London Pensions Fund Authority

Corporate & Strategic Session

AGENDA

Date: Tuesday 16 December 2025

Location: Room 105, 10 Union Street, London, SE1 1SZ

Time: 12:15 – 16:50

No.	ITEM	CATEGORY	LEAD	TIME
Part A – Private Session **All agenda items in this private session contain exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It has been determined that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**				
1.	**Introductory Matters** i. Welcome & Apologies ii. Declarations of interest iii. Minutes of the meeting held on 30 September 2025 iv. Decisions by email since the last meeting v. Action Points	Inform Approve Note	J Preston A Durkan	12:15 (5min)
2.	**LPPA Client Feedback and Performance Update** *Verbal Update*	Update & Note	J Donnelly	12:20 (10min)
3.	**LPPI Client Feedback and Performance Update** *Verbal Update*	Update & Note	I Ahmad L Watson	12:30 (10min)
4.	**LPP Group Business Updates – Q2** i. LPP Business and Strategic Update ii. LPPI Client Performance Update iii. LPPA Client Performance Update iv. LPPA Shareholder Update v. LPPI Partner Fund Working Group Update (*verbal*)	Review and Note	C Rule J Darbyshire J Donnelly L Watson	12:40 (40min)
Lunch 13:20 – 13:50 (30min)				
5.	**LPFA Strategic Policy Statement and Medium-Term Financial Plan**	Review & Approve for submission to the Mayor	J Donnelly C Thompson	13:50 (30min)
Part B – Public Session				
6.	**Introductory Matters** i. Welcome to any public attendees	Welcome and Inform	J Preston	14:20 (5min)
7.	**Walkthrough and Demonstration of the Protecht Platform**	Training / Inform	J McKenzie	14:25 (20min)
8.	**Chief Executive Officer's Report**	Review and Note	J Donnelly	14:45 (20min)

Short Break 15:05 – 15:15				
9.	**Feedback from Audit and Risk Committee**	Review & Note	C Hall	15:15 (15min)
10.	**Feedback from Local Pensions Board**	Review & Note	J Donnelly	15:30 (10min)
11.	**Feedback from Investment Committee**	Review & Note	I Ahmad	15:40 (10min)
12.	**Finance Report (01/04/2025 –31/10/2025)**	Review & Note	A Allen-Chitwa	15:50 (10min)
13.	**Risk Management and Compliance Report**	Review & Note	M Anderson	16:00 (15min)
14.	**2025 Actuarial Valuation Update** *Verbal Update*	Inform	L Watson	16:15 (10min)
15.	**Residual Liabilities** i. Greater London and Inner London Levies	Review & Note	L Watson	16:25 (10min)
16.	**LPFA Forward Planner**	Review & Note	A Durkan	16:35 (5min)
17.	**Any Other Business** i. Date of next meeting: 26 March 2026	Inform	J Preston	16:40 (5min)
END				

Board Members	**Title**	**Attendance**
John Preston	LPFA Board Chair and LPP S/H NED	In Person
Irshaad Ahmad	LPFA Board Member and IC Chair	In Person
Cllr Ruth Dombey	LPFA Board Member	In Person
Conrad Hall	LPFA Board Member and ARC Chair	MS Teams
Tegs Harding	LPFA Board Member	In Person
Belinda Howell	LPFA Board Member	In Person
Mandy Kaur-Sadler	LPFA Board Member	In Person
Richard Olszewski	LPFA Board Member	In Person
Clare Scott	LPFA Board Member and LPP S/H NED	In Person
Luke Webster	LPFA Board Member	In Person

In Attendance		
Audrey Allen-Chitwa	LPFA Head of Finance and Accountancy	In Person
Mark Anderson	LPFA Director of Compliance and Risk	In Person
Jo Donnelly	LPFA CEO	In Person
Ashley Durkan	LPFA Governance Manager	In Person
Jason McKenzie	LPFA Compliance, Risk and Governance Officer	MS Teams (Item 7 Only)
Christina Thompson	LPFA S151 Officer	In Person
Lana Watson	LPFA Funding and Investment Director	In Person

LPP (Part A Only)

Jo Darbyshire	LPPA CEO	In Person
Joe Peach	LPPI Head of Client Management	In Person
Chris Rule	LPP / LPPI CEO	In Person

Corporate & Strategic Session

PART A

AGENDA

All agenda items in this private session contain exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It has been determined that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

London Pensions Fund Authority

Meeting of the LPFA Board – Corporate and Strategic Session – Part B

LPFA CEO Report

16 December 2025
Agenda Item 8

Authority & decision trail	**Decision trail:** LPFA CEO **Authority:** LPFA Board
Lead Officer: **Report contributor:**	Joanne Donnelly, LPFA Chief Executive Officer (CEO) joanne.donnelly@lpfa.org.uk Stephanie Whiley, LPFA Executive Assistant to CEO & Chair Stephanie.Whiley@lpfa.org.uk
Appendices:	None
LPFA Freedom of Information Publication Scheme	**This document is exempt under:** N/A

Purpose

This report provides an update on the general administration of the LPFA and related Fund activities since the last meeting, as well as information on the activities of the CEO. The information contained within this report covers the period from October to December 2025.

Recommendations

The Board is asked to:

1. **NOTE** the updates contained in the report, with attention drawn to the information shared about the Fund Member Forum, for discussion.

Detail of the report

Target Operating Model Implementation Update

Following extensive consultation with staff, a new structure has been shared with updated job descriptions written for all roles. During the consultation period, a number of changes were made both to the structure and to updated job descriptions as a result of staff feedback. The aim of the proposed structure remains to ensure that decisions are made at the appropriate levels, and members of the team have the autonomy necessary to operate effectively at their level – whilst ensuring appropriate oversight and accountability.

Existing members of staff who are at risk of redundancy due to changes in the new structure have been notified and informed of suitable alternative roles for which expressions of interest have been made by most of those who were placed 'at risk'. Some redundancies are expected as a result of the reorganisation.

Contract for Business Continuity Services Signed

With the assistance of our external procurement service provider, the team has contracted with Wavenet for three years to provide business continuity services. Wavenet will ensure that a refreshed and accurate business continuity programme is established for LPFA; built in line with best practice and provide expert support to the team.

Internal Audit Report on ITDR and Cyber Risk

Since the last Board meeting the team and I have continued to work through the management action plan to ensure the required actions are in place to provide assurance to the Board and our internal auditors on our management and oversight of our third-party IT service providers.

A key part of this is the IT Tenancy separation, which was pushed back by a few weeks into November as a result of delays from one of our finance software suppliers, SA Global. The work needed to effect the separation was undertaken by LPPI IT's team over the weekend of November 8-9. All but one company laptop were put back into full service in the week commencing November 10. This was a major project with the potential to cause significant disruption, but good planning internally and with LPPI IT meant it went as smoothly as could have been expected.

The LPFA is now on a path to maturity of 2-3 years where we will, supported by LPPI IT, increasingly own the relationships with our IT service providers and have more input to our IT environment as we are now on a separate Microsoft tenancy, with our own licences. This will make it easier to demonstrate robust oversight of our third-party suppliers, and to assure the Board that we are making progress in this important area.

Security Working Group – First Meeting

Post-IT tenancy separation, and as per the recommendation in PWC's memorandum on ITDR and Cyber Risk, we have established a security working group and the first meeting was held on 4 December. I chaired the first meeting but in future, once the group is operating on more of a business as usual basis, the expectation is that I will receive updates from the meetings, rather than chair them. Attendees will include LPPI IT representatives as well as an LPFA SLT representative plus the Governance Manager.

