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London Pensions Fund Authority Strategic Policy Statement

May 2022



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London Pensions Fund Authority

Strategic Policy Statement 2021-24

About the Strategic Policy Statement

The Strategic Policy Statement (SPS) outlines the LPFA's vision, aims and behaviours. It summarises and updates our objectives and sets out our strategic priorities from April 2022 to March 2025. Since 8 April 2016, many of the LPFA's functions have been carried out by the Local Pensions Partnership Ltd (LPP Group) under a Service Level Agreement (SLA), and this SPS includes oversight of those activities.

This statement is prepared in accordance with section 402 of the Greater London Authority Act 1999. The Act requires the LPFA to prepare two documents covering the next three financial years. Both documents must be submitted to the Mayor for comment by 31 December preceding the start of each financial year.

The documents are:

- **The Strategic Policy Statement (SPS):** details our strategic aims for the financial years 2022-2025. Our programmes flow from this main strategy.
- **The Medium-Term Financial Plan (MTFP):** this draft budget details the financials for the financial years 2022-2025, specifies the amount of any levy which the LPFA proposes to make (in keeping with levying bodies regulations) for that financial year, and sets out the resources required to deliver the outcomes for LPFA and any charges for associated services provided by LPP Group.

LPFA's vision

"As a pension fund, we are stewards of the future. Primarily stewards of our members' financial future, ensuring robust pension provision. Furthermore, how our members' funds are invested also impacts the future of our economy, our environment, our society and therefore our members' future.

We take this broader responsibility seriously, as a commitment to future generations and to the shape of today's world. Consequently, we regularly look at the urgent major environmental and social issues facing the world and work to ensure we are positively influencing them.

Our ongoing major focus is on the climate emergency and how we can invest member funds to mitigate the financial risk from climate change, influencing the broader economy via our engagement opportunities and clearly communicating both our approach and our progress. As a responsible investor, it is important that the LPFA plays its part in tackling these ethical, financial and moral issues."

Introduction from John Preston, LPFA's Chair

The last couple of years have been extraordinary by any standards, presenting significant challenges to all of us. Nonetheless, I am delighted that the LPFA's financial position remains strong, with our assets growing to £6.9 billion at 31 March 2021 (our last year-end). This position reflects the robust strategic foundations we have put in place over many years, and the determination of the LPFA Board both to ensure that all our members receive the pensions to which they are entitled, and that we maintain stability of contributions for our many employers.

Effective governance, including diversity of thought, is a fundamental part of our strategy, and I am therefore delighted both at how well our new Board members have fitted into to their roles, and at how the Board is working together as a whole. In addition, as we have outsourced both our investment and administration functions to subsidiaries of the LPP Group, a 50/50 joint venture with Lancashire County Council (LCC), our oversight of the LPP Group is a key priority and considerable time and effort are therefore devoted to this task.

The Board has been supportive of the LPFA bringing a number of services back in-house during the year, some because we had no choice, and others because we anticipated either cost savings or enhanced performance. This has generally gone well, and further comment is made in the CEO's Report.

Looking ahead, the financial, business and regulatory landscape is such that we anticipate a very significant amount of work will be required from the LPFA Board, and the entire team, to ensure we deliver the high performance our members, employers and stakeholders have a right to expect. As a priority, we will be focusing on developing our themes of both sustainability and collaboration. Working with Robert Branagh, our CEO, we are particularly keen to enhance our relationships with other administering authorities and Local Government Pension Scheme (LGPS) investment pools to develop best practice.

Responsible Investment (RI) in general, and responding to the climate emergency in particular, are priorities for all LPFA Board members, and we will continue to work to ensure the LPFA makes a leading contribution to addressing these vital challenges.

Having witnessed the launch of the London Fund at the beginning of the year, with the LPFA as the seed investor, it has been very pleasing to see both investment and continuing interest from other administering authorities. We hope to see this Fund continue to grow going forward and will continue to look for opportunities to deliver a "double bottom line" of delivering strong investment returns and supporting London's broader infrastructure.

Statement from Robert Branagh, LPFA's CEO

Having made solid progress last year against a difficult working environment, I am hugely supportive of the Board's ongoing vision, and our continuing commitment to collaboration and sustainability across all our activities. Each year brings its own challenges for the LPFA, but the next three years of this SPS period may well require us to navigate an exceptionally challenging period in public finance coupled with lower investment returns and undiminished liability risks. We will also be supporting London's green and fair recovery from the impacts of the pandemic, as well as fulfilling our commitments on climate change and responsible investment more broadly.

