

Welcome to our Employer Forum 2024

6 November 2024



Housekeeping

- Thank you for attending
- No fire alarms are planned
- No smoking please
- Please turn mobiles off
- Welcome to our speakers
- **WIFI**



Today's agenda



your pension our world

Time	Speaker	Topic
10.00 am	John Preston LPFA, Chair	Welcome and Introduction from the Board Chair
10.15 am	Lana Watson LPFA, Funding and Investment Director	Employer Management Services
10.35 am	Roundtable Session	Multiple Investment Strategies LGPS Consolidation Government and the LGPS
11.15 am	COFFEE BREAK	
11.30 am	Paul Hewitt LPFA, Responsible Investment Manager	Net Zero, Investing in the UK, the London Fund
11.55 am	Jo Darbyshire LPPA, Managing Director	Administering your Fund
12.20 pm	Liam Mayne, Liam Drysdale Barnett Waddingham Lana Watson	
1.00 pm		Summing up and questions
1.10 pm	LUNCH AND NETWORKING	

Introduction and overview

John Preston | LPFA, Chair



Our Principal Officers



Mark Anderson
Director of Compliance and Risk



Anastasia Klimenko
Chief of Staff



Lana Watson
Funding and Investment Director



Christina Thompson
S151 Officer

Our five strategic objectives



To pay our members their benefits



To sustainably manage the Fund and the risks



To invest responsibly and for the long-term



To be well-run and transparent



To collaborate, learn and share with others

Key figures



99,585

115

25

£102mn

£8bn

1. To pay members their pension



Size of the Fund

£8 billion up from
£7.67 bn



Employer contributions

We collect £102
million from
employers each
year



Employee contributions

We collect £50
million from
employees each
year



Paying pensions

We pay out £264
million in pensions
each year
*£22 million per month

2. To sustainably manage the Fund and risks



Investing well

Close to top of the LGPS over three and five years according to PIRC/LAPPA



Governance

Investment in Protecht



Tackling ESG risks

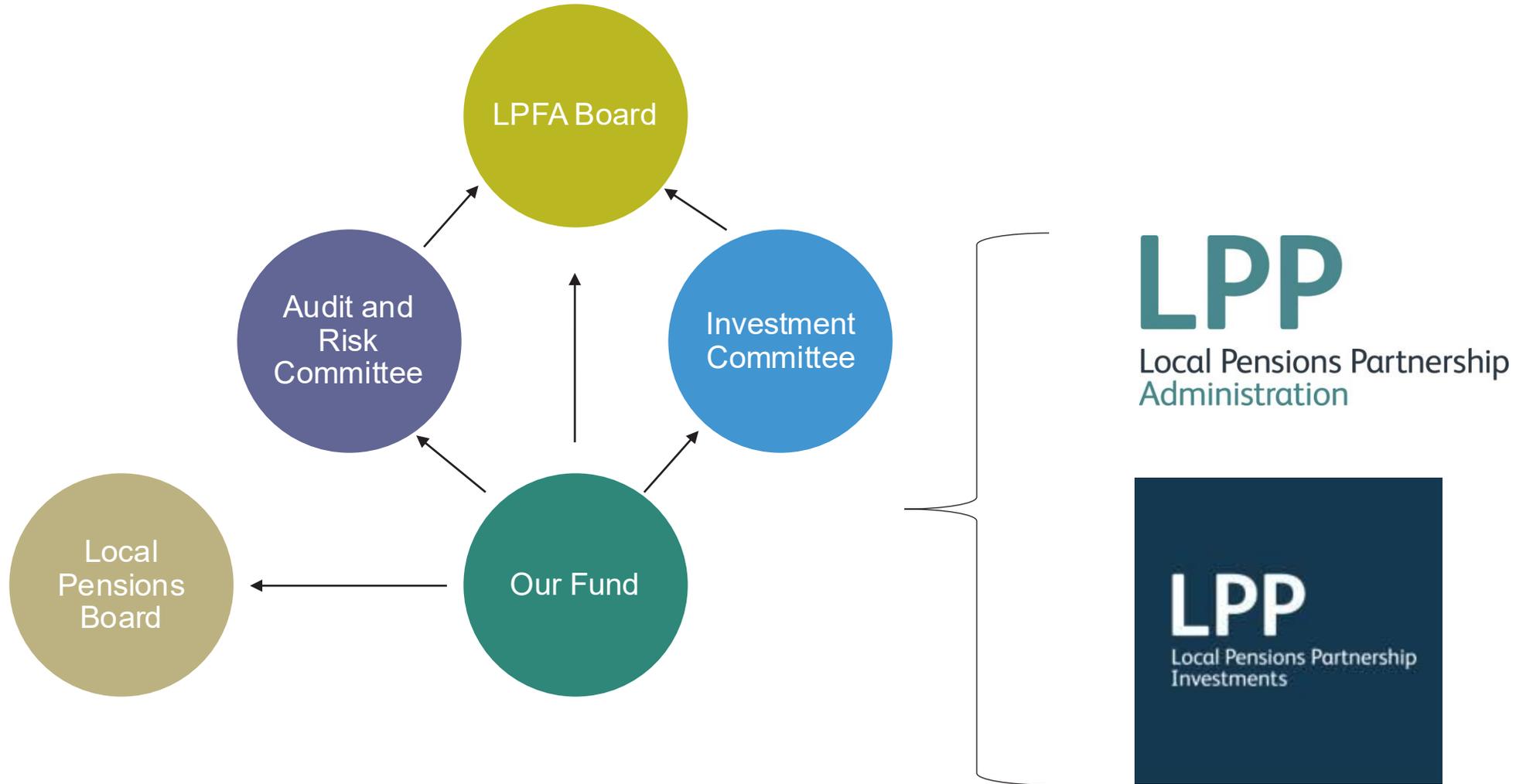
Climate change, social and governance risks



Well-funded

128% Funded at last Triennial Valuation

2. To sustainably manage the Fund and risks



3. To invest responsibly and for the long-term



Our vision

How we invest impacts the future of our economy, our environment, our society, you and all of us.



Climate change

Main financial risk to the Fund



Social and governance

Additional risks and important to members and employers



Avoid reputational risk

RI protects our reputations and enhances your own net zero journey

4. To be well-run and transparent



More to do

We are accountable and will share our progress



Member survey

Scheduled for 2025



Digital

Member survey influences our activity



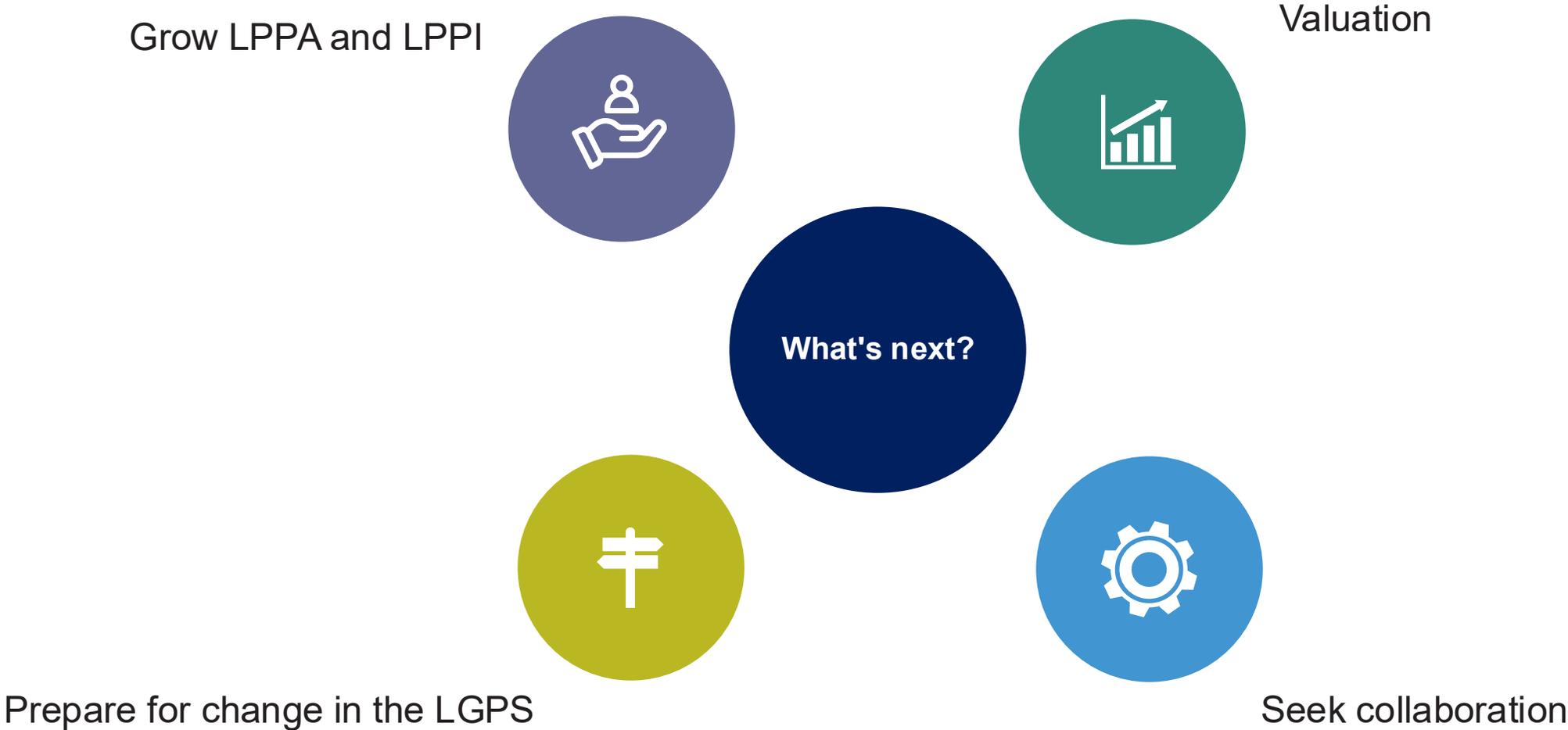
Investing in the UK

Report and microsite launched for members

5. To collaborate, learn and share with others



2024 and beyond | What Lies Ahead



In summary

We are meeting
our strategic
objectives

We remain well-
governed

We are
preparing for
the evolution of
the LGPS

Thank you



Employer Management Services

Lana Watson | Funding and Investment Director



Introduction and EMS team

The EMS team strives to:

- Identify and manage employer-related risks to LPFA as quickly and cost-effectively as possible
- Provide a best-in-class service to our employers and be regarded by them as a high-quality and professionally run organisation



Lana Watson
Funding & Investment Director



Adam Bush
Head of Employer Management Services



Ushma Shah
Employer Operations Manager



Lesley Robinson
Risk Assessment and Covenant Manager

EMS activities



Valuation preparation

- Data – monthly returns, invoices
- Stakeholder engagement
- Funding Strategy Statement consultation
- Initial results – covenant, funding level and contribution rates
- Final results – Rates & Adjustment certificate from 1 April 2026



Covenant assessment and security management

Covenant strength is understood in terms of both the ongoing covenant and the exit covenant

LPFA Employer Covenant Sector	Covenant Analysis	Covenant Grade
Charities	Yes	Variable (A-D)
Further Education Institutions	Yes	Variable (A-D)
Higher Education Institutions	Yes	Variable (A-D)
Independent Schools	Yes	Variable (A-D)
Housing Associations	Yes	Variable (A-D)
Contractors	No	In line with the guarantor
LEA Schools	No	A
Academies	No	A
Government Bodies	No	A

{ Subject to covenant assessment
 { Automatically graded

EMS activities



Admissions and cessations



Mergers and transfers



Accounting valuations



Any other employer matters

We want to provide a high-quality, cost-effective pensions service that meets the needs of both members and employers.

Our objectives and policies to support employers



Employer Risk Management Framework

Outlines how LPFA identifies, assesses and manages employer risk to the Fund.

Admissions and Cessations

Outlines how LPFA will manage new employer admissions and cessations in the Fund.

Contribution review

Sets out the Fund's policy on amending contribution rates between formal Funding valuations.

Funding Strategy Statement

Sets out how employers' pension liabilities are best met in future, taking a long-term prudent view of funding and affordability/stability of contributions.

Pensions Administrations Strategy

Covers the responsibilities of LPFA and its employers as participants in the LGPS.

These policies help LPFA manage the Fund to ensure that over the long-term the Fund will meet all liabilities as they fall due.

Employer engagement strategy



Aim to provide a high-quality service to all our employers through a proactive engagement strategy

**Roundtable
Sessions**

**Employer
Dashboard**

**Quarterly
Newsletter**

**Fact sheets on key
topics**

**Collaboration with
LPPA to deliver
training**

Thank you



Roundtable discussion



Employer Risk Management



LPFA have been exploring alternatives to help employers manage the financial risk and volatility of providing LGPS benefits, both in terms of ongoing contributions and potential cessation payments. This was a result of improved funding levels at the last valuation and rising gilt yields impacting cessation valuations, leading to employers wanting to maximise the impact of these funding positions.

However, the Fund needs to ensure it meets liabilities as they fall due and that any alternative minimises the likelihood of costs and risks being transferred from one employer to another.

Two alternatives that we are considering are:

- Multiple investment strategies – where the assets relating to a subset of the employer’s liabilities (eg pensioners) are invested in lower risk/matching assets to reduce risk and volatility of future contributions and funding levels.
 - Pros – more stable employer contribution rates
 - Cons – higher contribution rates to allow for lower future investment returns from matching assets, opportunity of lower future contribution rates is reduced
- Buy-in with an insurer – where the assets relating to a subset of the employer’s liabilities (eg pensioners) are transferred to an insurer who then provides payments to the Fund that exactly match the pension payments for these liabilities.
 - Pros – closer matching asset for the liabilities, more stable and limited increase in employer contribution rates
 - Cons – more expensive (profit and expenses passed to the insurer), opportunity of lower future contribution rates is reduced

Discussion

1. What are your financial objectives and key risks in relation to your participation in the LGPS:
 1. Cash contributions: stability and/or amount
 2. Balance sheet / accounting impact
 3. Cessation position
2. What information or external advice would you require to be able to consider the risks and benefits of the alternatives?

Government Pensions Review



The Government is working towards a new Pensions Schemes Bill in 2025 announced in the King's Speech in July. The Pensions Review is Phase 1 of a multi-phase plan, which focuses on the Local Government Pension Scheme (LGPS) and the Defined Contribution (DC) workplace schemes.

For Phase 1 their immediate objectives related to the LGPS are to:

- Encourage further pension investment into UK assets to boost growth across the country,
- Tackle fragmentation and inefficiency through consolidation and improved governance,
- Achieve greater focus on value to deliver better outcomes for future pensioners, rather than cost.

Discussion

In September, the Government issued a Call for Evidence to the pensions industry asking for information on a range of issues related to their objectives. We responded, as did over 200 other pension funds, pools, DC providers, industry bodies, etc. We would like your views on the main areas raised in the Call for Evidence:

1. How can pension funds be encouraged to invest more in the UK and local projects?
2. Is there scope for more consolidation (investment pools or funds) and what impact might that have?

COFFEE BREAK



We'll restart at 11:30

Investing responsibly

Paul Hewitt



your pension our world



Agenda



Positioning our RI policy

Our Responsible
Investment (RI) beliefs



Our RI priorities

Summarising our RI key
issues and objectives



Our members views

Our member views on RI
and our communications



Working with our managers

How we work with LPPI
towards our RI
objectives

1. Developing our policy



Developing our policy



Regulation requires our Investment Strategy Statement to describe our approach to RI



Our starting point for doing this is defining our RI beliefs



We identify what specific issues are important to us and why



Our RI Beliefs



Materiality

ESG factors can have a **direct financial impact** on the value and sustainability of individual investments and an influence on long-term investment goals of the fund.

Collaboration

We believe that by **addressing ESG risks and opportunities collaboratively with other stakeholders** we are simultaneously: Contributing to an improved economic future both locally and globally; contributing to improved prospects for our beneficiaries' quality of life; playing a visible role in advocating for positive change in our society.

Transparency

Transparency of information, processes and decisions are essential to **ensuring that informed judgements can be made** by all stakeholders and that appropriate parties can be held to account.

Flexibility

ESG issues can be dynamic and it is therefore necessary for investment as well as ongoing monitoring processes to be sufficiently flexible to accommodate changing or emergent risks and opportunities.

Our RI Beliefs



Ownership

Asset owners should act in the long-term financial interests of beneficiaries through **active use of ownership powers**.

Governance

Robustly and effectively governed assets are expected to be associated with superior management of exposure to environmental and social risks and opportunities

Divestment

Asset owners are free to retain the right to disinvest from or exclude certain companies or sectors if appropriate approaches to addressing their concerns prove unsuccessful and it is determined that an investment is no longer aligned with the interests of the Fund or issues pose a material risk.

2. Our RI priorities



Net Zero



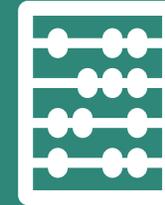
your pension our world



LPFA has publicly committed to the portfolio being Net Zero by 2050.

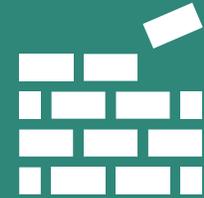


Using the IIGCC's Net Zero Investment Framework, we are working with LPPI to set investment-related goals across the whole Fund.



Defined goals are either:

- asset class specific (emissions, temperature rise, engagement, coverage)
- fund-wide basis (climate solutions – still TBD)



Target-setting progress – at end of year two around 75-80%:

- Outset: Listed equity
- Year 1: Directly held Real Estate, Corporate Bonds (Fixed Income Fund)
- Year 2: Indirectly held Real Estate, Infrastructure, Corporate bonds (Credit Fund)
- Still to be set: Private Equity

Our six RI key themes and objectives: Climate and natural capital



Renewable energy and distribution

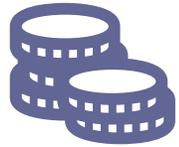
Support the development and distribution of renewable energy solutions.



Pollution and the circular economy

Encourage action to reduce pollution and increase circularity in the economic activities of our investments

Our six RI key themes and objectives: Social and just transition



Fair Pay

Promote better practices of pay for workers and management across our investments.



Diversity, Equity and Inclusion

Promote the importance of Diversity, Equity and Inclusion across our investments.

Our six RI key themes and objectives:

Governance



Accountability & Oversight

To encourage standards of oversight and accountability in all our investments.



Cybersecurity & Responsible Technology Developments

Identify and manage risks and opportunities relating to cybersecurity and responsible technology developments.

2024 developments related to our policy



Nature data (NA 100+, CDP Nature data set)



AI/Cybersecurity (Crowdstrike)



Energy transition finance and planning



Growing list of investor- or collaboration-led campaign opportunities on specific issues (fossil fuel finance, transition plans, fair pay, equal votes)



Stewardship Code: new signatories and revision

3. Member survey – Responsible Investment



Members attitudes to RI

In 2023, we sent a survey to the 41,415 members that we have email addresses for and who have not opted out of e-communications. Our total membership is 96,200.

A total of 3,211 complete responses were received, a response rate of 7.75%

1

Knowledge

Two thirds of respondents said they can identify RI and cite it as a reason they stay as members

2

Financial return or positive impact?

Just over half the respondents said that positive sustainability impact is more important to them than maximising financial returns.