Key LPFA Events – Employer Forum and Fund Member Forum

Both of our major set piece annual events have been successfully delivered in the last month with the Employer Forum held on 24 November and the Fund Member Forum held on 3 December. It being a valuation year, we expected a good number of employers to attend the in-person Employer Forum, and we were pleased with the turn-out and the high level of engagement from the employers who attended on the day.

The annual fund member forum was held at the Southbank Centre on 3 December, it was also streamed online. Attendance this year overall was remarkably similar to 2024's numbers, albeit we had more in person attendees this year. In 2024, we had 142 in person attendees, with 282 joining online (424 total). In 2025 we had 173 in person attendees, with 252 joining online (425 total).

The 2024 evaluation report set out the costs for all the different elements of the event and based on 424 people the approximate cost per attendee for the event was around £100. Needing to use an accessible, appropriate venue in

central London limits our options somewhat, and although the Southbank Centre is an excellent venue it does come at a cost. A number of other LGPS funds, including South Yorkshire Pensions Authority, Kent Pension Fund and Surrey Pension Fund no longer run an annual in person member event. SYPA produce a video that is uploaded to their website and social media channels. West Midlands Pension Fund host in person member events at their offices over a number of days, plus they have a "roadshow bus" that goes out to meet members closer to their homes and workplaces during the year. Some other council-run pension funds host member events in their town halls.

Pension Schemes Bill

The Pension Schemes Bill proceedings in Parliament seemed to stall after Committee stage in September, with report stage finally reached on 3 December. There were a number of amendments tabled, which resulted in votes that the government won, so only government amendments were successfully adopted at report stage. The Bill has now completed its Commons stages and moved to the House of Lords for further consideration, where it is currently scheduled to have its second reading on 18 December.

In order to avoid potentially losing a vote on an amendment (tabled by Liam Byrne MP) relating to fiduciary duty, the government committed in Parliament to "developing statutory guidance for the trust-based private pensions sector on a wider interpretation of fiduciary duty. The guidance will encapsulate those wider factors set out in [proposed amendment New Clause 17], with the goal being to provide practical support to trustees about how to comply with their existing duties in considering these factors, including what we mean by systemic risks and standards of living. There is good support in the industry for providing that clarity, giving added confidence to trustees that they can invest in the long-term interests of their members and our society. We will set out more details on our guidance plans in due course." It is unclear at this stage whether there would be any impact on fiduciary duty in the LGPS as a result of this work; NC17 did propose to include the LGPS, but in a more discreet way. It is hard to see how guidance could be ringfenced from the LGPS, so we will keep a watchful eye on how this develops.

Government Consultations on LGPS Regulations

Since the last Board meeting, the government has launched two consultations. On 13 October it launched the Access and Protections consultation, which covers normal minimum pension age transitional provisions; access to the LGPS for councillors and mayors in England; proposals to make academy consolidation more straightforward; and proposals around implementation of New Fair Deal in the LGPS. The consultation closes on 22 December; we are feeding in to LPPA's client-wide consultation response whilst also considering whether we wish to submit a separate LPFA response.

On 20 November government published the Fit for the Future - Technical Consultation which includes two draft statutory instruments (SIs) which will implement the secondary legislation that the Pension Schemes Bill provides primary powers for. This consultation closes on 2 January 2026. LPPI are drafting a response, and we are considering how we should respond as a fund. One of the SIs replaces the 2016 LGPS Investment regulations and implements the changes to pooling set out in the consultation response. There are a couple of provisions in the SI that may provide challenges for the funds moving from pools that are closing to new pools; but at this stage there don't appear to be any provisions that could cause us concerns (but full consideration is yet to be done internally).

The other SI implements the proposed governance changes, including the LGPS senior officer role and the requirements for a governance strategy, a training strategy, and a conflict of interest policy to replace the requirement for a governance compliance statement. The current proposal in relation to the LGPS senior officer role works for a council administering authority, but not for single purpose authorities – because it prevents the head of paid service from also being the LGPS senior officer. This has already been flagged to MHCLG as an issue for us and SYPA, and we will be covering this in our response to the consultation.

The SI also implements the 'independent person' role for pensions committees – again this is a concept that is not needed for the LPFA so we will be making that clear to MHCLG in our response. The regulations also introduce the requirement for funds to arrange an independent governance review at least once every three years, with the first one to be arranged by 31 March 2028 (unless directed by government to conduct one sooner).

CEO Activity Report

Over the past few months there have been numerous engagements and interactions. I have conducted all-staff meetings every three weeks – the aim of the meetings is to update employees on organisation-wide and departmental activity, external developments in the LGPS sector, and to invite staff to share project updates and ask any questions. There have also been regular SLT meetings and 1:1s with members of LPFA staff.

As part of the restructure proposal mentioned above, I have held individual discussions with LPFA staff who are at risk of redundancy to discuss their options, with the support of external HR advisers from the LGA.

I co-facilitated the LPFA all-staff team building workshop on 8 December, which focused on reconnecting staff to the organisation's purpose, building connections, and breaking down silos.

I have had regular engagement with the recruitment agency working on the Director of Finance and Corporate Resources campaign, with shortlisting taking place on 12 December and interviews on 18 December.

I have attended the LPFA's Employer Forum and the Investment Committee meeting, I was unable to attend the reorganised Audit and Risk Committee meeting due to annual leave and the Local Pension Board meeting clashed with a partner fund working group meeting so unfortunately I was unable to attend it.

I have attended and participated in IT Tenancy Steering Board meetings as the LPFA's SRO. The Steering Board has now been formally closed as the project work has completed, with remaining tasks moving to business as usual under the security working group.

I have held catch-up calls with Lancashire County Council colleagues, including the new Head of Pensions there Pete George. We have had an LPFA-LCC Shareholder call with representatives from LCC.

Fortnightly Partner Fund Working Group meetings have taken place with officers from LPPI, LPFA, LCC, Berkshire and officers from the six new partner funds to discuss a wide selection of matters arising from the expansion of LPPI and the considerations around the move of all ten of Brunel's partner funds to LPPI, LGPS Central and LCIV, with the focus on the six new LPPI partner funds.

I will be attending the next LPP Board meeting in London as an observer on 15 December. I have also maintained regular engagement with LPPA's CEO Jo Darbyshire.

Broader stakeholder engagement has included meetings with Dean Bowden (London CIV CEO) and Andrien Meyers (London CIV CCO) as well as an introductory meeting with the new CEO of the Wales Pensions Partnership, Rob Lamb. I have had calls with officials at MHCLG and taken part in a SAB/MHCLG roundtable on the pooling guidance.

Industry engagement has included attending the Pensions UK Annual Conference in Manchester from 14–16 October, along with the Chair. I served as a panellist at the SPS Local Authority Pensions Fund session on interpreting valuation results in early November. I also attended part of the Pensions Expert Annual Conference and acted as a Devil's Advocate. I attended the LGC Investment Awards on 28 November as a guest of Barnett Waddingham, and the GLA Group Collaboration: Leading for London event at City Hall on 9 December, as well as the Pensions UK Policy Board meeting on 10 December.

-END-

London Pensions Fund Authority

Meeting of the LPFA Board – Corporate and Strategic Session – Part B

LPFA Audit and Risk Committee Report

16 December 2025
Agenda Item 9

Authority & decision trail	**Decision trail:** Governance Manager > ARC Members and Chair **Authority:** LPFA Board
Lead Officer: **Report writers:**	Conrad Hall, LPFA ARC Chair Ashley Durkan, LPFA Governance Manager Ashley.Durkan@lpfa.org.uk
Appendices:	None
LPFA Freedom of Information Publication Scheme	**This document is exempt under:** N/A

Purpose

To update the Board on matters considered by the Audit and Risk Committee (ARC) at its meeting on 17 November 2025.

