

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

London Pensions Fund Authority

Statement of Residual Liabilities 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 Cambrisge Business Park
Cowley Road, Cambridge
CB4 0WZ

Bankers

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

Lawyers

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

Statement of Residual Liabilities Accounts

For the year ended 31 March 2024

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London Pensions Fund Authority

Statement of Residual Liabilities Accounts

For the year ended 31 March 2024

Narrative Report 31 March 2024

Format of the Statement of Accounts

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

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

The **Statement of Responsibilities;**

The **Residual Liabilities Accounts** detail the provisions created to settle the liabilities of the Greater London Council ('GLC') to pay past employees of the GLC and Inner London Educational authority ('ILEA') who have become injured due to exposure to asbestos and also to pay the accrued unfunded pension benefits relating to these organisations. The past employees are paid via the pensions payroll and the costs are then recharged to the Residual accounts, which funds these costs via a levy.

The **Residual Liabilities Accounts** consist of:

The **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 Residual Liabilities 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 2023. 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 net assets of the LPFA (assets less liabilities) are matched by the reserves held 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

Any costs, charges and expenses incurred in administering the Residual Liabilities are met by the Levy on the Greater London and Inner London authorities.

Review of the Statements

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 Residual Liabilities Accounts

For the year ended 31 March 2024

Narrative Report (continued)

Residual Liabilities budget

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

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

Greater London

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

Greater London levy	Actual	Budget	Variance
	£'000	£'000	£'000
Pension retirement costs	(5,087)	(4,889)	(198)
Management expenses	(253)	(253)	-
Asbestosis provision (known cases + direct costs)	(244)	(1,070)	826
Interest payable and receivable	2,716	724	1,992
Levy	1,000	10,318	(9,318)
Net inflow to balances	(1,868)	4,830	(6,697)

Statement of Residual Liabilities Accounts

For the year ended 31 March 2024

Narrative Report (continued)

Inner London

The budgeted levy requirement in 2023-24 was £13.1 million but the contracted income was reduced to £8 million in accordance with the new funding regime from 1 April 2023. The excess income was paid to the Pension fund in accordance with the new agreement. The budgeted pension costs were higher than expected. The asbestosis provision spending was also above budget. However, again as with the Greater London levy, the asbestosis claims remain a significant variable factor and this led to reduction in the asbestosis provision.

Inner London levy	Actual	Budget	Variance
	£'000	£'000	£'000
Pension retirement costs	(9,451)	(8,706)	(745)
Management expenses	(340)	(340)	-
Asbestosis provision (known cases + direct costs)	(492)	(134)	(358)
Interest payable and receivable	1,394	409	985
Levy	7,000	13,065	(6,065)
Net inflow to balances	(1,888)	4,295	(6,183)

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

Union Street, London SE1 0LL.

London Pensions Fund Authority

Statement of Residual Liabilities Accounts

For the year ended 31 March 2024

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.

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

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 Thomson 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 Residual Liability Financial Statements

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

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

Residual Liabilities Accounts

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

2022-23 Greater London	2022-23 Inner London	Total	Notes	2022-24 Greater London	2022-24 Inner London	Total
£'000	£'000	£'000		£'000	£'000	£'000
15,209	21,911	37,120	7 Unfunded benefits recovered	5,906	16,022	21,928
(3,314)	(9,175)	(12,489)	8 Unfunded benefits	(5,087)	(9,451)	(14,538)
(240)	(323)	(563)	9 Administration costs	(253)	(340)	(593)
11,655	12,413	24,068	Cost of services	566	6,231	6,797
			Financing and investment income and expenditure			
(1,089)	(2,267)	(3,356)	10 Net interest on pension scheme liabilities	(1,665)	(3,350)	(5,015)
1,124	574	1,698	Interest and investment income	2,716	1,394	4,111
11,690	10,720	22,410	Surplus on provision of services	1,617	4,275	5,893
3,390	10,733	14,123	10 Remeasurements of the net defined benefit liability	111	1,426	1,537
3,390	10,733	14,123	Other comprehensive income and expenditure	111	1,426	1,537
15,080	21,453	36,533	Total comprehensive income and expenditure	1,728	5,701	7,430