3

Avoid doing harm

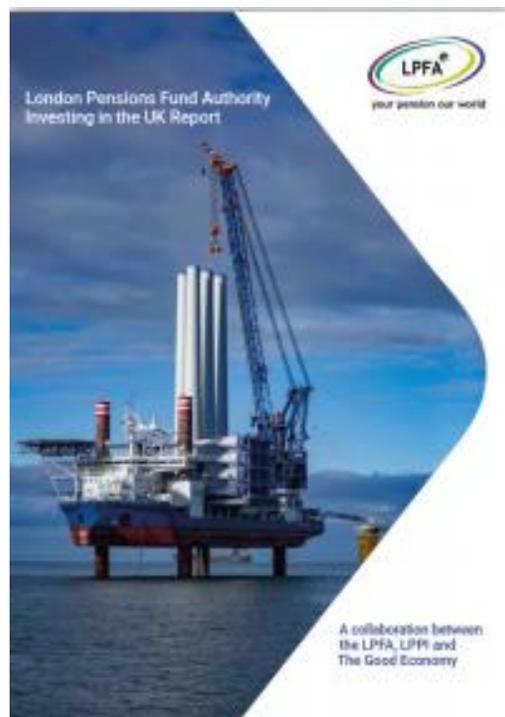
Three respondents out of four said it's important to them that the fund is invested responsibly including investments that minimise harm to the environment.

4

Divest or engage?

Seven out of 10 respondents support using engagement to effect change. Just one in eight prefer divestment over engagement

RI communications with stakeholders



WE'RE COMMITTED TO NET ZERO

The LPFA Board has announced our commitment to being net zero by 2050 or before.

This is in recognition of the risks that climate change poses to businesses and society and to the financial health of our Fund. Since 2017, we've had a [climate change policy](#) in place to help us manage those risks.

Our net zero emissions aspiration is the next step in maintaining the long-term financial sustainability of the Fund, protecting our members financial future and being a responsible investor. We will still meet our target returns and pay pensioners their benefits.

To help us reach net zero and play our part in meeting the Paris Agreement aim of limiting global warming to well below 2 degrees, we have adopted the Paris Aligned Investment Initiative Net Zero Asset Owner [Commitment](#) in line with the Institutional Investors Group on Climate Change (IIGCC) [Net Zero Investment Framework](#) (NZIF).

Our net zero action plan, the Investor Climate Action Plan, can be found below.

LPFA London Pensions Fund Authority
INVESTOR CLIMATE ACTION PLAN

WHAT HAVE WE DONE SO FAR?

WHAT IS A NET ZERO COMMITMENT?

Filter and search

Filter companies by: [Clear all](#)

Company industry

- Agriculture & Food
- Energy & Utilities
- Finance
- Healthcare
- Industrial
- Lifestyle
- Real Estate
- Retail

Companies in my pension Show industry grouping

This pension fund is invested in at least **300 companies**, split across 12 different industries:

64	49	48	39	38	17	16	13	13
Tech	Finance	Industrial	Uncategorised	Specialist services	Retail	Agriculture & food	Transport & vehicles	Healthcare
9	6	5						
Lifestyle	Energy & utilities	Real estate						

This data was collected between 30th December 2022 and 28th June 2024

A					
Aarti Industries Ltd.	0.03%	Accenture plc.	2.30%	Addtech AB	0.09%
Adobe Inc.	1.84%	Advanced Micro Devices Inc.	0.15%	Adyen NV	0.16%
Aercap Holdings N.V.	0.26%	Affirm Holdings Inc.	0.01%	Alya Ltd	0.03%
AIA Corp en l. limited	0.47%	Alibaba Group Holding	0.24%	Alimentation-Couche	0.27%

45

4. Working with LPPI



Working with LPPI



LPPI invest on our behalf in line with our policies, including our RI policy,

Provide insight and input into our policy making process as our investment advisor.

RI reporting:

- RI report and performance dashboard to every quarterly Investment Committee
- Net Zero reporting twice yearly

Collaboration

- Fortnightly RI check-ins at officer level
- Sharing regulatory consultations
- Working alongside each other in collaborative engagement initiatives
- Cross-party project teams set up for specific RI projects

Key takeaways

Our RI Policy

We developed our RI policy with refreshed RI beliefs which makes our priorities clear for stakeholders. It is based on contributing to maximising risk-adjusted returns for our members.

Member views

Our RI policy priorities align with what our member survey told us about the key concerns of our members.

Wider scope of RI work

Our RI priorities encompass climate, nature, social and governance issues.

Collaboration

We work collaboratively with our managers and other investors to leverage collective influence.

Thank you



Administering the LPFA Pension Fund

Jo Darbyshire | Managing Director, LPPA



Contents

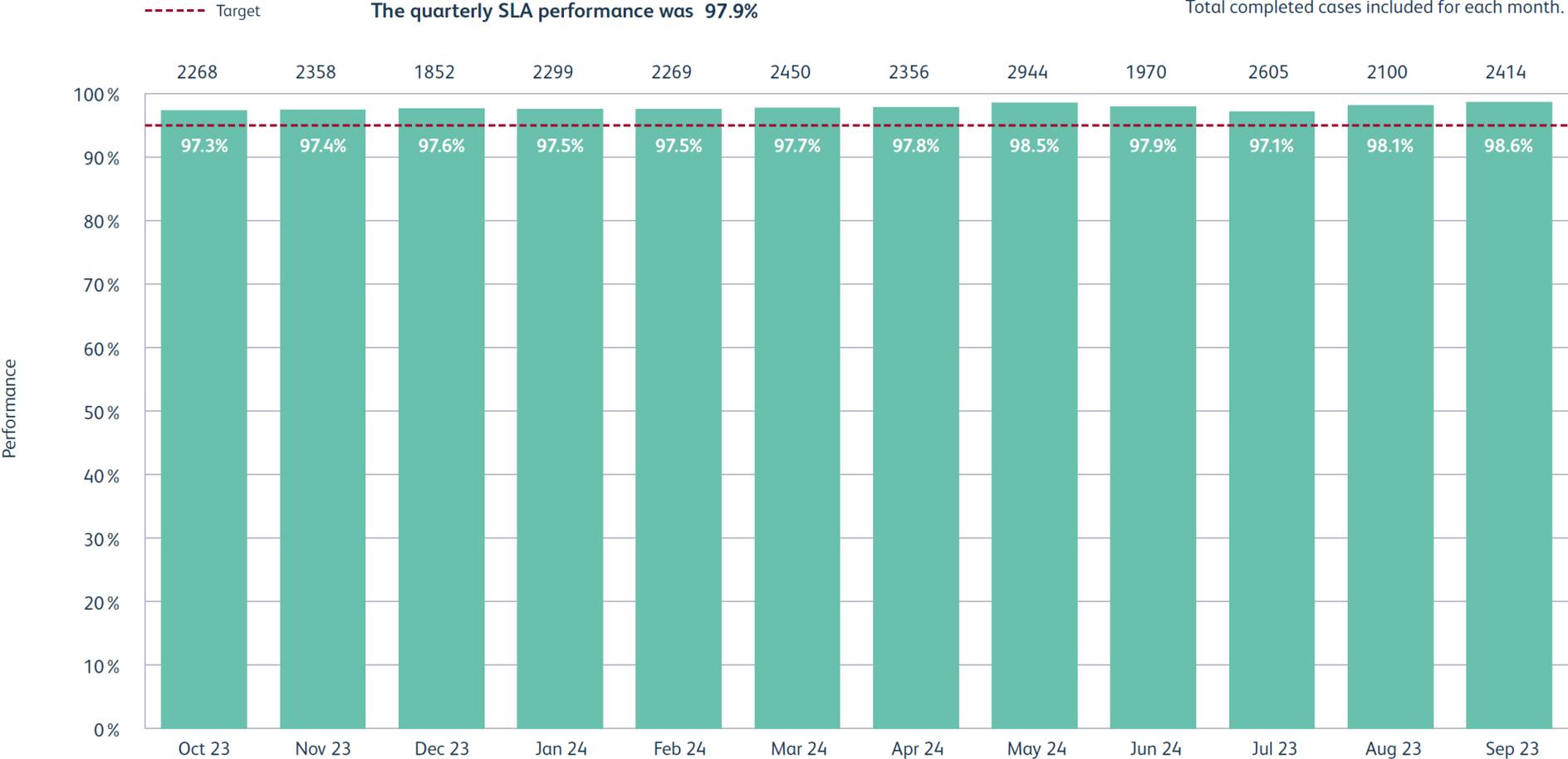


- ✓ **LPPA Performance 2024**
- ✓ **Monthly Returns and Employer Portal**
- ✓ **Improving the LPFA Member Experience**
- ✓ **Communications and Training**
- ✓ **Employer Metrics and Performance**
- ✓ **LPPA Projects (McCloud, The Pensions Dashboard)**