Summary

The Audit and Risk Committee considered internal audit progress, risk and compliance updates, finance performance, employer management updates and governance items including the Strategic Policy Statement and Medium-Term Financial Plan. The Committee noted strengthened assurance across financial controls, cyber and IT tenancy separation, and LPPA oversight. The ARC also approved the creation of a new Security Working Group and endorsed the draft 2026–27 Internal Audit Plan, subject to flexibility to accommodate risks arising from LGPS pooling reforms. The Committee commended improvements in LPFA's control environment and supported the introduction of risk deep dives for future meetings.

Recommendations

The Board is asked to:

1. **Note** the updates provided by the ARC Chair

Detail of the Report

ARC849 – Introductory Matters

The Chair welcomed Members to the rescheduled meeting. Apologies were received from the CEO and PwC's Partner. The Committee approved the minutes of 23 September 2025.

The Committee reviewed the action log and confirmed closure of items relating to risk register updates, covenant briefing, and previous minutes. The Committee discussed ongoing work on the Data Processing Agreement and internal Data Protection Policy. Members emphasised the need for clarity on risks emerging from these documents and for stronger resilience in LPPA's data protection functions, given delays caused by staff absence.

The Committee also considered the Terms of Reference for the new IT Security Working Group. Members supported its establishment and requested revisions to the proposed membership and chairing arrangements. As this group is an operational working forum responsible for overseeing IT services provided by LPPI under the current SLA, its Terms of Reference do not require Board approval and were therefore submitted to the Committee for information and feedback rather than for onward approval to the Board.

ARC850 – Internal Audit

Internal Audit Status Update

PwC confirmed that the Finance Controls audit had reached completion stage, subject to management comments. Findings included the need to tighten system access controls, particularly around super user permissions, and to strengthen documentation of reconciliations and challenge processes. Management outlined steps already taken to strengthen workflows and evidence trails.

The GDPR and Investment Manager Oversight audits had commenced, and PwC confirmed that the full 2025–26 Internal Audit Plan was on track for completion by February 2026. The Committee reiterated concerns about the pace of resolving historic actions and requested that all remaining actions be closed by the February 2026 meeting.

Internal Audit Plan 2026–27

PwC presented the draft plan, which proposed audits on employer contributions, cyber risk, liquidity and cash flow, and the risk management framework. Members emphasised emerging risks from new partner funds joining the LPPI Pool and the importance of clear roles and responsibilities across LPFA, LPPI and LPPA. PwC confirmed these could be incorporated into the risk management audit scope.

The Committee agreed that the Plan should remain flexible to allow for additional work as pooling developments evolve, and suggested deferral of the liquidity and cash flow audit if necessary.

ARC851 – Risk and Compliance Update

The Committee received an update on cyber and IT tenancy developments. All issues identified through penetration testing had been resolved prior to tenancy go-live, and hyper-care activity continued. The Security Operations Centre model was now agreed, with a phased transition of oversight responsibilities over three years.

Updates to the risk register reflected developments in Fit for the Future, LPPA complaints, organisational restructure, and the Target Operating Model. Members noted positive progress, while recognising that LPFA was still maturing towards operating fully within its stated risk appetite.

The Committee received a compliance update, including notification of a minor avoidable regulatory breach. Corrective action was underway and a full closure update would be provided at the next ARC meeting. The Committee also noted continued improvements in LPPA oversight, including enhanced monitoring of complaints and IDRP outcomes.

ARC852 – Draft Strategic Policy Statement and Medium-Term Financial Plan

The Section 151 Officer introduced the combined Strategic Policy Statement (SPS) and Medium-Term Financial Plan (MTFP). The draft consolidated strategic objectives, financial planning and organisational priorities, reflecting outputs of the Board Away Day and the CEO's proposed structural changes.

The Committee acknowledged the ongoing updates required due to valuation timetables and departmental restructures. Members discussed audit cost assumptions, levy income presentation, and clarity of terminology relating to residual liabilities. Officers agreed to align figures with those in the internal audit plan and seek confirmation from the GLA that the combined SPS/MTFP format met statutory expectations.

The Committee **RESOLVED** to recommend the SPS and MTFP to the Board for approval

ARC853 – Finance Update

The Committee reviewed financial performance for the six months to 30 September 2025.

Oversight and Governance expenditure showed a £965k underspend due to vacancies, lower indirect staffing costs and reduced professional fees. Pension Fund performance exceeded budget, with a net increase of £368.8m driven by strong market returns and higher-than-forecast contribution income. Residual Liabilities continued to perform broadly on budget.

The Committee considered updates on debtors and creditors, noting strong PO compliance. Members received an update on the internal audit tender process, which will be conducted via CCS and return to ARC for approval.

The Committee noted that the revised Treasury Management Policy and Strategy would be circulated prior to Board consideration, with a request for a clear summary of material amendments. A further update on the Treasury Management Policy will be provided by the Head of Finance and Accountancy.

ARC854 – Annual Review of the Asbestosis Provision

The Chief Legal Officer presented the annual review, which provided enhanced narrative on trends, case progress and settlement activity following feedback from the previous year. The Committee expressed satisfaction with the level of assurance and oversight demonstrated.

ARC855 – Employer Management Services

The Committee received a verbal update on the triennial valuation and employer engagement. Around 100 employer valuation results had been issued, with queries being resolved with Barnett Waddingham. Early engagement from employers was positive, with greater participation expected at the Employer Forum on 24 November.

No significant concerns had been identified from valuation outputs to date. The Committee noted the update and progress on employer engagement activities.

ARC856 – AOB and Forward Planner

The Committee reviewed the forward agenda and noted that the next meeting would take place on 25 February 2026.

The Committee reflected on the improvement in LPFA's control environment, noting stronger oversight mechanisms, clearer reporting and responsive management action. Members supported the introduction of risk deep dives at future meetings, aligned with internal audit results and the Protecht system.

-END-

London Pensions Fund Authority

Meeting of the LPFA Board – Corporate and Strategic Session – Part B

LPFA Local Pensions Board Update

16 December 2025
Agenda Item 10

Authority & decision trail	**Decision trail:** Governance Manager > LPB Chair **Authority:** LPFA Board
Lead Officer:	Andy Cunningham, LPB Chair
Presenter:	Jo Donnelly, LPFA CEO Jonanne.Donnelly@lpfa.org.uk
Report writers:	Ashley Durkan, LPFA Governance Manager Ashley.Durkan@lpfa.org.uk
Appendices:	**None**
LPFA Freedom of Information Publication Scheme	**This document is exempt under:** N/A

Purpose

To update the Board on matters considered by the Local Pensions Board (LPB) at its meeting on 2 December 2025.

Summary

The LPB met on 2 December 2025 and considered updates on administration performance, compliance oversight, LPPA quarterly reporting, governance developments, the triennial valuation, LPB recruitment, and the forward plan. A number of actions were agreed relating to enhanced reporting, strengthened assurance, and employer engagement.

Recommendations

The Board is asked to:

1. **Note** the updates provided by the LPFA CEO

Detail of the Report

LPB2460 – Introductory Matters

Apologies were received from Jo Donnelly, Luke Rigg and Surendra Wanza. The LPB discussed and approved the previous minutes and actions.

LPB2461 – LPFA Administration Performance Oversight (Q2 2025–26)

The Head of EMS presented Q2 administration performance. Casework performance remained strong at 98.3% against the 95% SLA target. Outstanding cases stood at approximately 7,200, reflecting that LPPA had closed more cases than received.

The LPB explored the challenges around distinguishing cases awaiting employer or member information, those genuinely delayed, and those within LPPA's control. Further analysis was noted as forthcoming under the LPPA Quarterly Report item.