2022 will see the next Actuarial Valuation of our assets and liabilities, and although we are presently well funded, we need to consider our ability to pay pensions not just for the next three years, but for the next 10, 20 or 30 years into the future. To help our employers through this process, and support them on an ongoing basis, we have invested in a team of experienced employer management specialists to work with our employers alongside increasing communication and engagement with them more generally.

We still use LPPA to deliver a lot of communications and, supported by our own, highly professional communications team, we have and will continue to deliver significant output, information, support and engagement with our employers and members alike. Within the LPFA, we will build on lessons learnt and feedback from our first member survey for many years, the recent Member Forum and interactions via social media channels. Over the next few years, those employers and members will also benefit from the delivery of a new pensions software system at LPPA, and we will have an opportunity to enhance service to employers and members by better usage of technology without losing that excellent customer service that is so important to all of us.

Together with LCC colleagues, we are of course the joint shareholders of LPP and whilst pleased with the progress of LPP strategically (demonstrable savings, good returns, completion of pooling amongst other things), much of our attention over the next few years will be on the support and oversight of the two subsidiary businesses in administration and investment. The work LPPI have done with London LGPS CIV Ltd (LCIV) to collaboratively establish the London Fund, and the fact that LPPA looks after over 600,000 members of 15 other clients, as well as its ultimate shareholders, is particularly pleasing. Together with the Chair, I will be undertaking more external engagement with the wider LGPS and pooling community to learn lessons, share best practice and collaborate on sustainability for the benefit of our members and employers in the years to come.

As the LPP Group increasingly focuses on its two core businesses, it is no longer able to fully support the LPFA in some of its corporate services/back-office functions, and that is contributing to the return of these functions to the LPFA itself. The building and embedding of capabilities and capacity of internal LPFA resources will be complete during the first year of this SPS timeframe, and we will work hard to ensure that appropriate value for money and expertise to provide a high-quality service is blended together successfully. Further detail of how we will be organised, and what we will deliver is set out later, but I remain committed to maximising outcomes for members, employers and wider stakeholders over the next three years.

A continued commitment to collaboration

Collaboration with other administering authorities in the LGPS and others in the pensions industry is important to our Fund's future, the financial health of our members and employers, and the wider UK's pensions system. All LPFA team members are encouraged to develop their networks and contacts outside the LPFA. The crux of our collaboration – our partnership with LCC – as equal joint shareholders of the LPP Group, continues to work well and bear fruit. We will collaborate closely with LCC to develop strong operational efficiencies within the LPP Group and its two business subsidiaries, LPPI and LPPA. We will maintain and enhance the positive working relationships with the Royal County of Berkshire Pension Fund (RCBPF), LPP Group itself, GLIL Infrastructure LLP (GLIL) and the Greater London Authority (GLA).

Externally, too, we are broadening our network to seek other opportunities to collaborate with like-minded organisations. We support the C40 Cities Invest/Divest programme, and we regularly engage with other members to share learning and discuss progress. We also actively engage with the Pensions and Lifetime Savings Authority's (PLSA) Local Authority Committee and the Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Panel.

We have developed strong relationships with several organisations in the pensions sector, including many of the pensions media, the Accounting for Sustainability and the Pensions Archive Trust. We are also seeking to develop consistent and productive dialogues with lobby groups such as Share Action and Make My Money Matter. In all forums and in our professional lives, we will continue to advocate for effective LGPS governance, pooling, RI and collaboration, while seeking opportunities both to learn from others and to share our knowledge to benefit members, employers and the sector.

In 2022 we will continue to seek opportunities to collaborate with the wider LGPS community even more and raise our profile further where it would benefit our employers, members, the LPP, or wider stakeholders.

Whilst Board members will be encouraged to support this, much of the activity will initially rest with the CEO and Chair.

Ensuring the Fund's financial sustainability

A LGPS pension is a well recognised and valued employee attraction and retention tool for so many employees and employers, and maintaining the Fund's financial health is essential. However, we are aware of the financial pressure that LGPS membership can place on some employers. Delivering value for money remains important to the LPFA and we will continue to provide solid financial oversight ensuring that the overall costs of running the Fund - particularly costs from investment management, liability management and pensions administration - are robustly managed.