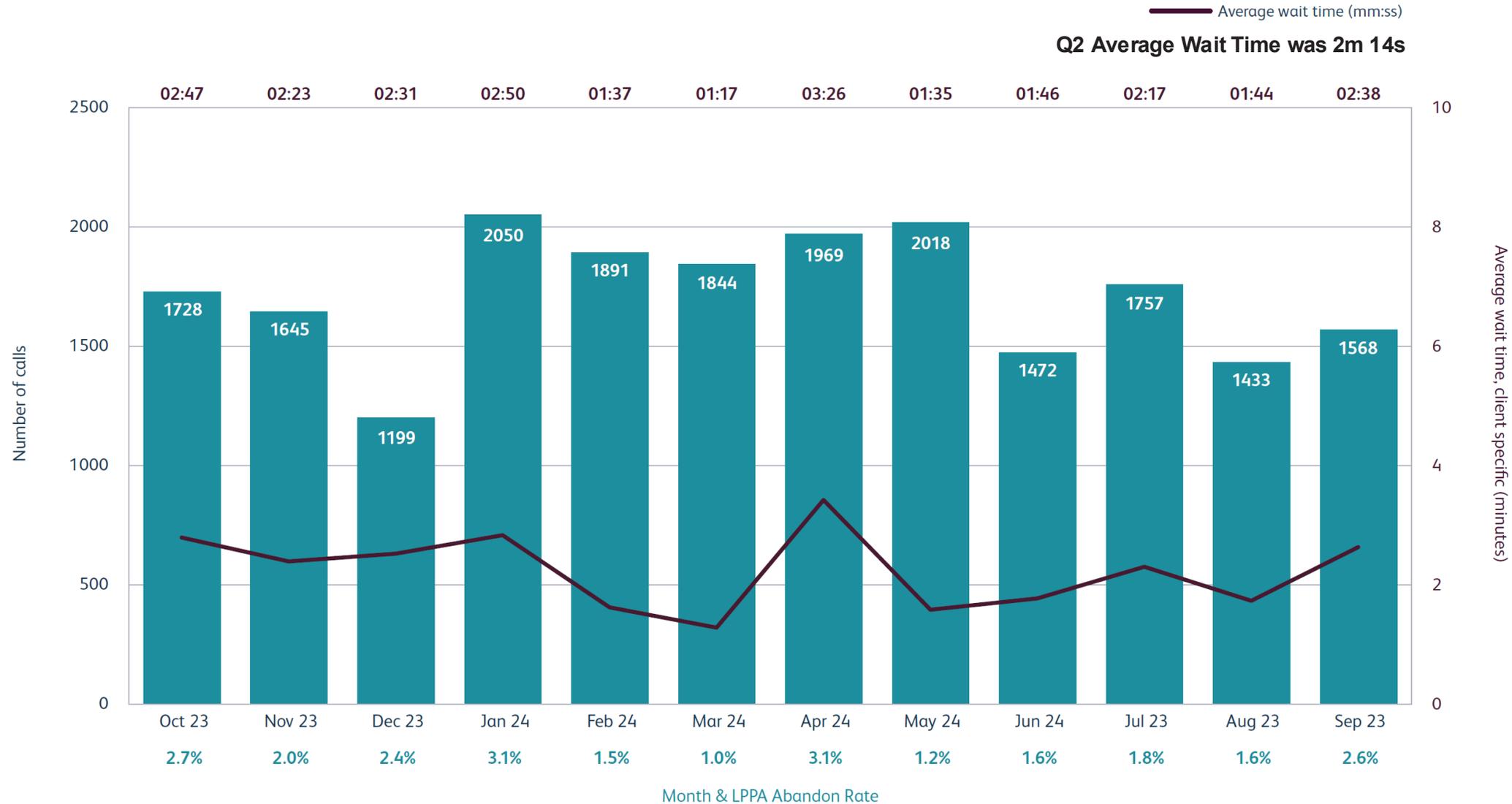
LPPA Performance



LPPA Casework Performance October 23 – September 24



LPPA Contact Centre Call Performance October 23 – September 24



LPPA Operational Service



LPPA service has significantly improved over the last 12 months:

- ✓ Operational casework performance against overall Service Level Agreements (SLAs) was consistently above the 95% target throughout the last 12 months.
- ✓ Contact centre performance average call wait time consistently below the targeted four-minute wait time in the last 12 months (improvements through additional staff recruitment, improved training and processes).
- ✓ Member complaints have reduced by 50% in the last 12 months (through improved processes).
- ✓ 2023-24 was the first year that LPFA employers were required to submit monthly data returns (previously an annual return) - this is now an embedded process and has resulted in 98% of all Annual Benefit Statements being produced by the statutory deadline (31 August 2024).
- ✓ On-time submission of accurate data return files from LPFA employers is important - late files drive spikes in work for LPPA, as cases are automatically created following submission ... which in turn, drives poor member experience (delays).

Monthly Returns and Employer Portal



Monthly Returns – improvements to the employer portal



The benefit of moving to monthly submission of member data includes:

- ✓ LPFA member records are updated automatically using the information employers provide.
- ✓ Collecting data more frequently reduces the number of forms employers need to complete.
- ✓ Up-to-date pay and member data is held on LPPA records so that members can run their own accurate estimates.

Employer portal improvements delivered in 2024

- ✓ Self-service reporting for employers (including detail around last submitted monthly file)
- ✓ Automated processing of leavers from the monthly data file (from March 2024, employers no longer required to submit separate leaver forms for certain cases)
- ✓ Improved data file upload process (ability to view data error report to assist resolution)
- ✓ Viewing submitted forms (all member forms now visible in the portal)
- ✓ Employers can generate member estimates (standard retirement, redundancy and Tier 1 / 2 / 3 Ill Health)

Monthly Returns – planned developments (24/25)



LPPA recognise that further developments are needed to improve the service for employers

- ✓ Improve the portal performance - monthly files should be quicker to process for the employer and LPPA, and the submission process could be more 'user-friendly'.
- ✓ Validations – functional improvements will enable employers to resolve data queries at the point of submission (and improve TPR scores for fund clients).
- ✓ Online form improvements – feedback from employers highlight that forms are unclear (not easy to understand) and too much information is being requested that isn't required.
- ✓ Additional user functionality is planned before the end of 2024 (and ongoing) – this includes improved search function (by payroll reference), filtering work-feed queries and bulk reassignment of queries (to colleagues).

LPPA will ensure that any employer system development is communicated in a timely manner and kept to a minimum, to limit impact on employers, their IT suppliers and payroll providers.

Improving the LPFA Member Experience



Member experience – measuring satisfaction levels

LPPA Contact Centre ratings (last 12 months) – LPFA specific



“How satisfied are you with the overall service you have received from LPPA?”

“In connection with the adviser you have just spoken to, how satisfied are you with the service they provided?”

Member experience – measuring satisfaction levels

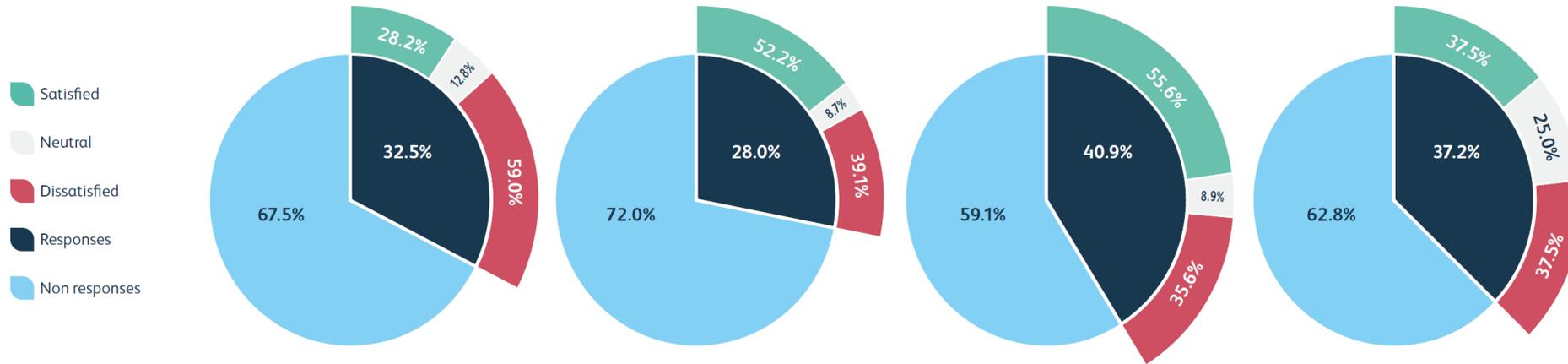


- ✓ **Member satisfaction** is increasing across all areas. Retirement satisfaction has increased – in September, LPFA retirement satisfaction was at 65% (up from 60% in April 2024)
- ✓ Process re-engineering and automation, together with a focus on employer performance, will drive further improvements in the next 12 months.
- ✓ Measurement of member satisfaction has evolved and highlights the (relatively) low numbers of respondents to our monthly survey (60% to 70% of those surveyed do not respond)
- ✓ There are noticeable differences in the retirement satisfaction scores for Deferred (69% satisfaction in Q2) and Active LPFA members (38% satisfaction in Q2).
- ✓ Analysis highlights the impact that delays in AVC disinvestment, and late retirement notification from employers, has on the lower satisfaction scores from Active members.
- ✓ These insights, along with qualitative feedback from the surveys, are being used to improve operational processes and communications, with the aim to continue to drive up member satisfaction.