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

Residual Liabilities Accounts (continued)

Statement of Movement in Reserves for the year ended 31 March 2024

	General fund reserve			Pension reserve			Total Reserves
	Greater London	Inner London	Total	Greater London	Inner London	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021 carried forward	32,214	16,490	48,704	(44,297)	(91,570)	(135,867)	(87,163)
Movement in reserves during 2022/23							
Surplus on the provision of services	11,690	10,720	22,410	-	-	-	22,410
Contributions for unfunded benefits	(4,891)	(8,846)	(13,737)	4,891	8,846	13,737	-
Net interest on pension scheme liabilities	1,089	2,267	3,356	(1,089)	(2,267)	(3,356)	-
Remeasurements of the net defined benefit liability	-	-	-	3,390	10,733	14,123	14,123
Net movement in reserves	7,888	4,141	12,029	7,192	17,312	24,504	36,533
Balance at 31 March 2023 carried forward	40,102	20,631	60,733	(37,105)	(74,258)	(111,363)	(50,630)
Movement in reserves during 2023/24							
Liability	1,617	4,275	5,892	-	-	-	5,892
Contributions for unfunded benefits	(4,906)	(9,022)	(13,928)	4,906	9,022	13,928	-
Net interest on pension scheme liabilities	1,665	3,350	5,015	(1,665)	(3,350)	(5,015)	-
Remeasurements of the net defined benefit liability	-	-	-	111	1,426	1,537	1,537
Net movement in reserves	(1,624)	(1,397)	(3,021)	3,352	7,098	10,450	7,429
Balance at 31 March 2024 carried forward	38,478	19,234	57,713	(33,753)	(67,160)	(100,913)	(43,200)

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

Residual Liabilities Accounts (continued)

Statement of Financial Position as at 31 March 2024

31 March 2023	31 March 2023		Notes	31 March 2024	#####	
Greater London	Inner London	Total		Greater London	Inner London	Total
£'000	£'000	£'000		£'000	£'000	£'000
133	1,396	1,529	15	307	1,953	2,260
47,063	20,767	67,830	14	45,390	19,524	64,914
47,196	22,163	69,359		45,697	21,477	67,174
(113)	(6)	(119)	16	(301)	(706)	(1,007)
(1,322)	(722)	(2,044)	11	(2,019)	(466)	(2,485)
(1,435)	(728)	(2,163)		(2,320)	(1,172)	(3,492)
45,761	21,435	67,196		43,377	20,305	63,682
(5,659)	(804)	(6,463)	11	(4,898)	(1,071)	(5,969)
(37,105)	(74,258)	(111,363)	10	(33,753)	(67,160)	(100,913)
(42,764)	(75,062)	(117,826)		(38,651)	(68,231)	(106,882)
2,997	(53,627)	(50,630)		4,726	(47,926)	(43,201)
40,102	20,631	60,733		38,478	19,234	57,712
(37,105)	(74,258)	(111,363)		(33,753)	(67,160)	(100,913)
2,997	(53,627)	(50,630)		4,725	(47,926)	(43,201)

London Pensions Fund Authority

Statement of Residual Liabilities Accounts

For the year ended 31 March 2024

Residual Liabilities Accounts (continued)

Cashflow Statement

2022-23	Notes	2022-24
£'000		£'000
22,410 Net surplus on the provision of services		5,893
(15,624) Adjustments to net surplus on the provision of services for non-cash movements	12	(12,920)
6,786 Cash flows from operating activities		(7,027)
Financing activities		
- Repayment of Loan		-
6,786 Net cash flows from operating activities		(7,027)
Investing activities		
- Interest paid		-
1,698 Interest received		4,111
Net increase or decrease in cash and cash equivalents		(2,916)
59,346 Cash and cash equivalents at the beginning of the reporting period		67,830
Cash and cash equivalents at the end of the reporting period		64,914

London Pensions Fund Authority

Statement of Residual Liabilities Accounts

For the year ended 31 March 2024

Notes to the Residual Liability Accounts

Note 1. General information

The LPFA makes payments of annual statutory compensation following the abolition of the former Greater London Council (GLC) and Inner London Education Authority (ILEA). These payments are financed by way of a levy on all London Boroughs in respect of former Greater London liabilities and on Inner London Boroughs in respect of Inner London liabilities.

