parties. LPFA Pension Fund, Residual Liabilities and the Greater London Authority are related parties. LPFA Operational accounts includes income for Administration and Governance services charged to the LPFA Pension Fund and Residual Liabilities, being £6,524k and £593k respectively (2023: £6,153k and £563k respectively).

LPP and its subsidiaries are also related parties, details of which are in note 16. LPP invoiced £2,832k (2023: £2,563k) for Administration and Oversight and Governance.

Note 18. Debtors

2022-23	2023-24
£'000	£'000
83 Amounts due from LPFA Pension Fund	-
499 Sundry debtors	791
81 Prepayments	101
310 VAT	247
- Allowance for credit losses	-
973	1,139

Note 19. Creditors

2022-23	2023-24
£'000	£'000
5 Amounts payable to Residual Liabilities	114
Amounts payable to Pension Fund	515
64 Other taxes	69
1,362 Sundry creditors	1,250
1,431	1,948

Note 20. Cash and cash equivalents

2022-23	2023-24
£'000	£'000
412 Cash at bank	779

Note 21. Financial instruments

The Operational account only holds cash as mentioned in note 20, payables (excluding other taxes) in note 19 and receivables (excluding VAT and prepayments), in note 18.

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

Note 22. Post balance sheet events

There were no material events after the balance sheet signing date.