We will also continue to reap the benefits of 'pooled' investment arrangements provided by LPPI and, in addition to our oversight of their reporting performance to each LPFA Board meeting, we have independent assessment of LPPI performance via the Cost Transparency Initiative framework and the CEM Investment Management Benchmarking annual reporting. We are also changing our informal investment panel into a full committee of the Board with a remit to undertake deeper dives, and test oversight of, our investment portfolio and its management by LPPI.

As of March 2021, our assets under management were £6.9 billion. The Fund's five-year annualised investment return was 9.3 percent per annum (pa), relative to benchmark returns of 9.5 percent pa. We will also be undertaking the next Actuarial Valuation of our assets and liabilities as at 31 March 2022, and we are actively preparing for significant engagement with, and support to, our employers as part of this valuation.

Investing Responsibly

The LPFA Board believe (see page 1) that as the Fund has a long-term horizon, we must consider the impact of our actions on future generations alongside the emergence of new risks in the future. This view of the LPFA as a responsible investor is one welcomed by many of our members and stakeholders.

Our approach to RI is guided by some fundamental beliefs and guiding principles. As examples, we will:

- apply long-term thinking to deliver long-term sustainable returns;
- invest into well-governed assets to obtain such sustainable returns; and
- use an evidence-based, long-term investment appraisal to inform decision-making in the implementation of RI principles.

These beliefs are implemented through the stewardship arrangements by LPPI as our provider of advisory and investment management services. LPPI provides regular reporting on their RI progress. In the coming year, we will work with LPPI to further develop this reporting, to develop our priority RI themes and, where possible, collaborate with Lancashire County Pension Fund (LCPF) and RCBPF on any issues of mutual interest. We also support our ongoing RI activity by engaging with and supporting initiatives from the UN's Principles for Responsible Investment (PRI), and Climate Action 100+, alongside the Institutional Investors Group on Climate Change (IIGCC). We are also active members of the Local Authority Pension Funds Forum and fully support the ambitions and transparency of the Financial Stability Board's Taskforce on Climate Related Financial Disclosure (TCFD). With our support, LPPI has now voluntarily reported against TCFD for two years, sharing progress from the LPFA as well as LCPF and RCBPF climate related disclosures. In the spirit of collaboration, we will also seek to engage with more member and consumer- focused organisations to support initiatives that promote responsible investing.

We will continue to develop our own RI approach, particularly in relation to implementing our climate change policy. During 2021, we made a Net Zero by 2050 commitment as a pension fund via the IIGCC Framework, and in 2022 we will see significant work on our behalf to produce a transparent and detailed plan of how to achieve this and to determine an interim position in 2030. We will continue our engagement on Planet Mark with suppliers, influencing their commitment to sustainable procurement, as well as their indirect value chains. These activities support our goals to reduce the carbon footprint of our day-to-day operations and build a socially responsible working culture with both internal and external stakeholders.

Legislative background

The LPFA continues to operate in an increasingly regulated and managed environment. As well as the existing local authority and LGPS regulations, there is significant scrutiny, oversight and engagement from the Ministry of Housing, Communities and Local Government (MCHLG), the LGPS Scheme Advisory Board (SAB), the Government Actuary's Department (GAD) and The Pensions Regulator (TPR). TPR in recent years has increased its oversight of the governance and administration of LGPS (alongside all public service pension schemes). The recent Pensions Schemes Act 2021, although not directly related to LGPS, has increased TPR's powers, such as the issuing of financial penalty notices, and is part of an increasingly busy regulatory and governance system the LPFA has to operate in.

The SAB is also seeking to refine best practice for funds around governance, transparency, RI, and member experience. In response, our Board members and Executive Officers are encouraged to constantly update their knowledge and anticipate responding to new regulation, legislation and additional scrutiny. The LPFA has adopted the CIPFA Knowledge and Skills Framework and actively supports ongoing learning and development.