Contact centre performance remained within SLA, with an average wait time of 3 minutes and 29 seconds. Satisfaction with call handlers remained high at 95%, although process-level satisfaction varied.

Data quality remained strong. The LPB noted the significant number of deferred members for whom LPPA held no current address, and that tracing activity would restart following the re-procurement of LPPA's tracing contract.

User acceptance testing of the new online leaver form was under way, with implementation expected mid-December. The LPB discussed the causes of late leaver form submissions and difficulties employers face in meeting the 30-day retirement notification requirement.

The LPB also reviewed monthly returns performance. Members noted that the table in the report required clearer narrative to differentiate between data completeness and timeliness. Officers will review how to present this more transparently in future reports.

LPB2462 – LPFA Compliance Oversight (Q2 2025–26)

The Pensions Technical Manager highlighted improvements to data-handling processes following concerns raised at the September meeting. LPPA teams now transmit only UPM reference numbers electronically and upload full documentation through Protecht, reducing the volume of personal data shared by email.

One material data breach had occurred in October involving an overpayment of approximately £5,000. The LPB expressed concern that this had not been detected by LPPA's internal controls and asked Officers to continue pressing LPPA for greater clarity on root causes and improvements to training, processes and system configuration.

The LPB observed that complaints and IDRP volumes remained high relative to scheme size, and asked that future reporting include contextual metrics such as complaint and error rates as a proportion of transactions, with particular focus on retirements and bereavements.

Officers confirmed that LPPA was reviewing its reporting approach across all clients, with a view to producing more meaningful management information.

LPB2463 – LPPA Quarterly Report (Q2 2025–26)

The LPPA Senior CRM provided a detailed update covering performance, in-flight case analysis, employer notifications, customer experience, PensionsPoint usage, employer engagement and regulatory change.

Performance remained strong at 98.3% within SLA.

A new in-flight case analysis showed that:

- around 45% of cases were active with LPPA;
- 55% were pending with third parties;
- of the pending cases, approximately 40% awaited employer data, 9% member information, 10% previous funds (transfers), with the remainder with external parties.

Members welcomed the richer analysis and asked for future iterations to include time-pending information and high-level counts of how often cases moved between LPPA and external stakeholders. LPPA confirmed this should be possible.

Customer satisfaction remained mixed but generally stable. Satisfaction with call handlers continued to outperform satisfaction with process.

PensionsPoint usage continued to grow, with 41,000 registered users and strong uptake from LPFA members. Feedback highlighted improvements to navigation and system speed as priorities; Civica enhancements are expected in 2026.

Members discussed declining active membership numbers, which LPFA explained reflected workforce changes, scheme closures and opt-outs. LPFA and LPPA will continue to promote the 50/50 section through employer engagement.

On McCloud, approximately 65% of retrospective cases had been assessed. Payments for pensioner arrears had not yet commenced due to further validation. LPPA will provide clearer timescales for pensioner, bereavement and transfer cases in the next report.

On pensions dashboards, LPPA confirmed connection is expected before Christmas once Civica completes its ISP connection and final PDP checks are completed.

LPB2464 – LPB Effectiveness Review Outcome

The Chair and Governance Manager presented the outcomes of the recent effectiveness review. Themes included clarity of actions and conclusions, reporting styles, use of Members outside formal meetings, meeting duration and structure, and access to wider governance information.

An action schedule has been drafted and will be circulated to LPB Members. Monthly summary updates will be issued from Q4 to improve visibility of progress between meetings.

From 2026–27, LPB meetings will move to a three-hour slot to allow fuller discussion of later agenda items, while maintaining discipline to avoid unnecessary extensions.

Cover reports will include clearer narrative on issues, actions taken and evidence of assurance.

LPB2465 – Employer Engagement

The Head of EMS provided a verbal update on the triennial valuation and employer engagement.

The Fund remained well funded at 120% at 31 March 2025. Valuation Packs had been issued to all employers. Engagement activity was under way, with multiple one-to-one sessions scheduled. Consultation on the Funding Strategy Statement and policies will close on 19 December.

The LPB discussed the possibility of smoothing contribution rates across the valuation period. Officers confirmed that while the current FSS provides for a maximum 2% change per year, alternative profiles can be considered where appropriate and raised through consultation.

The annual Employer Forum took place the previous week, attended by 32 external attendees representing 23 employers. Engagement was higher than in previous years, supported by the introduction of QR-code-based question submission.

LPB2466 – LPB Recruitment Update

The Governance Manager reported a good response from Member Representative applicants but no applications from employer representatives. Further follow-up with employers and the Communications team would take place.

Several existing members are approaching the end of their first term in 2026. The Governance Manager will confirm appointment dates and hold discussions with individuals on intentions for a second term.

Interviews are expected to take place in January, with appointments in place for the next LPB meeting.

LPB2467 – Forward Plan & Any Other Business

The LPB reviewed the forward plan and noted that training will be scheduled at the start of each meeting where appropriate. Members expressed interest in sessions on pensions dashboards and on the revised LPFA/LPPI company structure following the new shareholder arrangements.

Consultation on the FSS remains open until 19 December. The next LPB meeting will take place in March, and updated calendar invites have been issued following the IT tenancy migration

-END-

London Pensions Fund Authority

Meeting of the LPFA Board – Corporate and Strategic Session – Part B

LPFA Investment Committee Update

16 December 2025
Agenda Item 11

Authority & decision trail	**Decision trail:** Funding and Investment Director > IC Chair **Authority:** LPFA Board
Lead Officer: **Report writers:**	Irshaad Ahmad, LPFA IC Chair Ashley Durkan, LPFA Governance Manager Ashley.Durkan@lpfa.org.uk
Appendices:	**None**
LPFA Freedom of Information Publication Scheme	**This document is exempt under:** N/A

Purpose

To update the Board on matters considered by the Investment Committee at its meeting on 1 December 2025.

Summary

The Investment Committee met on 1 December 2025 to review investment performance, pooling and business developments, responsible investment matters, the annual cost and value benchmarking pack, the Strategic Asset Allocation Health Check, and preparatory work on investment beliefs, the Funding Risk Management Framework and policy updates. Key points and outcomes are summarised below.

Recommendations

The Board is asked to:

1. **Note** the updates provided by the Investment Committee Chair;
2. **Approve** the proposed update to the Strategic Currency Allocation, as recommended by the Investment Committee; and
3. **Approve** the recommendation that the current Strategic Asset Allocation be retained.

Detail of the Report

Introductory Matters (IC138)

The Committee approved the minutes of the September meeting subject to a minor amendment and reviewed the action log. LPPI confirmed progress on Brunel transition planning ahead of April 2026, including expected transfer into ACS mirror funds and potential TUPE obligations. The LPFA Responsible Investment Manager confirmed that updated engagement percentages had been incorporated into reporting and that the Defence Sector Policy had been published. The Committee also noted the emerging pooling guidance indicating that fiduciary oversight will be undertaken collectively by administering authorities in future.

Investment Reporting (IC139)

Performance and Risk

The Committee received the quarterly LPPI performance and risk report. Assets under management were £8.4bn at 30 September, with a funding level of 122.7%. Absolute returns remained positive, though continued underperformance relative to the policy benchmark persisted, reflecting underweights to large US technology stocks, the CPI-linkage effects within infrastructure and weaker private equity realisations. LPPI introduced a new balanced scorecard providing a consolidated view of performance, risk, liquidity and extra-financial factors; all quadrants were rated green except active management, which remained amber. Asset allocations were within tolerance ranges.

Environmental Opportunities Fund

The Committee received an update on recent investments, including co-investment in Solum and commitments to climate-technology strategies. Members requested a one-page summary highlighting UK-based benefits and examples, for potential publication. LPPI agreed to produce this for the next IC meeting.