The residual liabilities accounts include substantial provisions for injury claims from former employees of the GLC and ILEA in relation to asbestosis. The costs of these claims will be met through a levy on London boroughs, and so the accounts also include a re-imbursement to offset most of the provision, the balance being met by funds already taken from London boroughs, and held in reserves.

Note 2. Summary of significant accounting policies

General principles

The Statement of Accounts summarises LPFA's transactions for the 2022-23 financial year and its position at year end of 31 March 2023. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23: based upon International Financial Reporting Standards (IFRS).

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

Unfunded benefits recoverable

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

Unfunded benefits payable

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

Accruals of income and expenditure

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

- Levy income is accounted within the financial statements when the income is due.
- Administration costs are recorded as expenditure when the service has been provided.

Where income or expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.

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 Residual Liabilities Accounts

For the year ended 31 March 2024

Notes to the Residual Liability Accounts (continued)

The majority of the cash is invested in the GLA Group Investment Scheme (GIS) that has been authorised by the Mayor. The GIS Treasury Management Strategy Statement (TMSS) sets the annual investment strategy. The TMSS restricts at least 90% of the portfolio to institutions with investment grade credit ratings.

Provisions

Provisions are included in the Financial Statements in accordance with the CIPFA code, per IPSAS 19 (International Public Sector Accounting Standards Board Standard 19) which follows the provisions of IAS 37, where an event has taken place that gives LPFA an obligation that in probability, may require 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 using an appropriate discount rate. When payments are eventually made they are charged directly to the provision set up on the balance sheet. 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.

Overheads

Directly attributable overheads are charged to the appropriate service areas within the Residual Liabilities Account.

Interest on balances

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

Financial assets / liabilities

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 Balance Sheet, 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.

Reserves

LPFA sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. Where expenditure to be financed from a reserve is incurred, it is charged to the Income and Expenditure Account and the reserve is then appropriated back also so that there is no net charge to LPFA at this point.

General fund reserve

The General Fund reserve is used to fund unexpected short term costs, principally relating to asbestosis claims.

Certain reserves are kept to manage accounting processes and do not represent usable resources for LPFA. This is the pension reserve.

Pension reserve

The Pension Reserve is not cash backed and represents the actuarially calculated deficit between the value of all pension liabilities and the pension assets held.

London Pensions Fund Authority

Statement of Residual Liabilities Accounts

For the year ended 31 March 2024

Notes to the Residual Liability Accounts (continued)

Accounting for retirement benefits

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

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

These liabilities reflect the current actuarial value of future payments and do not affect income and expenditure in 2022-23.

The change in the net pension liability is analysed into the following components:

- Current service cost: the increase in pensions liabilities as a result of a year's service;
- Past service costs: The increase in liabilities as a result of changes to plan arrangements in the current year with subsequent effects to years of service earned by the employee in previous years;
- Interest cost: the increase in the present value of the liabilities during the year as a result of moving one year closer to being paid;
- 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; and
- Unfunded pension payments: the decrease in scheme liabilities due to payments made to pensioners in the year.

Note 3. Financial risk management

The LPFA activities expose it to a variety of financial risks in respect of financial instruments. These have been outlined in the financial statements of the pension fund.

Note 4. Segmental information

Management do not report segmental information in their monthly management accounts, hence the financial statements for the Residual Liabilities Account have been presented reflecting the non-segmental nature of the entity's operations.