Pensions-related legal developments, most recently seen with the likes of the McCloud case, and HMT impact (via the cost cap mechanism), are also on the horizon. Having oversight of such matters, and ensuring our compliance and governance remains fit-for-purpose, will remain a key focus area for our Board supported by Helen Astle, our Chief Legal and Compliance Officer, who will also conduct detailed reviews of many of the existing pension administration compliance areas, such as complaints, errors, benefit settlement and helping members avoid scams. As ever, we never forget that we are here on behalf of our members and employers.

LPFA's behaviours

Our aims and objectives, outlined below, are guided by a range of expected behaviours set out by the LPFA Board in the 2019 SPS, but which remain appropriate today. These are to:

- strive to deliver the best for all our stakeholders,
- deliver results for our members, employers and stakeholders,
- create a supportive and high performing working culture,
- seek to collaborate internally and externally and
- act with integrity whilst building trust and promoting openness.

LPFA's corporate objectives and future strategic direction

The LPFA aims to deliver LGPS services to a high quality and in a cost-effective and efficient way. In doing so, it is our intention that we continue to use the LPP Group for some of these services on our behalf. Assets held by the LPFA Fund will continue to be managed by LPPI and member pensions administration will continue to be delivered by LPPA. Our wider communications and employer management service functions are now directly managed by the LPFA team, and work is underway to establish the best provision for aspects of the Funds' financial management services. As outlined by the CEO, this reallocation of selected services has resulted in several hundred thousand pounds of savings from last year, and provides an opportunity for greater control over defining the quality of services needed for the future. LPFA will continue to use its position as an active shareholder of the LPP Group to assist the LPP Group's effective development as an administration and an investment business.

Our overriding priority, of course, remains the delivery of pensions for our members in a secure, sustainable and cost-effective way. In a challenging economic, regulatory and political landscape, this requires constant attention. As well as responding to any legislative and regulatory changes, our efforts will be focused on three core pillars below. These are explored in more depth on pages eight and nine, but are essentially:

- Evolving our investment and liability management,
- Working in partnership and improving collaboration; and
- Building stronger operational efficiency and robust shareholder activity.

As mentioned earlier, the LPFA seeks to contribute and collaborate with, as well as learn from other LGPS funds and pools, local authorities and the wider pensions community and, particularly, to assist, where possible, any facilitation of growth in LGPS collaborations. For example, the LPFA's Employer Management Services team engages with other LGPS Funds to share best practice in relation to employer interactions.

Strategic management of LPP Group

The strategic management of the LPP Group covers all three pillars and, as one of our principal activities, our thoughts on its success factors, along with its continued progress and plans, are summarised below.

This collaboration with LCPF/LCC has achieved a pool of assets in the LPP Group worth almost £21 billion during 2021 and, unlike many other pools, all assets have been transferred into the pooled arrangements. As a shareholder in LPP, the LPFA will continue to be active, overseeing and supporting both LPPI and LPPA, and will ensure that the LPP as a group is supported in its long-term financial and structural sustainability. As such, significant oversight will be given to the LPP Group services particularly Investment, Pensions Administration, Engagement and Governance.

As a client, we will continue to monitor costs and value for money for the services that we receive from the LPP Group. We will also continue to fulfil our statutory role, ensuring compliance with the monitoring and reporting arrangements that have been put in place.

Oversight of, and support to LPPI

Unlike many other pools, LPPI manages all client assets and provides strategic investment advice to clients. During 2021, we reviewed all aspects of our investment strategy with support from LPPI. We continue to ensure our funding plans are sustainable by actively monitoring the funding position and putting in place a Funding Risk Management Framework, which includes forward-looking risk metrics. This activity will be given added focus as a result of the triennial valuation of the LGPS, which is due as at 31 March 2022.

Alongside this funding and investment activity, we will continue to work with LPPI to enhance their RI and Net Zero approach.

Oversight of, and support to LPPA

2022 will remain important for the way in which pensions administration services are provided to the LPFA and other LPPA clients. This is of particular strategic importance as LPPA aim to deliver a new pensions administration system to all their clients, including the LPFA during the year. Project Pensions Administration Core Evolution (PACE) will see an improvement in member and employer experience, but is significantly large to merit additional support and monitoring by the LPFA. LPPA service delivery has remained resilient and has consistently performed in excess of the SLA, despite the challenges of COVID-19. Further resilience and control will be built into the operation for the next three to five year period once PACE has been successfully delivered, and we continue to plan for the best administration service we can provide for our members. We will continue to support LPPA as they strengthen their use of technology, automation, process and internal controls, and develop a culture of high-quality, digital member-focused work.