Member experience – measuring satisfaction levels



LPFA Active Retirements (last 12 months) – LPFA specific



	Q3 23/24		Q4 23/24		Q1 24/25		Q2 24/25	
Retirements processed, completed	162		155		150		130	
Surveys issued and as a % of retirements	120	74.1%	82	52.9%	110	73.3%	86	66.2%
Satisfied Responses (as a % of surveys issued)	11	9.2%	12	14.6%	25	22.7%	12	14.0%
Dissatisfied Response (as a % of surveys issued)	23	19.2%	9	11.0%	16	14.5%	12	14.0%
Non responses and as a % of surveys issued	81	67.5%	59	72.0%	65	59.1%	54	62.8%
Responses and as a % of surveys issued	39	32.5%	23	28.0%	45	40.9%	32	37.2%
Satisfied responses and as a % of responses	11	28.2%	12	52.2%	25	55.6%	12	37.5%
Dissatisfied Responses and as a % of responses	23	59.0%	9	39.1%	16	35.6%	12	37.5%

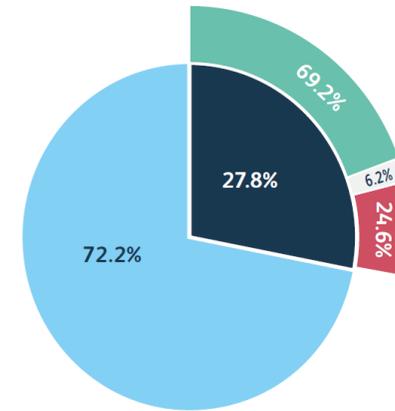
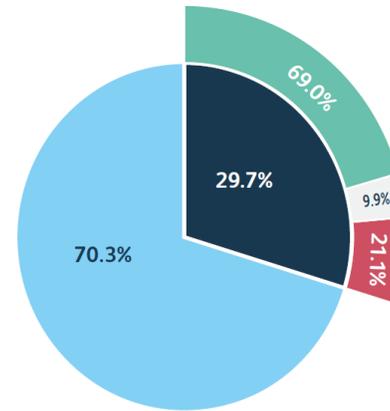
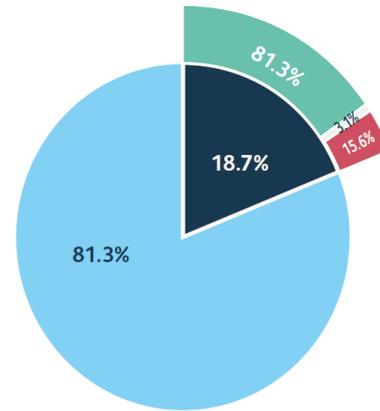
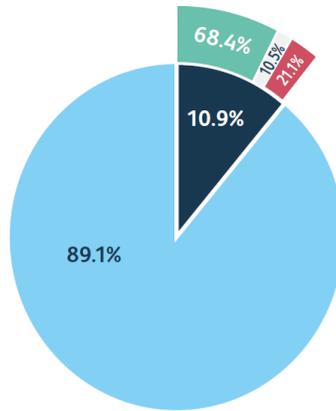
- Members can have multiple processes
- Email survey issued monthly, six to eight weeks after the retirement has been completed and the member has received their initial payment.
- Charts illustrate responses and non-responses as a % of total surveyed
- **Satisfied** and **dissatisfied** as a % of total responses (true member satisfaction measure)

Member experience – measuring satisfaction levels

LPFA Deferred Retirements (last 12 months) – LPFA specific



- Satisfied
- Neutral
- Dissatisfied
- Responses
- Non responses



	Q3 23/24		Q4 23/24		Q1 24/25		Q2 24/25	
Retirements processed, completed	284		317		351		376	
Surveys issued and as a % of retirements	175	61.6%	171	53.9%	239	68.1%	234	62.2%
Satisfied Responses (as a % of surveys issued)	13	7.4%	26	15.2%	49	20.5%	45	19.2%
Dissatisfied Response (as a % of surveys issued)	4	2.3%	5	2.9%	15	6.3%	16	6.8%
Non responses and as a % of surveys issued	156	89.1%	139	81.3%	168	70.3%	169	72.2%
Responses and as a % of surveys issued	19	10.9%	32	18.7%	71	29.7%	65	27.8%
Satisfied responses and as a % of responses	13	68.4%	26	81.3%	49	69.0%	45	69.2%
Dissatisfied Responses and as a % of responses	4	21.1%	5	15.6%	15	21.1%	16	24.6%

Member experience – measuring satisfaction levels

Google ratings (Contact Centre)



Local Pensions Partnership Administration (LPPA)
Level 2 Christ Church Precinct County Hall Complex, Preston

4.1 ★★★★★ 93 reviews
Reviews aren't verified. ⓘ

People often mention
All information 18 email 11 company 10 patient 9 +6

Sort by
Most relevant Newest Highest Lowest

Lena Ferdinand
7 reviews · 4 photos
★★★★★ 4 days ago **NEW**

The lady called Nicola Smith truly deserves a pay rise. I previously discussed my case with 2 other representatives who gave me nothing but headache, vague information and essentially made me feel fobbed off for the lack of a better ... [More](#)

Like

Response from the owner 3 hours ago
Hi Lena, thank you for taking the time to post a positive review about Nicola. We will look into any issues you've experienced on your previous calls and pass on your feedback to the team.

Sunil Kotecha
11 reviews · 6 photos
★★★★★ 4 months ago

Nicola Smith was very polite and listened to my questions patiently. Her answers were so reassuring and she knew where I was heading with mv questions.

Actions taken to improve Member Satisfaction:

1. Improving timeliness of monthly data returns (monthly).
2. Automated processes (auto deferred retirement quote, leading to other automations in next 12 months) speed up the retirement process.
3. Deep-dive into retirement cases (understanding reasons for dissatisfaction, including delays in employer notifications and AVC disinvestment).
4. Improvements in communications:
 - a. Review of Retirement letters completed (accreditation with Plain English campaign and 'Crystal Mark').
 - b. Retirement newsletters (age >55 active members) focused on 3 months' notice of intention to retire given to employers.
 - c. Improvements to Member Retirement pages of LPPA website.



Communications and Training



Communications and Training



Employer Training

- ✓ These online training sessions, all bookable on the LPPA website, cover a variety of topics including:
 - Submitting Scheme Leavers** (support on how to provide leaver details)
 - UPM Employer Portal** (functionality and processes)
 - Submitting Monthly Returns** (how to upload files and resolve queries)
 - LGPS Scheme Essentials** (calculating final pay, CARE pay and assumed pensionable pay)
 - Managing Absence and Ill Health**
 - Employer Responsibilities** (support for HR and Payroll staff)
- ✓ LPPA has also delivered training sessions to LPFA members, including **Making Sense of Your Pension** (new starters) and **Making Sense of Retirement** (retiring members).

Communications and Training



Communications

Employer Focus

- ✓ Supporting LPFA employers with navigation of the UPM portal and improving functionality.
- ✓ Training and additional resources to help employers complete their monthly return accurately and timeliness of submission.
- ✓ Responding to employer enquiries and the escalation of priority cases.

Member Focus

- ✓ Providing statutory updates to members (ABS, P60, Annual Allowance).
- ✓ Issuing online newsletters to members.
- ✓ Developing online support resources, including a guide to understanding your Annual Benefit Statement.
- ✓ Improving access to pension information on the LPPA website (search facility, contact form improvements, user guides and FAQ videos), and increase LPFA member registrations on PensionPoint to encourage self-service.

Employer Metrics and Performance



PensionPoint Registrations (by employer)



Employer Name	Total PensionPoint Registered Active Members 2024	Total Active Members (1 Oct 24)	% Registered Active Members
FOOD STANDARDS SCOTLAND	26	28	93%
LONDON PENSIONS FUND AUTHORITY	21	23	91%
ENGLISH SPORTS COUNCIL	30	33	91%
ST MARTIN IN THE FIELD H SCH	9	10	90%
DULWICH COLLEGE	61	71	86%
LPP A	26	32	81%
VALUATION TRIBUNAL SERVICE	46	57	81%
VALUATION OFFICE AGENCY	64	81	79%
L.B. GREENWICH	10	13	77%
MARY WARD SETTLEMENT	10	13	77%

Top 10 employers - registered active members as a % of all active members (min. 10 active members). For all LPFA employers, **41%** of active members are registered with PensionPoint.

Employer Name	Total PensionPoint Registered Active Members 2024	Total Active Members (1 Oct 24)	% Registered Active Members
UNIVERSITY OF THE ARTS LONDON	1206	3251	37%
GREATER LONDON AUTHORITY	812	1,562	52%
UNIVERSITY OF WESTMINSTER	640	1,876	34%
UNIVERSITY OF GREENWICH	607	1,172	52%
LONDON FIRE COMMISSIONER	526	1,150	46%
BRUNEL UNIVERSITY	376	879	43%
LONDON METROPOLITAN UNIVERSITY	313	1,026	31%
CAPITAL CITY COLLEGE GROUP	307	823	37%
NEW CITY COLLEGE	302	977	31%
SOUTH THAMES COLLEGE GROUP	299	690	43%

Top 10 employers – number of registered active members. For all LPFA employers, the average number of active members registered with PensionPoint is **84**.

PensionPoint Registrations (by employer)



Employer Name	Total PensionPoint Registered Active Members 2024	% increase (2023 vs 2024) PensionPoint Registered Active Members	Total Active Members (1 Oct 24)
LONDON NAUTICAL SCHOOL	25	127%	54
ASSOCIATION OF COLLEGES	54	80%	71
IMMANUEL C OF E PRIMARY SCHOOL	21	75%	69
LA SAINTE UNION CONVENT SCHOOL	28	65%	82
LONDON SOUTH EAST COLLEGE	216	64%	381
LPPI	49	63%	96
EALING HAMMERSMITH & WEST LONDON COLLEGE	113	47%	458
UNIVERSITY OF WESTMINSTER	640	39%	1876
UNIVERSITY OF ST MARK & ST JOHN	113	38%	556
CITY ST GEORGES UNIVERSITY OF LONDON	285	36%	852

Top 10 employers - % year on year increase in PensionPoint registered active members (min. 50 active members). For all LPFA employers, there has been a **29%** increase year on year.