Business Update

LPPI reported completion of the PRS REIT acquisition, adding approximately 5,500 homes to its residential portfolio, with an intention to invest an additional £100m per year over the next decade. Members requested a deep-dive session on operational aspects of large-scale residential property management. LPPI will bring this forward. The Committee also noted progress in the London Fund pipeline and the upcoming review of investment criteria with the London CIV.

SAA Health Check (IC140)

The Committee reviewed LPPI's Strategic Asset Allocation Health Check. LPPI advised that the current SAA continued to meet the Fund's objectives and remained appropriate, with more substantial review work planned for late summer or early autumn 2026 to align with pooling developments, the valuation, and updates to the Investment Strategy Statement.

Scenario analysis highlighted risks including potential reversal in US technology valuations, higher inflation, lower productivity and recessionary conditions in the US. LPPI advised that while a higher fixed-income allocation could be considered in future, there was no compelling case for immediate change, and any increase would likely be funded from listed equities.

The Committee agreed that the existing SAA should be retained at this stage.

Strategic Currency Allocation (SCA)

The Committee reviewed LPPI's proposed updates to the Strategic Currency Allocation as part of the 2025 Strategic Asset Allocation Review. LPPI confirmed that the SCA continues to play a key role in strengthening the Fund's defensive positioning, enhancing liquidity management and supporting inflation resilience, without reducing expected long-term returns.

Following refreshed modelling, LPPI recommended maintaining the existing SCA framework but adjusting several currency weights to increase the allocation to USD, funded through small reductions to GBP, EUR, CAD and CHF. These changes remain consistent with the long-term trajectory previously agreed with the Fund and reflect updated assessments of valuation, risk behaviour and macroeconomic conditions.

The Committee noted that the proposed adjustments do not materially shift the Funding Risk Management Framework metrics but modestly improve the overall defensiveness of the allocation.

The Committee agreed to recommend that the Board approve the updated SCA as set out below.

Proposed Strategic Currency Allocation

Currency Code	Region / Country	Underlying Exposure (30 Jun 2025)	Proposed SCA	Current SCA
USD	USA	40.90%	45.00% ▲	42.50%
CAD	Canada	1.54%	1.50% ▼	1.75%
EUR	Euro Area	8.87%	11.00% ▼	11.50%
CHF	Switzerland	0.81%	0.30% ▼	0.75%
NOK	Norway	0.03%	0.00%	0.00%
SEK	Sweden	0.85%	0.25%	0.25%
AUD	Australia	0.88%	1.00%	1.00%
NZD	New Zealand	0.08%	0.00%	0.00%
JPY	Japan	1.98%	3.00%	3.00%
GBP	UK	44.06%	37.95% ▼	39.25%

These changes reflect LPPI's updated assessment of the currency mix best placed to support the Fund's return and risk objectives within the agreed SAA framework. The Committee endorsed the proposal and recommended Board approval.

Funding Risk Management Framework (IC141)

The Committee discussed the initial review of the Funding Risk Management Framework, noting the need to update metrics and thresholds following the 2025 valuation. Members indicated support for raising the red funding-level threshold towards 90 % and for re-examining the amber boundary in light of the Fund's improved funding position. The Committee also supported developing clearer contribution-stability corridors and considering the explicit treatment of orphan liabilities in contribution risk metrics.

LPPI will work with the Funding and Investment Director to develop refined proposals for further Committee consideration before submission to the Board.

Investment Beliefs and Objective Setting (IC142)

The Committee considered the proposed process for developing a refreshed set of LPFA investment beliefs and an accompanying objective-setting framework. Members supported the structure, which includes belief statements, supporting evidence and practical implications for strategy. External speakers will be invited, and belief topics will be allocated among Committee Members and officers for initial drafting. LPPI will engage throughout to ensure alignment with pooled implementation, partner-fund collaboration and expected Fit for the Future requirements.

The consolidated set of draft beliefs will return to the Committee before recommendation to the Board.

Responsible Investment Update (IC143)

The Committee noted the quarterly Responsible Investment update. Members queried an AGM where no votable resolutions were provided; LPFA and LPPI stewardship teams are investigating the governance context and its implications for escalation. A further update will be provided once analysis is complete.

Investment Performance and Costs (IC144)

The Committee reviewed the consolidated annual costs, value and benchmarking report. LPPI reported further annualised savings of £18–19m and cumulative savings exceeding £250m across clients. Members reaffirmed reservations regarding PIRC's benchmarking methodology but acknowledged its usefulness as a high-level comparator.

A Member requested that LPFA seek information from investment managers on portfolio resilience to climate-warming scenarios. LPFA and LPPI will take this forward and assess the feasibility of manager responses, particularly in private markets.

-END-

London Pensions Fund Authority

Meeting of the LPFA Board – Corporate and Strategic Session – Part B

Finance Update Cover Report

16 December 2025
Agenda Item 12

Authority & decision trail	**Decision Trail:** Christina Thompson, S151 Officer **Authority:** LPFA Board
Lead Officer: **Report writer:**	Audrey Allen-Chitwa, Deputy S151 Officer/ Head of Finance Audrey.allen-chitwa@lpfa.org.uk As above
Supplementary Appendices:	**Appendix 12.1:** LPFA Finance Update Report to 31 October 2025
LPFA Freedom of Information Publication Scheme	**This document is exempt under:** N/A

Purpose

To give an update of the Oversight, Governance and Administration budget to October compared to the position presented for the half year to 30 September at the November ARC, and to highlight key financial activities since the previous Board meeting.

Summary

The report set out the financial position for the seven months to 31 October 2025 and confirmed that operational expenditure continued to remain below budget. Total operational costs were £4.767 million against a year-to-date budget of £5.818 million, producing an underspend of £1.051 million. The year-end forecast underspend remained unchanged at £675,000, driven mainly by staff vacancies and reduced consultancy expenditure. The update also provided information on pension fund custody transition, residual liabilities performance, internal audit progress, finance system projects and treasury management activity. MHCLG engagement on the SF3 return process and wider LGPS reform has also been noted.

Recommendations

The Board is asked to:

1. **Note** the financial performance for the seven months ended 31 October 2025**.**
2. **Review** the forecast outturn and underlying drivers of underspend**.**
3. **Note** the updates on audit activity, credit control, supplier management, and finance projects

Detail of the Report

Operational costs (Oversight, Governance and Administration costs)
At the end of October, the total Operational costs to 31 October were £4.767 million, being £735,000 more than the cost of £4.032 million at September 2025, £1.487 million, being 31% of the costs relates to staffing and £2.01 million, being 42% of the costs relates to the LPPA Pension administration costs. The year-to-date underspend was £1.051 million compared to £965,000 as at 30 September.

The full year forecast underspend remains unchanged at £675,000, mainly driven by staff vacancies relating to posts that do not exist in the new staffing structure and reduced consultancy expenditure across several departments.

Direct staff costs were £388,000 underspent compared to £342,000 at the end of September due to vacant roles being in the CEO Office (Strategic Director), Chief Operating Officer (COO and Business Analyst), being posts not in the new structure, and delayed recruitment of the Finance Manager. Professional costs were £357,000 below budget compared to £327,000 at the 30 September mainly due to a £290,000 underspend in consultancy costs and zero expenditure on the digitisation cost which has an annual budget of £100,000.

Pension Fund
The custody of the Pension Fund investments was transferred to Northern Trust from 1 October 2025.

The onboarding exercise has been completed, and the October investment reports have been provided.

As reported in the November ARC, the Pension Fund showed a net increase from managing the Pension Fund of £368.8 million, £164.54 million ahead of budget. The results to 31 December will be presented to the February ARC.