The future focus of the LPFA's senior leadership

The next few years will require significant additional Fund activity, particularly as we have insourced activities and resources over 2021, alongside more LPP development oversight as LPPI and LPPA continue their journey.

A number of key individuals within the LPFA assist with managing the Funds' increasing regulatory and pension related activities and provide oversight of the LPP Group. Team members will continue to identify any areas that might be processed more efficiently. A summary of the focus areas of the current senior leadership team are listed below.

Chief of Staff, People and Business Management

Anastasia Klimenko is the LPFA Chief of Staff and is focused on managing the breadth of the LPFA internal business function, ensuring appropriate oversight of the business as usual (BAU) activity and participating fully and, where appropriate leading, in the development and delivery of business-critical initiatives and strategic projects. As well as providing support to the Office of the LPFA CEO and Chair, Anastasia will focus on driving efficient implementation of operational decisions and communication across the LPFA teams, ensuring the LPFA is a premium and cost-effective organisation. Additionally, responsibility for the LPFA People Strategy and supporting the development of resources within LPFA will require significant attention during 2022. Anastasia is a Principal Officer of the LPFA.

Legal, Compliance and Governance

Helen Astle, as the LPFA's Chief Legal and Compliance Officer, will continue to lead on the development of the LPFA's approach to governance and compliance in 2022. Focus areas for the coming year include:

1. Embedding the recently approved Compliance Framework, which sets out the LPFA's approach to compliance and regulation, including roles and responsibilities, methodology, horizon scanning, escalation, and reporting lines;
2. Maintaining an up-to-date Assurance Map to ensure the Fund continues to meet requirements set out by the TPR, our Constitutional document and other bodies.
3. Recruiting a Compliance and Regulation Manager who will assist in the development and implementation of a compliance monitoring programme;
4. Working with the LPFA Chair and CEO to ensure that key governance processes and documentation, such as the Scheme of Delegations, are current and fit-for-purpose given the expansion of the LPFA team;
5. Developing data protection policies and focusing on ensuring fit for purposes processes in relation to the LPFA taking back some of the corporate functions from the LPP Group;
6. Renegotiating the LPP Group SLA in regard to pensions administration; and

7. Continuing to maintain positive relationships with LPPI and LPPA and further developing reporting that will provide evidence of assurance. While the creation of the two business subsidiaries has not increased the risk of non-compliance for the LPFA, it does require additional LPFA management time to ensure compliance across both companies.

Helen is a Principal Officer of the LPFA and acts as its Monitoring Officer.

Finance

Michelle King, as Finance Director, has responsibility for the financial oversight of the LPFA, ensuring that robust financial control and governance is in place. Areas of focus in the coming years relating to financial management include:

1. Developing the financial strategy to support the effective and efficient running of LPFA;
2. Monitoring the financial benefits of the LPP Group and understanding the financial risks and liabilities that may impact on the Pension Funds.
3. Leading relationship management with external auditors, ensuring arrangements meet the needs of the LPFA and deliver value for money;
4. Leading relationship management with the internal auditors, ensuring the function is effective and supports the role of the Audit and Risk Committee (ARC);
5. Supporting the LPFA's commitment to remaining a well-run fund by focusing on continuous professional development and good practice;
6. Leading on the development and execution of the MTFP for the Pension Funds and being responsible for the production of the LPFA accounts; and
7. Establishing a repurposed LPFA finance function to deliver cost and process efficiencies by building a team and streamlining processes.

Michelle is also a Principal Officer of the LPFA and acts as its s151 Officer.

Funding and Risk

Peter Ballard, as LPFA Funding and Risk Director, has responsibility for underpinning risk management across the LPFA. Areas of focus in the coming years will include:

1. Implementing the LPFA's Employer Risk Management Framework, which was published in October 2021, in preparation for the 2022 funding valuation;
2. Improving engagement with the Fund's employers, ensuring a best-in-class employer management function responsive to the needs of our employers;
3. Managing the 2023 triennial valuation, including developing the LPFA's Funding Strategy Statement;
4. Reviewing the treatment of risk throughout the LPFA as an organization;
5. Delivering the LPFA's Investor Climate Action Plan, consistent with our commitment to net zero greenhouse gas emissions by 2050; and
6. Acting as lead officer overseeing LPFA's investments and relationship with LPPI. Peter is also a Principal Officer of the LPFA.