Benefits of encouraging members to register to PensionPoint:

1. View annual benefit statements, P60s, payslips and other important documents ... online and securely.
2. Calculate pension benefits and run retirement estimates, as often as you like.
3. Nominate a beneficiary (who would you like to receive a lump sum in the event of your death)
4. Amend personal details (update your name, address and contact details)

The LPPA communications team has an '[Employer Toolkit](#)' on their website that provides employers with online resources to promote the benefits of PensionPoint in the workplace

LPFA employer performance (measurement)



LPP
Local Pensions Partnership Administration

Employer Assessment - Employer Overview

Client Name	Paylocation ID	Paylocation Ref	Paylocation Name	Active Members	Employer Uploads		Employer Outbound Errors	Web Leavers
					Submit Data	Returns Up to Date	Error Rate	Late (%)
LPFA			Employer A	1000	●	●	●	●
LPFA			Employer B	1000	●	●	●	●
LPFA			Employer C	1000	●	●	●	●
LPFA			Employer D	1000	●	●	●	●
LPFA			Employer D	1000	●	●	●	●
LPFA			Employer E	750	●	●	●	●
LPFA			Employer F	750	●	●	●	●
LPFA			Employer G	750	●	●	●	●
LPFA			Employer H	750	●	●	●	●
LPFA			Employer I	750	●	●	●	●
LPFA			Employer J	500	●	●	●	●
LPFA			Employer K	500	●	●	●	●
LPFA			Employer L	500	●	●	●	●
LPFA			Employer M	500	●	●	●	●

- LPPA actively measuring employer performance using the following metrics:
 - Monthly Returns (timeliness of upload via portal, and whether employers are up-to-date in their submissions)
 - Data Queries (measuring the quality of the data upload)
 - Retirement Leaver Forms (are they submitted at least 30 days before the members retirement date)
- Data shared with client funds, and used to inform employer intervention (additional support, enrol employers on training sessions)

LPPA Projects



LPPA Projects



McCloud (LGPS remedy)

Data

- ✓ Submission of data from employers is key to the success of McCloud remedy. Employers were given a deadline of 31 March for final data submission. Members will have the opportunity to query anything they think is incorrect as part of the remedy process.
- ✓ Eligibility flags are now in place for LPFA remedy members.
- ✓ Once member data has been validated, the deferred choice underpin will apply – but will fail if the required data is not in UPM. Member data is validated at employer level.

Deferred Choice cases (those whose benefits are coming into payment now)

- ✓ Current position for those retiring now – underpin applies for member data that has been validated; where data hasn't been validated, we will revisit those cases (in bulk) when UPM functionality is delivered later in 2024.

Immediate Choice cases (retrospective cases – benefits are already in payment)

- ✓ No immediate choice cases have been processed to date. Further UPM releases are expected through 2024 to support the retrospective work.

ABS

- ✓ No changes to the LGPS ABS process for 2024 (a standard ABS was issued by 31st August 2024) with the underpin included in the 2025 ABS.

Key risks

- ✓ System functionality release delays/issues
- ✓ Treatment of remedy on interest remains outstanding

LPPA Projects



Pensions Dashboard

- ✓ Pensions Dashboard aim is for pension scheme members to be able to access all their pensions information online, securely and all in one place
- ✓ Connection date for public sector schemes is 31 October 2025. Fines will be levied for late connection (to the funds).
- ✓ Civica are our Integrated Service Provider
- ✓ Project is in flight at LPPA with dedicated Project Manager
- ✓ Regular Pensions Dashboards round tables will be arranged to inform clients and provide opportunities to ask questions (these worked well for McCloud)
- ✓ LPPA is leveraging professional peer network to inform our approach and proactively measure risk (some peers have connection dates ahead of LPPA).

Key challenges:

- ✓ Business readiness - Unknown demand into LPPA and how to manage this. Spikes in enquiries may be driven by PR that we are not in control of (by Government, media and dashboard providers). Aim is to drive self-service as much as possible.
- ✓ Matching criteria (intention is to adopt PASA recommended).
- ✓ AVCs – although there are three options, large AVC providers appear to be willing to accept only one – which will make for a poorer member experience.
- ✓ Civica resource – already stretched on McCloud and needs proactive management from LPPA.
- ✓ Efficient communication to all impacted audiences.

Thank you





London Pensions Fund Authority

Employer Forum

Liam Mayne, Partner

6 November 2024

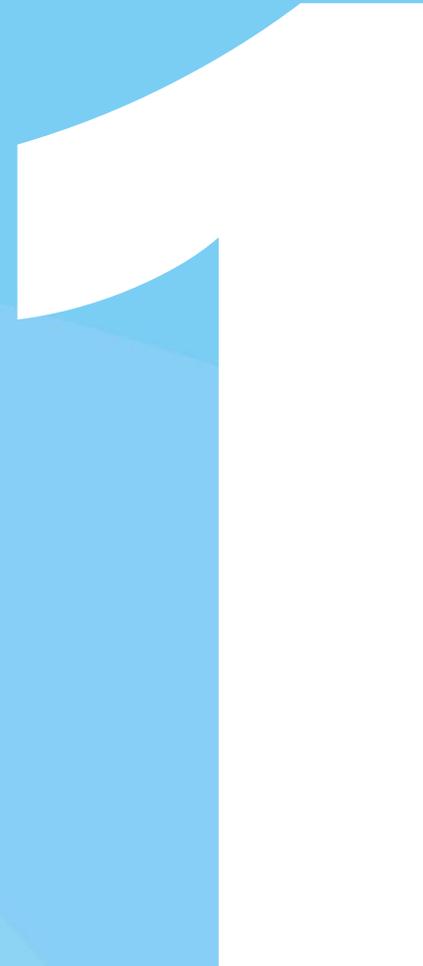


What's on the agenda

- › 2022 valuation refresher
- › Current position
- › 2025 valuation



2022 valuation refresher



Reminder of the nature of the Fund

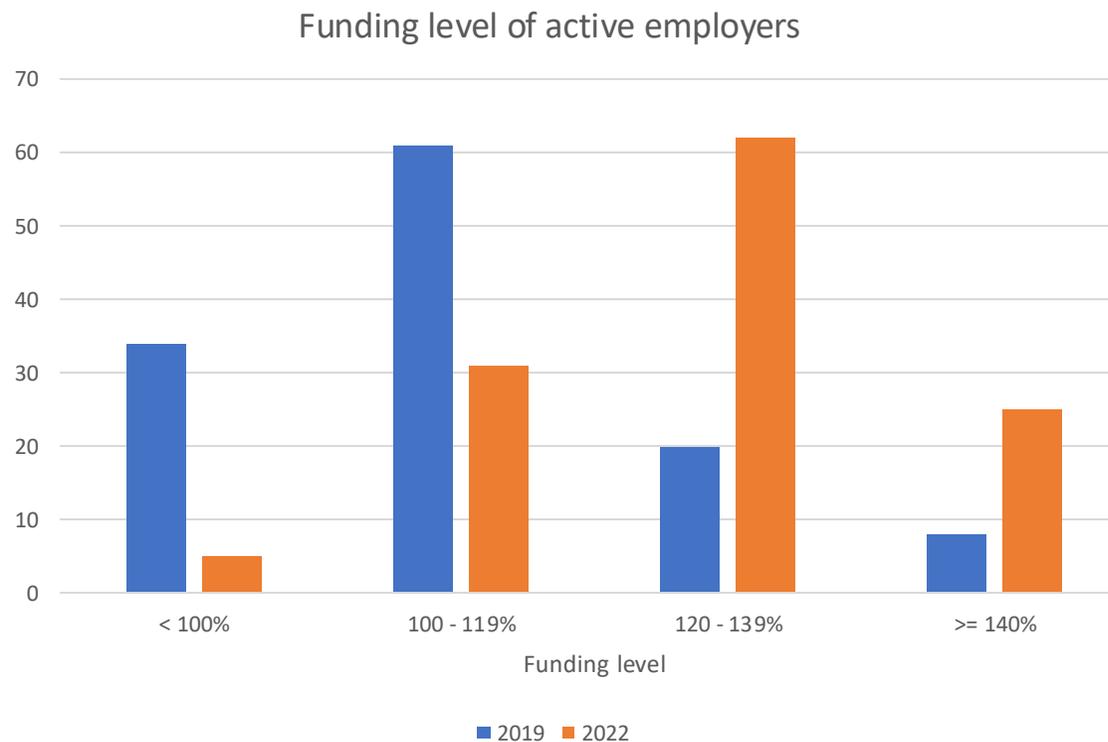
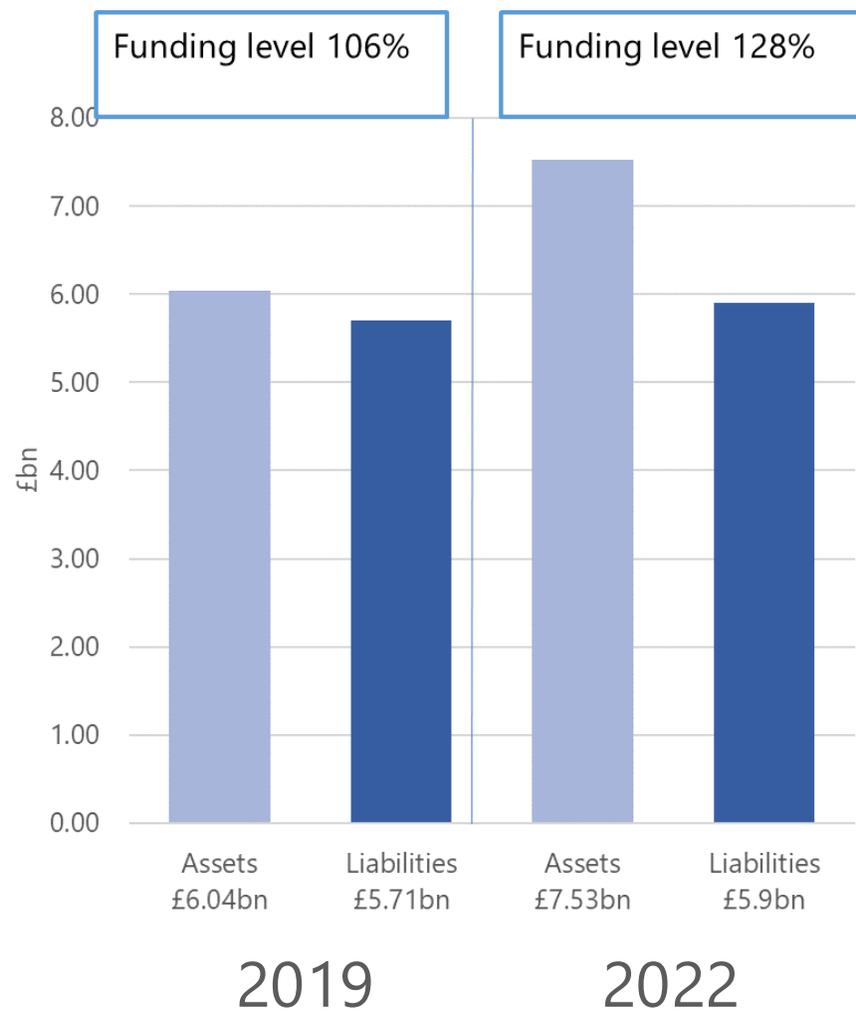
Single pool of assets managed by LPFA for the benefit of all