Residual Liabilities
As reported to the November ARC, the Residual Liabilities showed a net cost of £1.433 million, being £1.318 million below budget. The results to 31 December will be presented to the February ARC.

Internal Audit
The Key Financial Controls audit has been finalised. Management has produced and submitted their action plan back to PwC. All agreed actions have now been completed. The result of the audit was satisfactory with exceptions. The Internal audit report noted a solid framework of financial controls.

The Investment Management Oversight and GDPR audits are ongoing.

LPFA has now gone out to tender for internal auditors using the Crown Commercial Service framework. Our current auditors PwC are included within this framework. An expression of interest process commenced on 5 December 2025 prior to issuing the formal tender documents. The outcome of the process will be presented to the February ARC.

Finance Projects
The migration of the Business Central accounting application to the new tenancy has been completed. Teething problems, such as some users not receiving notification emails, are being resolved by our software support provider SAG.

Work to expand BACS collection of employer contributions remains on hold pending further risk assessment following pilot feedback. LPPI and LPPA continue to pay their contributions by direct debit.

Treasury Management
A Mid-Year Treasury Management Report was presented to ARC presenting the cashflows for first half of 2025–26 and a forecast to year-end projections to 2029–30, demonstrating sound cashflow management.

The cashflow will be revised for the February ARC meeting to incorporate the preliminary results of the triennial valuation.

The Treasury Management policy and strategy have been reviewed in accordance with the guidance of the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice version 2021 (The code). It provides the background and economic context for the strategy and details the key areas where LPFA cash balance can be invested.

The Treasury management policy has been updated to encompass all LPFA Treasury Management activities, being for the Operational accounts, the Pension Fund and Residual Liabilities. This will be presented to the ARC for review and recommendation to the Board for approval in the new year.

Meetings with external organisations
The Deputy S151 Officer attended a meeting with representatives of MHCLG to provide feedback on the process for submitting the SF3 pension scheme annual return. MHCLG noted that the findings from recent SF3 data and related research are informing the current phase of LGPS reform. A consultation on proposed changes has now been launched and draft regulations have been published. If approved, these changes are expected to take effect from 1 April 2026, subject to the required lead-in periods.

The Deputy S151 also attended the Limited Partners Advisory Committee for the London Treasury Liquidity Fund as a Limited Partner Representative. A key discussion related to the process for agreeing the strategy for 2026-27 that will be approved early next year for implementation from 1 April 2026.

Chancellor of the Exchequer's November Budget
The Chancellor's Budget was presented on 26 November 2025 and the elements of the budget that are relevant to DB pension schemes are as follows, with one welcome change specific to the LGPS:

1. The £2,000 cap on contributions eligible for NI relief via salary sacrifice that will come into effect from 2029.
2. The ability for well-funded DB schemes to pay surplus funds directly to scheme members who are above the normal minimum pensionable age, where scheme rules permit it from April 2027.
3. Properties transferred within an LGPS will be subject to Stamp Duty Land Tax Relief. This will be legislated for in the Finance Bill 2026-27.

- END -

London Pensions Fund Authority

Meeting of the LPFA Board – Corporate and Strategic Session – Part B

Risk Management and Compliance Report

16 December 2025
Agenda Item 13

Authority & decision trail	**Decision trail:** Governance, Risk and Compliance Officer **>** Director of Governance, Risk and Compliance > SLT > ARC **Authority:** LPFA ARC > LPFA Board
Lead Officer: **Report writers:**	Mark Anderson, Director of Governance, Risk and Compliance Mark.anderson@lpfa.org.uk Jason McKenzie, Compliance and Risk Officer Jason.Mckenzie@lpfa.org.uk
Supplementary Appendices:	**Appendix 1:** Risk Profile: Fit for the Future (LPPI pooling) **Appendix 2:** Risk Profile: Member complaints oversight **Appendix 3:** Risk Profile: Organisational restructure **Appendix 4:** Risk Profile: LPFA Business Continuity Management (Non-IT) **Appendix 5:** LPFA Security Working Group ToR **Appendix 6:** LPFA Security Working Group DRAFT Meeting Minutes
LPFA Freedom of Information Publication Scheme	**This document is exempt under:** N/A

Purpose

This paper provides an update on progress against internal audit actions, risk register developments, and compliance matters.

Summary

This report provides updates on key governance, compliance, and operational matters for Q2 2025/26, including:

- Updates on the PwC audit memorandums for Cyber and Business Continuity Management.
- New, updated, and archived risks on the LPFA Risk Register.
- Compliance matters including breaches and data security issues.

Recommendations

These should be consistent with the detail provided within the report and/or appendices

The Board is asked to:

1. **Review** and **Approve** the addition of the following risks to the risk register:
   - Fit for Future (LPPI pooling)
   - Member complaints oversight
   - Organisational restructure
2. **Note** the updates on Audit actions and the Risk and Compliance updates

Detail of the report

1. Internal Audit Actions Update

PwC Cyber Memorandum update

With the successful completion of the IT tenancy migration and confirmation that the gaps identified in the penetration testing ahead of the migration were fixed, attention is now on embedding the oversight and management of the new tenancy with support from LPPI's IT team.

Following on from the PwC memorandum on Cyber and the provision of best practices that should be implemented by the LPFA, as brought to ARC and Board previously, Terms of Reference for an operational Security Working Group has been drafted and agreed with the CEO. These outline how the LPFA will gain assurance and oversight of the IT and cyber infrastructure.

At its first meeting the agenda focused on the procurement of a Security Operations Centre to provide the required monitoring and support of the systems from a cyber security and response position, with LPPI IT providing input into the requirements as it will be providing the initial oversight and technical response escalation to the LPFA.

There was also discussion around the desire for LPFA to attain NCSC Cyber Essentials accreditation as a low-cost accreditation of the system build in line with best practices. It was also raised that for the NCSC accreditation there would be some requirements around keeping auditable "log in" records.

Minutes, actions and decisions were documented and have been shared with the relevant parties to ensure that actions are being tracked and reported back to the SWG and CEO of LPFA. The Terms of Reference and minutes from the first meeting can be found in the supplementary pack for information.

Note: Currently the membership of the SWG contains a list of names that provide substitution cover should any of the key individuals not be able to attend a meeting, ensuring the meeting can still go-ahead providing continuity of oversight is maintained. It is expected that after the initial meetings the regular attendance will be 3-4 people, 2 from each business. ARC commented regarding the CEO being on the attendance list; once the initial meetings have set out the full expectations, escalation route and expected reporting, the CEO will not attend unless there is no key SLT member available.

Business Continuity Management update

Following the procurement exercise for a Business Continuity provider, contracts have now been agreed and signed to establish a relationship with Daisy/Wavenet, who will be providing support for LPFA in establishing business impact assessments, a playbook and a policy for Business Continuity Management of LPFA.

Further information will be provided as the relationship develops and as the actions are put in place and completed. This will be reflected in the risk register.

2. Risk Update

New risks profiles for consideration and approval

ARC have reviewed the risk register and recommended Board approval of the following new risks. The full risk profiles can be found within the supplementary pack and linked below.

- **Fit for the Future (LPPI pooling) (Appendix 1)** - As requested by Board, this risk captures LPPI's investment pool expansion from three to nine clients and two to nine shareholders, diluting LPFA's influence. Ineffective management of the relationship with other shareholders may impact LPFA's brand and reputation; or LPPI's investment activity does not align with LPFA's strategy. To mitigate this risk key officers are engaged to oversee this relationship, including the LPFA Chair, LPP Shareholder Representative, CEO and Director of Funding and Investment. LPFA attends the LPPI facilitated partner fund working group fortnightly meetings to engage with incoming shareholders. The assigned appetite to this Shareholder risk is Open (Moderate-High) and the proposed inherent rating is Severe, and the residual rating is Low.