Communications and Engagement

Alistair Peck is Head of Communications and Engagement and leads on branding, refreshing of our social media channels, press activity and direct-to-member email communications. 2022 will see a continued focus on the following areas:

1. Ongoing development of the corporate website and social media channels to meet the needs of LPFA employers, members and stakeholders;
2. Implementing the learnings from the comprehensive 2021 member survey to improve member engagement;
3. Improving the visual appearance of all LPFA communications material and raising the public profile of the LPFA, including to help members understand the difference between LPFA and LPP brands;
4. Improving data and insight on the effectiveness of LPFA and LPP communications to ensure value for money and influence communications strategy;
5. Contributing to the LPFA's corporate social responsibility plan, including the LPFA's reaccreditation by the Planet Mark and the related supplier sustainability programme; and
6. Collaborating with the LPP on the adoption of digital communications with stakeholders and members to help reduce costs and broaden understanding of the Fund's activities.

Tracking our progress against LPFA's corporate objectives

At the September 2021 Board Awayday, the LPFA's priorities and strategic direction were agreed, and they were subsequently ratified at the Board meeting held on 19 October 2021. These continue to be an evolution of last year's strategy and objectives,

and set out below is a progress update against those. Supporting the themes of collaboration and sustainability, as outlined in the CEO's Statement, the main outputs and objectives to be achieved between 2022/25 are outlined in the table below.

Evolution of investment and liability management	Partnership working and wider collaboration	Operational efficiency and robust shareholder
Green: Completed (or ongoing as now part of BAU)		
<ul style="list-style-type: none"> To focus on investment risk, including environmental, social and governance (ESG) issues and increased engagement with other stakeholders. To implement a new RI strategy and enhance transparency and return from our Climate Change Policy. Develop concept of a collaborative London Fund with potential investors. Whilst continuing our commitment to the collaborative infrastructure vehicle, GLIL, work with LPPI to identify suitable opportunities for increased investment in London's infrastructure and housing across the LGPS. Ensure all eight investment pooled vehicles are in operation. To manage investments to meet our liabilities over the long term through the monitoring of delegated investment performance and risk. Deliver stable contributions and funding requirements from the 2019 Valuation. Deliver the payment of pensions based on effective investment strategies that demonstrate responsibility as well as performance. Implement risk monitoring via LPP Group with a focus on key issues including ESG factors 	<ul style="list-style-type: none"> Develop and implement extensive internal and external communication plans around sustainability and collaboration. Continued engagement and co-operation with other national funds and particularly, London based Funds, such as LCIV and others. Demonstrate the continuing benefit of partnership working with LCC as a model owner of a highly effective pool. Achieve collaboration with other LGPS Funds and/or London pension entities, either in a support, servicing or sharing of best practice capacity. Promote LPFA's approach within the sector seeking greater engagement and collaboration as part of a wider refresh of LPFA's messages and communications strategy. Develop relationships with a wider range of organisations that can help LPFA improve, such as Share Action, ClimateAction100+, C40, LAPFF and SAB. Continue to work with LCC and RCBPF for wider business benefit, shared learnings and contribution to LGPS and wider pension system. Play a leading role in protecting LPFA interests, but also ensuring good client experiences as a recipient (alongside LCPF and RCBPF) of LPP Group's service offerings. Improve communications to better communicate with the marketplace ensuring the delivery of value to members and recognition of a sustainable pension fund. Successful TUPE of Finance Team from LPP to LPFA and implementation of the new financial system. Oversee the development of the new financial system to ensure the system operates effectively and consistently. 	<ul style="list-style-type: none"> Using LPFA's position as shareholder with LCC, ensure efficient and quality pensions administration, investment and employer risk services. Ensure enough resources and resilience are available within LPFA and LPP Group to implement future strategy. Enhance the shareholder relationship and ensure LPP Group are operating effectively and meeting their obligations under the Shareholder Agreement. Ensure compliance with key partnership documentation. Review and monitor financial management of LPP Group. Monitor key performance indicators and SLA delivery to ensure key targets are met. Work with LCC in the oversight and development of LPP Group, principally in the consideration of the latest 5-year strategy for LPP Group. Consider any structural changes or governance reorganisation of LPP Group as part of the strategy refresh. Review and implement next steps for LPP Group operational efficiency by 2020 in line with the shareholder robustness and resilience into investment operations. Oversee the development of a new Pensions Administration service that retains the benefits of the old system, particularly around service quality, but is cost effective and robust going forward. To ensure consistently high levels of service delivery.
Amber – Started/Progressing		
<ul style="list-style-type: none"> Effective implementation of revised Strategic Asset Allocation (SAA) to ensure long term funding needs are met. Achieve investment returns in excess of the Policy Portfolio Benchmark. Carry out a funding valuation, as at 31 March 2022, including implementation of revised contributions with each employer. Implement risk monitoring via LPP Group with a focus on key issues including ESG factors. Work with industry peers to improve quality and frequency of data in areas such as ESG to facilitate this monitoring. 	<ul style="list-style-type: none"> Increase participation in national or specialist areas of ESG/RI/Good Governance initiatives and pensions management. Identify and implement partnering opportunities to enable growth in assets under management or increased effectiveness of the LPP Group and ensure that a detailed business case demonstrating potential risks and benefits is undertaken as part of that process. Continue to identify specific functions and responsibilities where insourcing or closer co-operation with other stakeholders might result in improved efficiencies or benefit. 	<ul style="list-style-type: none"> Move LPP Group from a 'benefit of pooling strategy' to one of benefiting shareholders and demonstrating progress towards LPP Group financial self-sufficiency. Demonstrate an effective LPFA management team operating in balance with the Board, shareholders, LPP Group, GLA and other stakeholders. Ensure compliance with TPR Code of Practice 14 requirements, aspects of the wider LG or corporate governance standards for the benefit of LPFA and any other regulatory requirements.