Assets notionally allocated to employers but no legal separation of assets

All employers are credited the same investment returns each year but funding positions reflect other differences

Key aim of Fund Actuary is to set contributions to secure the Fund's solvency and long-term cost efficiency

2022 funding levels



2022 contribution rates – primary

	2019	2022
Primary rate (% of payroll p.a.)	15.2%	15.2%

Differs by employers



Member profile

Older average age
leads to higher cost



Covenant grade

Stronger covenant
leads to better grade
and lower cost

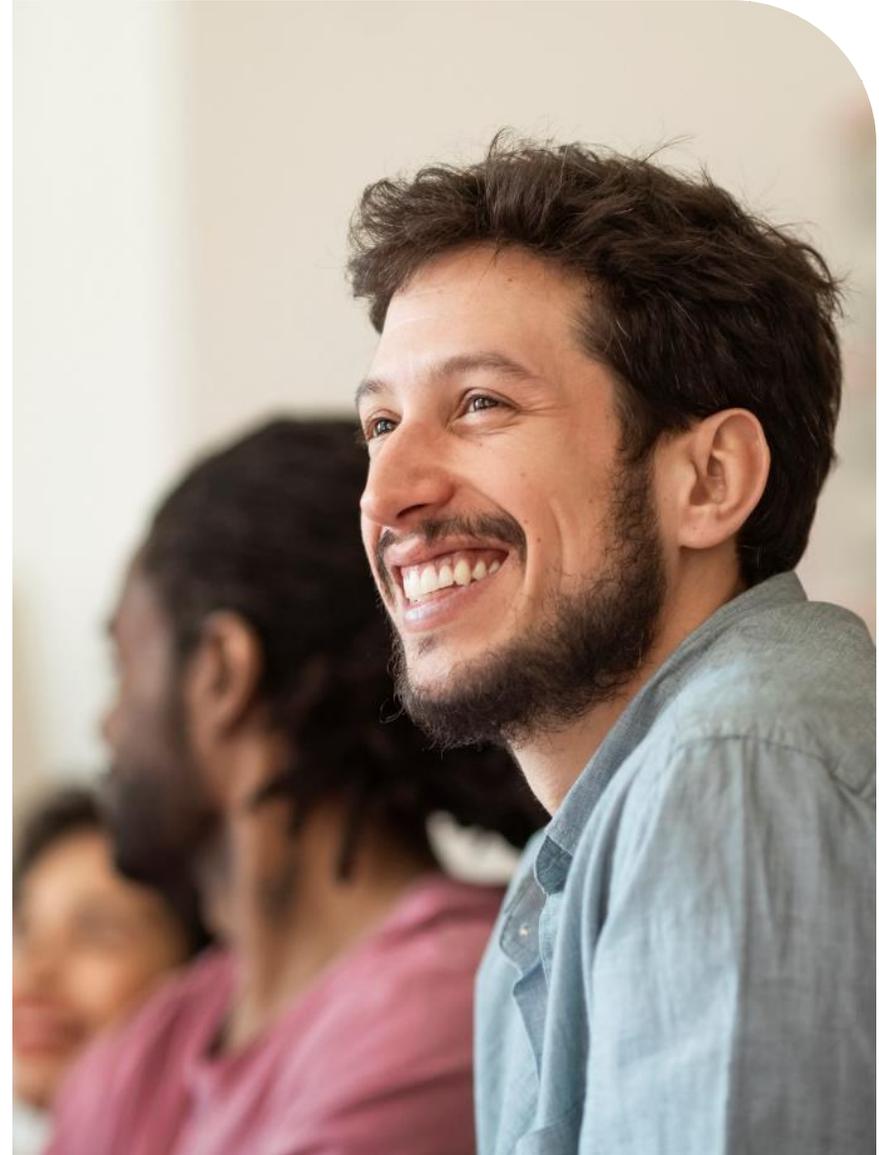


Demographic assumptions

Member by member
life expectancy

2022 contribution rates - secondary

- ◇ Desirable outcome - maintain as nearly constant contribution rate as possible
- ◇ Secondary rates depend on employer funding position
- ◇ 2/3s of employers over 120% funding level
- ◇ New policy to set negative secondary rates where FL > 120%
- ◇ Minimum secondary rate -10%



Current position

Change in funding position



Reasons for drop in funding level:

- Asset returns lower than expected
- Inflation higher for longer than expected
- But ignores other factors that will be taken into account in 2025

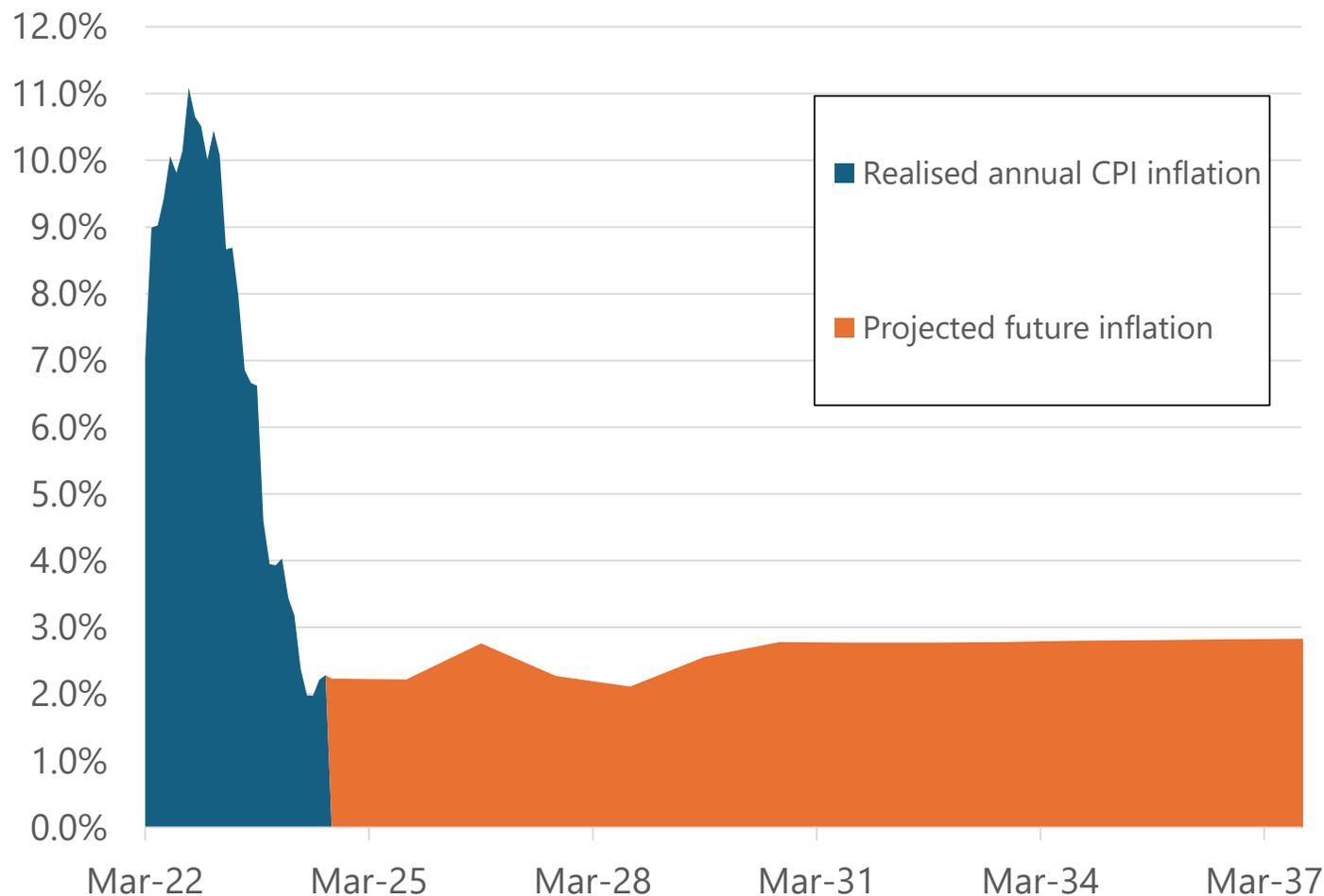
Asset returns

- Asset returns have been lower than expected since 31 March 2022
- Actual asset returns do not affect primary rate but do affect funding level and secondary rate
- If asset returns remain lower than expected through to March 2025, **average employer funding levels likely to be lower than in 2022** – which would increase secondary rates



Inflation

- CPI inflation spiked at 11% after March 2022
- Stayed higher for longer than expected
- Now expect inflation to revert to more normal levels over the long-term



Projected future inflation has been derived from the Bank of England market-implied RPI inflation yield curve, with suitable adjustments to reflect expected differences between RPI and CPI in future and a deduction made in respect of the 'inflation risk premium'.