Note 5. Asbestosis provision

The GLC is responsible for the settlement of claims made by former employees of the GLC and the ILEA who have become injured as a result of exposure to asbestos. Due to the long periods over which this illness can lay dormant the normal deadline for submitting injury claims has been waived. This means that the LPFA has liabilities estimated to last until about 2035. A provision has been established for the injury claims. The provision is based on knowledge of existing claims and estimates of future claims' liabilities. The costs have been estimated in discussion with our legal advisers and take into account previous experience of claims over the last 21 years. The costs are met through the levy on the London boroughs. The future profile of claims is used to smooth any changes in the levy to, as far as possible, limit any changes to the levy, until it gradually decreases as the final liabilities are met. The LPFA does not fund these costs as they are passed on to the appropriate Greater London or Inner London Borough Councils who have a legal duty to reimburse the LPFA. As there is certainty that these costs will be reimbursed the future costs are offset by the reimbursed future income in the Comprehensive Income and Expenditure Statement and are shown separately on the balance sheet of the Residual Liability.

London Pensions Fund Authority

Statement of Residual Liabilities Accounts

For the year ended 31 March 2024

Notes to the Residual Liability Accounts (continued)

Note 6. Critical accounting estimates and judgment

There are no critical judgements except those involved in the following estimates:

Pension liability

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

Provision

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

Item	Uncertainties	Effect if actual results differ from assumptions
Unfunded pension liability	Estimation of the net liability to pay pensions depends on a number of complex estimates relating to the discount rate used, salary increases, changes in retirement ages, mortality rate, and returns on fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	For Instance: a) a 0.1% increase in the discount rate would reduce the present value of the total obligation by £0.75 million. The rate has been on an upward trend since 2021, and has increased by over 2% to 4.8% for 2023. b) a 0.1% increase in long term pension increase would increase the present value of the obligations by £0.78 million c) a 1 year increase in life expectancy would increase the present value of the obligation by £4.6 million. More details on the assumptions are shown in note 10.
Asbestosis provision	The calculation of the asbestosis provision involves a number of key estimates. These are the estimation of the number of asbestosis claims made in each future year, the average cost of each claim which is impacted by the period used for averaging, how these costs will increase over time and the discount rate used to calculate the present value of the liabilities. Legal advisors are engaged to provide an estimation of the number of claims and the average cost. Actuaries are engaged to provide an estimation of how these costs will increase and to provide the discount rate to calculate the present value of the liabilities.	The rate of increase in the claims each year is assumed to be 2.75% based on actuarial advice. If inflation was increased by 0.1% to 2.85% the provision would increase by £29k The discount rate used to calculate the present value of the liability was 4.8% based on actuarial advice. If the rate was increased by 0.1% to 4.9% the provision would reduce by £34K.

London Pensions Fund Authority

Statement of Residual Liabilities Accounts

For the year ended 31 March 2024

Notes to the Residual Liability Accounts (Continued)

Note 7. Unfunded benefits recovered

Year to 31 March 2023			Year to 31 March 2024		
Greater London	Inner London	Total Asbestosis Provision	Greater London	Inner London	Total
£'000	£'000	£'000	£'000	£'000	£'000
10,318	13,065	23,383	1,000	7,000	8,000
5,151	9,189	14,340	4,906	9,022	13,928
15,209	21,911	37,120	5,906	16,022	21,928

Note 8. Unfunded benefits payable

Year to 31 March 2023			Year to 31 March 2024		
Greater London	Inner London	Total Asbestosis Provision	Greater London	Inner London	Total
£'000	£'000	£'000	£'000	£'000	£'000
(3,360)	(287)	(3,648)	181	502	683
5,144	9,213	14,358	4,906	8,949	13,855
1,784	8,926	10,710	5,087	9,451	14,538

Note 9. Administration costs

Year to 31 March 2023			Year to 31 March 2024		
Greater London	Inner London	Total Asbestosis Provision	Greater London	Inner London	Total
£'000	£'000	£'000	£'000	£'000	£'000
237	320	557	253	340	593
237	320	557	253	340	593

The administration costs are the costs charged to the Residual Liabilities accounts from the Operational Accounts and comprise a share of the costs relating to administering the Residual Liabilities responsibilities.