- **Member complaints oversight (Appendix 2)** - As requested by Board this risk monitors how LPPA manage LPFA's member complaints to ensure the core cause is not linked to systemic issues within LPPA's service delivery. This is monitored via quarterly performance reports and through oversight by the Local Pensions Board. The assigned appetite to this Administration risk is Minimalist (Low-Moderate). The proposed inherent rating is Moderate, and the residual rating is Low.

- **Organisational restructure (Appendix 3)** - Proposed by SLT, this transitional Organisational risk details the possible impacts of implementing the organisational restructure/Target Operating Model ineffectively which may include delays to the delivery of key functions and temporary knowledge gaps within the workforce. This risk is mitigated through obtaining appropriate external advice. The assigned appetite is Minimalist (Low-Moderate) and the proposed inherent rating is Low and the residual rating is Low.

Risks outside of appetite

The following risk has a residual rating exceeding the assigned appetite tolerance. The full risk profile reports are at **Appendix 4**. Please refer to the above earlier updates on the PWC memorandum actions – all of which are focussed on resolving the issues and bringing the risk into line with the risk appetite statement.

Risk name	Grouping	Appetite / Tolerable position	Inherent Rating	Residual Rating	Owner
LPFA Business Continuity Management (Non-IT) (**Appendix 4**)	Operational	Minimalist - Moderate	Severe	Severe	Anastasia Klimenko

Archived Risk proposal

No risks are proposed to be archived this quarter.

3. Compliance Update

Regulatory Breaches in Administration

There were two (2) regulatory breaches reported in the period, they were as detailed below.

- July 2025 - Lump sum Payments were made early to members – this was reported in last cycle's report in detail as an early sight piece and was headed Auto Deferred Retirement Payments Processing. The matter has now been brought to a close and no Regulatory report was deemed necessary, due to early successful action being taken to recover the payments. There was only one case where recovery was not possible due to a bereavement, meaning the funds had already been spent by the member on funeral costs.

- August 2025 – A member was paid benefits, and the lump sum exceeded the allowance. This was a process failure within LPPA where the correct checking procedures were not followed. This case is still currently open while the return of the taxable element of the payment £6,713.42 is sought.

Data Breaches in Administration

LPPA reported one (1) data breach during the period, August 2025 and the case involved human error with incorrect details being added to a member's letter.

The report from LPPA was reconciled against the portal reporting into the Protecht system and was found to match fully, providing strong assurance that the new process with the portal link is embedding well.

Early Sight of recent breaches

One (1) regulatory breach has been reported in October 2025 where a member has been paid their annual pension figure as an arrear's payment instead of the correct arrears payment figures that were due. This has resulted in a gross overpayment of benefits to the sum of £4,993.80. Further information will be provided in the next reporting cycle. It occurred in April 2024 and was picked up when the member queried their P60 figures as containing a discrepancy with the payments made, leading to the Retirement team identifying the error.

`

Complaints and IDRP

Quarterly Complaints reporting Q4 24/25, Q1 25/26, Q2 25/26

Further to ARC's request for a risk to be raised on the Risk Register concerning complaints as an early warning of performance issues within LPPA please note the following table.

Qtr	Carried Forward previous Qtr	Complaints received in the Qtr	Complaints completed in the Qtr	Upheld	Partially Upheld	Not Upheld	Withdrawn	No outcome	Carried forward to next Qtr
Q4 24/25	18	34	40	31	1	4	2	2	12
Q1 25/26	11 (sic)	33	37	26	0	11	0	0	7
Q2 25/26	7	51	45	37	0	8	0	0	13

Complaints

Things to Note:

- 50% uplift in complaints being raised in Q2 25/26 compared to previous two Qtrs.
- Uphold rates per Qtr;
  - Qtr 4 24/25 77.5%
  - Qtr1 25/26 70%
  - Qtr2 25/26 82%
- Q1 and Q2 25/25 complaints are 100% General Service – this seems unusual given that it was not the case prior to these two Qtrs. Note: the LPPA Risk and Compliance report breaks down the General Service by operational function team, so it may be a reporting style change.
- Key areas for complaints were Retirements 39%, Bereavements 31% and Transfers 19.5%.
- The reporting does not capture any costs/quantum that might be associated with redress or remediation.

IDRP

- Seven (7) IDRP cases were carried forwards from Q1 25/26 and eight (8) IDRP cases were received.
- Seven (7) IDRP cases were completed during the Qtr. leaving eight (8) IDRP cases being carried forwards into Q3 25/26.
- Five (5) were IDRP Stage 1 and Three (3) were IDRP Stage 2.
- IDRP cases remain high from previous quarters as a result of the previously increased complaints volumes and due to the delayed feed through as members move through the process.

`

Qtr	IDRP1 received	IDRP 1 completed	IDRP2 received	IDRP 2 completed	TPO received	TPO completed
Q4 24/25	4	6	3	2	0	0
Q1 25/26	5	4	3	2	1	2
Q2 25/26	4	4	4	3	0 (1 direct to LPFA)	0*

*TPO agreed with LPFA IDRP2 outcome and redress and case closed in Oct 2025.

While there will always remain members who will be unsatisfied with certain aspects of the processes, the volume of upheld complaints and the member effort that has been expended in following through the process – in some cases to the ombudsman – suggests that historically, the journey may not have been as effective as possible in resolving or addressing the issues. Given the increase in complaints over the last quarter this will remain under close review via the client relationship meetings.

-END-

London Pensions Fund Authority

Meeting of the LPFA Board – Corporate and Strategic Session – Part B

Funding Strategy for Residual Liabilities

16 December 2025
Agenda Item 15

Authority & decision trail	**Decision trail:** LPFA Funding & Investment Director **Authority:** LPFA Board
Lead Officer: **Report writers:**	Lana Watson, LPFA Funding & Investment Director Lana.Watson@lpfa.org.uk As above
Appendices:	**None**
LPFA Freedom of Information Publication Scheme	**This document is exempt under:** N/A

Purpose

To update the Board on the review of Levy payments from London Boroughs for 2026/27 to 2029/30.

Summary

Historically, the Inner London Levy and Greater London Levy had been at the same level for over 10 years (£23.4m per annum in total). Three years ago, as part of the triennial valuation, there was a review of the expected future residual liabilities and the levy income required to support these liabilities. At that time, it was decided that the levy income in relation to the residual liabilities should be reduced to £8m pa, with the additional amount collected to be transferred to the Pension Fund to fund the GLC/ILEA liabilities as agreed in the Pensions Agreement with the London Boroughs.

A full review of the cashflows and assumptions will be carried out over the coming weeks, in time for the 2026/27 Levy invoices to be issued to the London Boroughs by 14 February. This will be based on valuation results for the GLC/ILEA that has recently been provided by Barnett Waddingham.

It is recommended that the current arrangement continues for 2026/27 to 2029/30, based on the valuation results, the projected residual liabilities and the assets held with London Treasury.

Recommendations

The Board is asked to:

1. **Review and Note** the review of the funding strategy for the residual liabilities and GLC/ILEA liabilities in the Fund

Detail of the Report

Background

Residual Liabilities

LPFA administers the residual liabilities on behalf of the former Greater London Council (**GLC**), Inner London Education Authority (**ILEA**), and London Residuary Body (**LRB**). These liabilities consist largely of unfunded pension obligations. Around 5% of the projected outgo relates to claims from former employees who were exposed to asbestos in connection with their employment.

Liabilities relating to the ILEA are the responsibility of the eleven Inner London Boroughs. Liabilities relating to the GLC and LRB are the responsibility of the Greater London Boroughs. LPFA finances the payment of these liabilities through the Inner London Levy (**ILL**) and Greater London Levy (**GLL**), which are apportioned between Boroughs in line with their relative Council Tax base. These levies are invested in the London Treasury Liquidity Fund.