Primary rate

- Primary rate does not move in the same way as the funding position because it's not impacted by past asset returns or past inflation
- Key factor in determining the primary rate is the discount rate; our prudent view of future asset returns
- Change in market conditions makes it more challenging to set this than at the 2022 valuation

2025 Valuation

3

The 2025 valuation

Required every 3 years

- › Measurement date of 31 March 2025
- › Completed by 31 March 2026
- › Applies to all LGPS Funds in England & Wales

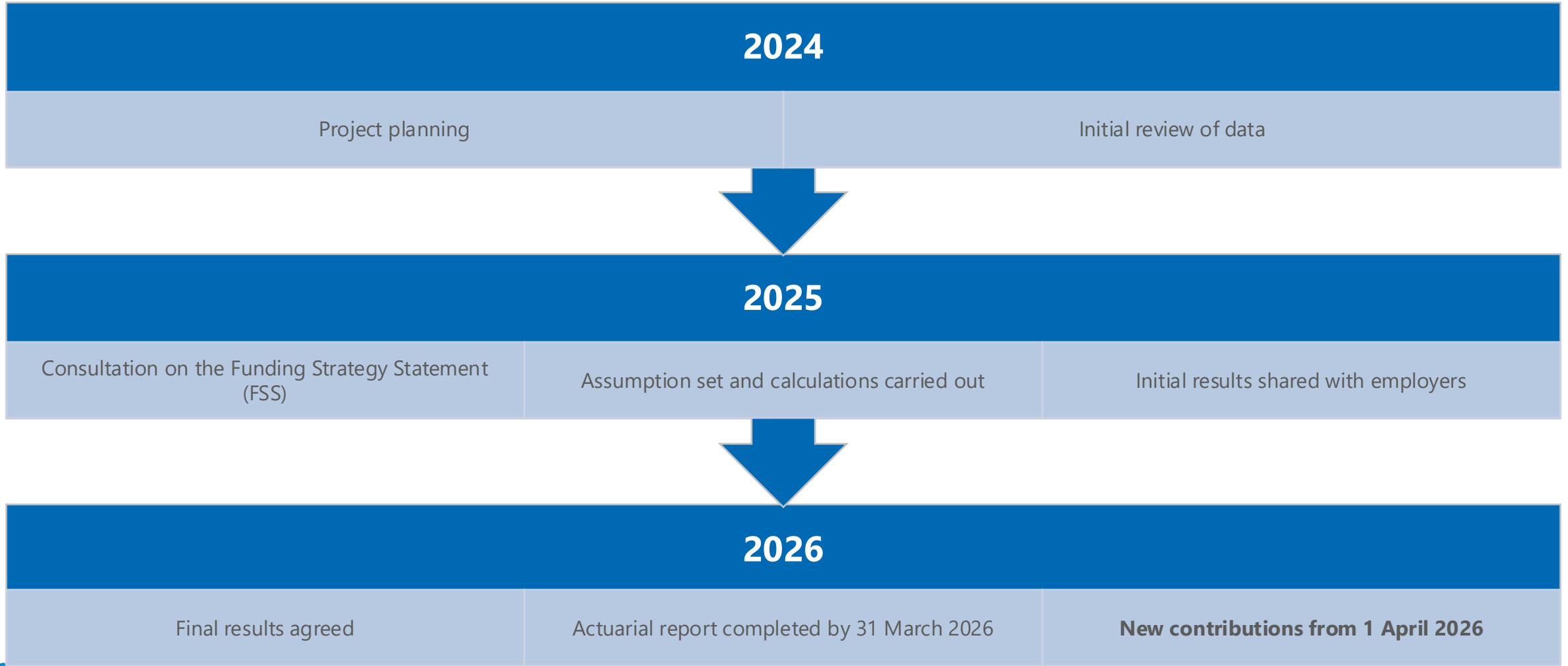
Purpose

- › ***Set employer contributions***
- › Review and set funding strategy
- › Assist government benchmarking (Section 13 valuation)

Key decisions

- › Funding strategy
- › Actuarial assumptions
- › Allowing for employer-specific circumstances

Timetable



Looking ahead to 2025

Challenging environment

- Much higher interest rates than in early 2022
- Unstable geopolitical environment and climate change risks still present
- But covid and high inflation now behind us

Weaker funding position

- Funding levels likely to be lower compared to 2022
- Assumptions will be reviewed in light of the current economic environment

Range of outcomes

- Individual employer outcomes will vary
- Strength of employer covenant still expected to be a key driver of contribution levels
- Employers with negative a secondary rate should be cautious about assuming it will continue

Key variables between now and 31 March 2025

Asset returns
over Q1 2025

Financial
assumptions

Mortality and
demographic
assumptions

Actual
experience
since 2022

Changes in
funding
strategy

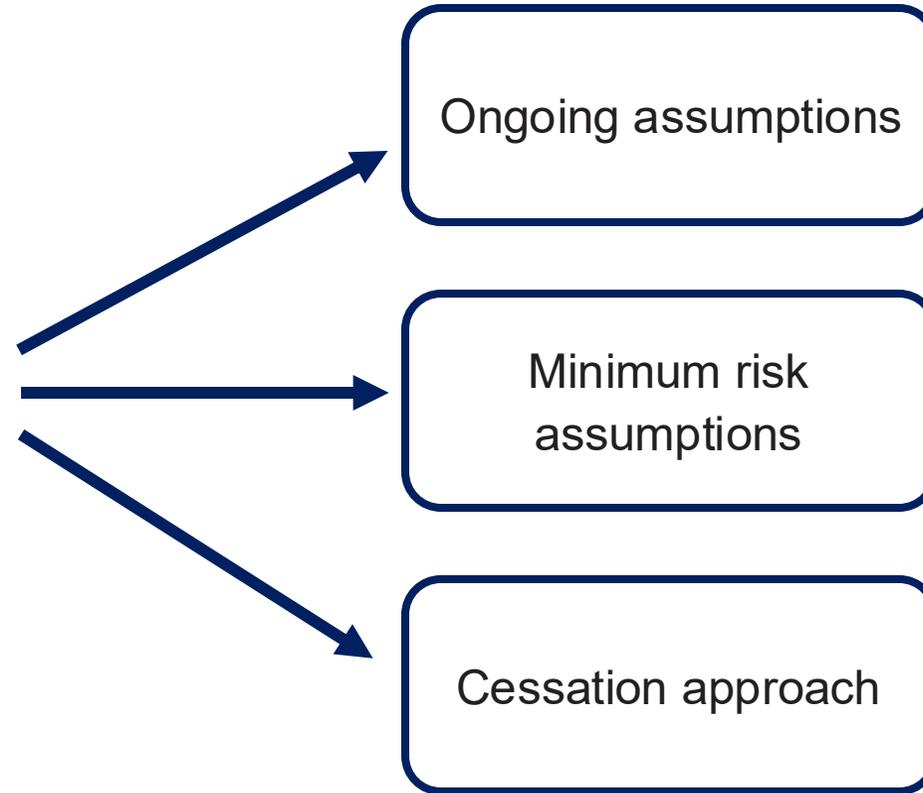
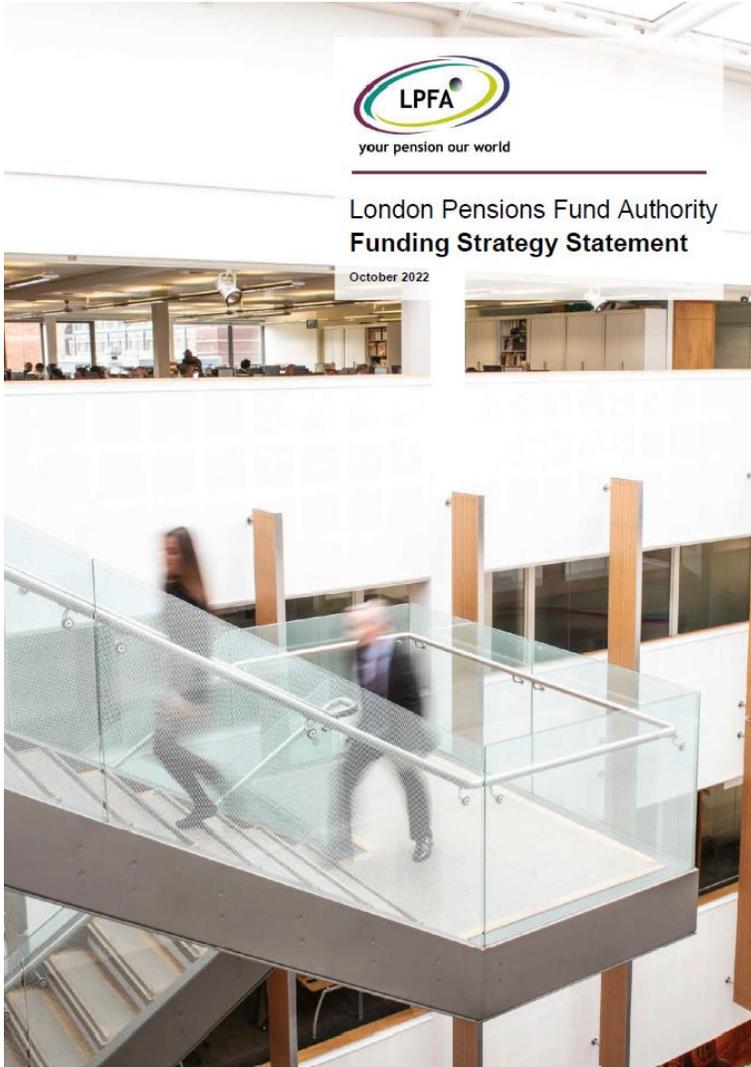
Key takeaways for employers

- Expect funding levels to be down on average for most employers
- We aim to keep contribution rates steady but have to balance a number of positive and negative factors
- Expect LPFA to engage with you in 2025 on proposed changes to the Funding Strategy Statement (FSS) and your individual results
- New contributions effective from 1 April 2026

Regulatory information

The information in this presentation is based on our understanding of current taxation law, proposed legislation and HM Revenue & Customs practice, which may be subject to future variation. This presentation is not intended to provide and must not be construed as regulated investment advice. Returns are not guaranteed and the value of investments may go down as well as up.

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Questions and closing remarks

Thank you



Please join us for lunch.