Key Performance Indicators

The LPFA's range of Key Performance Indicators (KPI) is based on locally and nationally set performance measures, which mirror the strategic direction of the organisation. Our aim is to measure, as far as practicable, our data quality, the outcomes of our strategic deliverables, and of our administration, both in terms of what we have achieved and how effectively we deliver these outcomes.

Corporate Indicators (reported annually year on year)

The results of the following indicators can be found in more detail in our Pension Fund Annual Report 2020/21, which is available on the website.

For further information, please email corporate@lpfa.org.uk

Area	Detail
Asset pooling disclosures	<ul style="list-style-type: none"> • Including set up and transition costs
Costs	<ul style="list-style-type: none"> • Per member • Gross/net • Cessation value – total at risk debt vs amount recovered
Asset and liabilities management (reported quarterly and annually year on year) surplus/(deficit)	<ul style="list-style-type: none"> • Absolute • Percent of total liabilities • Change in liabilities
Source of changes	<ul style="list-style-type: none"> • Member changes • Payments • Contributions • Income • Interest rates • Inflation • Longevity • Capital values • Change in assets
Risk	<ul style="list-style-type: none"> • Interest Rates (IR) Sensitivities to changes in the Interest rates expressed as the change in the present value of the liabilities for each 1 basis point (0.01%) change in interest rates. • CPI Consumer Price Index. Sensitivities to changes in UK Inflation expressed as the change in the present value of the liabilities for each 1 basis point (0.01%) change in the inflation rate. • Equity market (Sensitivities to changes in the equity market) Implementation and monitoring of LPFA policy statements on ESG issues
Pension Administration performance indicators	<p>Queries completed on Time:</p> <ul style="list-style-type: none"> • Top 10 case types completed on time once LPFA is in receipt of all the information – target 95% • Employer Services end of year queries <p>Top 10 case types:</p> <ul style="list-style-type: none"> • Top 10 case types and all other case types – time to complete as customer experience
Member and employer interactions	<p>Total membership:</p> <ul style="list-style-type: none"> • Number of active employers signed up to LPFA's pensions administration strategy • Number of members under administration • Number of year-end error rates • Amounts due from employers at the year end • Percentage of available information submitted online • Number of active members signing up to member self-service (MPO) • Percentage of members where LPFA holds an email address
	<p>Complaints:</p> <ul style="list-style-type: none"> • Complaints received • Number of complaints taken further – IDRPs • or Pension Ombudsman • Percentage of members satisfied with overall service