Pension Fund Liabilities

One of LPFA's additional functions is to discharge the historic pension liabilities of the GLC and ILEA within the Pension Fund. These liabilities carried a funding deficit that was valued at approximately £53m as at 31 March 2022.

Following numerous collaborative conversations over several years, the Pensions Agreement was signed by all London Boroughs in October 2022. The agreement established a framework for funding the shortfall whereby any reduction in the levies would be offset by a payment to the Pension Fund for the historic GLC/ILEA liabilities. This means that London Boroughs will continue to pay £23.4 million in total, with the amount apportioned between the levies and the GLC/ILEA contributions.

Principles for setting the Levies

In setting the levy amounts three years ago, the following principles were adopted:

- **Avoid increases in future**
  It is much easier to reduce levies in future than to raise them again. It may therefore be unhelpful to reduce the levies to such a low level that there is a significant risk of needing to increase them again at a later date.

- **Maintain stability**
  It is preferable to hold levies at a fixed level for several years rather than changing them every year. The levy amounts were fixed for three years, with the review to follow the same triennial cycle as the actuarial valuations of the Pension Fund. This aligns with the interaction between the levy-setting and the contributions to GLC/ILEA underfunding.

- **Avoid holding assets unnecessarily but protect against adverse experience**
  The amount of buffer we target should be relatively low, so as not to hold unreasonably large amounts of taxpayer cash. Although, a small amount of assets should be retained against unexpected costs.

- **Avoid spurious accuracy**
  There is no fundamentally "correct" level at which the levies should be set, and LPFA retains the ability to alter them in future. The levy amounts are therefore set as broadly appropriate round numbers rather than spuriously precise figures.

No recommendation to change these principles is required.

Financial Position

A high-level analysis of experience over the last three years shows that assets are slightly higher than projected, with an estimated position of £59.5 million at 31 March 2025 compared with an anticipated £52.1 million. This is mainly due to asbestosis-related payments being lower than expected, together with higher-than-assumed returns on assets.

At the same time, the projected cost of unfunded benefits has increased since the previous review, reflecting the higher inflation experienced over the period. We also expect future asbestosis claims to exceed the amounts paid to date, given the higher volume of notified cases and the higher estimated claim amounts compared with earlier experience. For context, the expected unfunded and asbestosis payments for 2025/26 are approximately £16 million, reducing to around £6 million in ten years' time.

The initial valuation results indicate that the funding position for the GLC and ILEA benefits within the Pension Fund is broadly unchanged. Each London Borough is expected to have a similar deficit contribution requirement to that determined in 2022, consistent with the overall valuation outcomes.

On this basis, it is recommended that LPFA continues to collect £8 million per annum in Levies from the London Boroughs over the next three-year period. The remaining income, approximately £15 million, would continue to be transferred to the Pension Fund as contributions towards the GLC and ILEA funding deficits, in accordance with the Pensions Agreement.

A full and detailed review will now be undertaken using the recently received valuation information. Should any material issues arise that would alter this recommendation, the Board will be advised by email before the Levy invoices are issued in February.

-END-

London Pensions Fund Authority

Board 2025/26 Forward Agenda

Date	Item	Purpose	Item owner	Item frequency
	Board Only Session			**Standing Items**
Standing items	Declarations of Interest	Inform	Governance Manager	
	Minutes and actions	Approve	Governance Manager	
	Decisions by email since last meeting	Note	Governance Manager	
	Action Points	Note	Governance Manager	
	LPP Group and Shareholder Matters ➢ Shareholder Update ➢ Feedback from LPP Group	Note Note	LPFA Shareholder Representatives	
	LPFA Matters	Note	CEO	
	C&S Session			
	Declarations of Interest	Inform	Governance Manager	
	Minutes and actions	Approve	Governance Manager	
	Decisions by email since last meeting	Note	Governance Manager	
	Action Points	Note	Governance Manager	
	Feedback from Standing Committees and Local Pension Board	Note	CEO & Committee Chairs'	
	CEO Report	Note	CEO	
	LPPI and LPPA Partnership Performance and Oversight	Note	LPPI and LPPA Management	
	Governance, Compliance and Public Policy Statements *(see individual meetings for specific sub-items)*	Note	Compliance and Risk Director/ Governance Manager	
	Public			
	Declarations of Interest	Inform	Governance Manager	
	Minutes and actions	Approve	Governance Manager	
	Decisions by email since last meeting	Note	Governance Manager	
	Action Points	Note	Governance Manager	
	Minutes and updates from previous Audit and Risk (ARC) meeting	Note	Governance Manager	
	Minutes and updates from previous Investment Committee (IC) meeting	Note	Governance Manager	
	Minutes and updates from previous LPB meeting	Note	Governance Manager	

London Pensions Fund Authority

8 July 2025	**Board Only Session**			
	Target Operating Model Update	Note	CEO & Chair of the Board	Ad-hoc
	Annual Confirmation of Committee Membership	Approve	Governance Manager	Annual
	Board Skills Matrix	Note	Governance Manager	Ad-hoc
	Fit for Future Update	Note	CEO	N/A
	LPFA Board Priorities	Approver	Chair of the Board	Annual
	C&S Session			
	Valuation Working Group Update	Note	Funding and Investment Director	Ad-hoc
	LPFA Business Insurance Renewal	Note	CEO	Annual
	Board Structure and Transparency Report	Note	Governance Manager	Ad-hoc
30 September 2025	**C&S Session**			
	Pension Fund Annual Report and Statement of Accounts 2024/25	Approve	Head of Comms and Engagement/ Finance Director	Annual
	Valuation ➢ Funding Strategy Statement ➢ Preliminary Valuation Results (likely Fund level only)	Approve Note	Funding and Investment Director / VWG	Every 3 years
	Internal Audit Actions ➢ Update on Contractual Agreement with LPPI for IT Services and IT Tenancy Separation	Note	Compliance and Risk Director / Chief Legal Officer / Governance Manager	Ad-hoc
	Governance, Compliance and Public Policy Statements ➢ Annual Governance Statement	Note & Approve	S151 Officer / Governance Manager	Annual
	Responsible Investment Policy (not due until 2026)	Approve	Responsible Investment Manager	Every 3 years
30 & 31 October 2025	**LPFA Board Strategic Awayday**			

London Pensions Fund Authority

16 December 2025	**C&S Session**			
	Governance, Compliance and Public Policy Statements ➢ Annual Assurance on Custodian Arrangements (update via finance report ➢ Annual Review of Asbestos Provisions (update via ARC)	 Note Note	 Finance Director Chief Legal Officer	 Annual Annual
	Proposed MTFP and SPS - Strategy and Budget for 2026-2029	Approve with delegation and onward submission to GLA	CEO Finance Director	Annual
26 March 2026	LPFA Annual Pay Review	Note	CEO	Annual
	LPP Budget and Remuneration 2026/27	Approve	CEO	Annual
	SPS and MTFP (Updates from Mayor, if any)	Approve	CEO	Annual
	Annual Review of the Policy Framework (Assurance from ARC)	Review / Note	Governance Manager	Annual
	Risk Management Annual Review of Risk Register	Note/ Review	Compliance and Risk Director	Annual
	Governance, Compliance and Public Policy Statements ➢ LPFA Pay Policy Statement ➢ LPP Bi-Annual Statement on Cyber Security ➢ Annual Review of ARC terms of Reference ➢ Annual review of IC Terms of Reference ➢ New LPPI Partner fund Shareholder Agreement	 Approve Note Review Approve Approve	 Compliance Risk Director and Governance Manager	 Annual Bi-Annual Annual Annual One off