London Pensions Fund Authority

Statement of Residual Liabilities Accounts

For the year ended 31 March 2024

Notes to the Residual Liability Accounts (Continued)

Note 10. Retirement benefit obligations

	31 March 2023			31 March 2024		
	Greater London	Inner London	Total	Greater London	Inner London	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Retirement benefit obligations						
The amounts recognised in the balance sheet are determined as follows:						
Present value of funded obligations	-	-	-	-	-	-
Impact of asset ceiling	-	-	-	-	-	-
Present value of unfunded obligations	44,297	91,570	135,867	33,753	67,160	100,913
Unrecognised past service costs	-	-	-	-	-	-
Pension Liability	44,297	91,570	135,867	33,753	67,160	100,913
The movement in the present value of unfunded obligations over the year is as follows:						
At 1 April 2022	44,297	91,570	135,867	37,105	74,258	111,363
Current service cost	-	-	-	-	-	-
Interest cost	1,089	2,267	3,356	1,665	3,350	5,015
Change in financial assumptions	(8,753)	(19,251)	(28,004)	461	977	1,438
Change in demographic assumptions	(1,810)	(2,741)	(4,551)	(543)	(1,067)	(1,610)
Past Service Costs			-			-
Experience loss/(gain) on defined benefit obligation	7,173	11,259	18,432	(29)	(1,336)	(1,365)
Unfunded pension payments	(4,891)	(8,846)	(13,737)	(4,906)	(9,022)	(13,928)
At 31 March 2024	37,105	74,258	111,363	33,753	67,160	100,913

Statement of Residual Liabilities Accounts For the year ended 31 March 2024

Notes to the Residual Liability Accounts (Continued)

Note 10. Retirement benefit obligations (continued)

Life Expectancy from age 65 (years)

Greater London:

The assumed life expectations from age 65 are:		31 March 2023	31 March 2024
Retiring today:	Males	21.3	21
	Females	23.6	23

Inner London:

The assumed life expectations from age 65 are:		31 March 2023	31 March 2024
Retiring today:	Males	21.2	21.0
	Females	23.2	23

Statement of Residual Liabilities Accounts For the year ended 31 March 2024

Notes to the Residual Liability Accounts (Continued)

Note 10. Retirement benefit obligations (continued)

	31 March 2023			31 March 2024		
	Greater London	Inner London	Total	Greater London	Inner London	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts recognised in the income statement are as follows:						
Service cost	-	-	-	-	-	-
Administration expenses	-	-	-	-	-	-
Net interest on the defined liability (asset)	1,089	2,267	3,356	1,665	3,350	5,015
Total	1,089	2,267	3,356	1,665	3,350	5,015
Re-measurements in other comprehensive income						
Change in financial assumptions	(8,753)	(19,251)	(28,004)	461	977	1,438
Change in demographic assumptions	(1,810)	(2,741)	(4,551)	(543)	(1,067)	(1,610)
Experience (gain)/loss on defined benefit obligation	7,173	11,259	18,432	(29)	(1,336)	(1,365)
Changes in effect of asset ceiling	-	-	-	-	-	-
Re-measurements	(3,390)	(10,733)	(14,123)	(111)	(1,426)	(1,537)

Financial assumptions for GL and IL:

	31 March 2022	31 March 2023	31 March 2024
	%p.a.	%p.a.	%p.a.
Pension increases (CPI)	3.60	2.80	2.85
Discount rate	2.60	4.80	4.70

London Pensions Fund Authority

Statement of Residual Liabilities Accounts

For the year ended 31 March 2024

Notes to the Residual Liability Accounts (Continued)

Note 10. Retirement benefit obligations (continued)

Sensitivity analysis for Greater London:

	£'000	£'000	£'000
Present value of total obligation		37,105	
Sensitivity to	+0.1%		-0.1%
Discount rate	36,865		37,347
Pension increases and deferred revaluation	37,352		36,860
Sensitivity to	+ 1 Year		- 1 Year
Life expectancy assumptions	38,622		35,648

Sensitivity analysis for Inner London:

	£'000	£'000	£'000
Present value of total obligation		74,258	
Sensitivity to	+0.1%		-0.1%
Discount rate	73,745		74,778
Pension increases and deferred revaluation	74,788		73,735
Sensitivity to	+ 1 Year		- 1 Year
Life expectancy assumptions	77,294		71,342

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

Notes to the Residual Liability Accounts (Continued)

Note 11. Asbestosis Provision

2022-23			2022-24			
Greater London	Inner London	Total	Asbestosis Provision	Greater London	Inner London	Total
£'000	£'000	£'000		£'000	£'000	£'000
(9,007)	(1,279)	(10,286)	At 1 April	(6,981)	(1,526)	(8,507)
1,577	(339)	1,238	Decrease to provision	(181)	(502)	(683)
449	91	540	Amount used during the year	244	492	736
(6,981)	(1,526)	(8,507)	At 31 March	(6,917)	(1,537)	(8,454)
(5,659)	(804)	(6,463)	Non-current	(4,898)	(1,071)	(5,969)
(1,322)	(722)	(2,044)	Current	(2,019)	(465)	(2,484)
(6,981)	(1,526)	(8,507)		(6,917)	(1,537)	(8,454)

London Pensions Fund Authority

Statement of Residual Liabilities Accounts

For the year ended 31 March 2024

Notes to the Residual Liability Accounts (Continued)

Note 12. Reconciliation of non-cash movements

2022-23			2022-24		
Greater London	Inner London	Total	Greater London	Inner London	Total
£'000	£'000	£'000	£'000	£'000	£'000
(3,802)	(6,579)	(10,381)	(3,242)	(5,672)	(8,914)
(149)	(264)	(413)	(174)	(557)	(730)
402	1,326	1,728	188	700	888
(217)	(112)	(329)	(2,716)	(1,395)	(4,111)
(4,487)	(407)	(4,894)	(64)	11	(53)
(8,253)	(6,036)	(14,289)	(6,008)	(6,912)	(12,920)

Note 13. Related party transactions

The LPFA Pension Fund Accounts and the LPFA Operational Accounts are related parties. The LPFA Operational Accounts, being the administering authority of the LPFA pension fund and Residual Liabilities accounts and transactions relating to such are reflected in their accounts. During the year the LPFA Operational Account recharged costs totalling £563k (2022: £557k) to the LPFA Residual Liabilities accounts.

Note 14. Cash and cash equivalents

31 March 2023			31 March 2024		
Greater London	Inner London	Total	Greater London	Inner London	Total
£'000	£'000	£'000	£'000	£'000	£'000
47,063	20,767	67,830	45,390	19,524	64,914

Note 15. Debtors

31 March 2023			31 March 2024		
Greater London	Inner London	Total	Greater London	Inner London	Total
£'000	£'000	£'000	£'000	£'000	£'000
4	1	5	4	110	114
129	1,395	1,524	303	1,843	2,146
133	1,396	1,529	307	1,953	2,260

London Pensions Fund Authority

Statement of Residual Liabilities Accounts

For the year ended 31 March 2024

Notes to the Residual Liability Accounts (Continued)

Note 16. Creditors

31 March 2023			31 March 2024		
Greater London	Inner London	Total	Greater London	Inner London	Total
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	268	708	976
113	6	119	33	(1)	32
113	6	119	301	706	1,007

Note 17. Financial instruments

The Residual Liabilities account only holds cash as mentioned in note 14 above as well as payables and receivables, these are covered in notes 15 and 16.

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

Note 18. Post balance sheet events

There were no material events after the balance sheet date.