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London Pensions Fund Authority **Strategic Policy Statement 2020-2023**

March 2020



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London Pensions Fund Authority

Strategic Policy Statement 2020-23

Introduction from the LPFA's outgoing Chairman Sir Merrick Cockell

The submission of this statement to the Mayor of London will be my final action as LPFA Chairman. I have served on the LPFA Board since 2010 and as Chairman for the last 4 years and have helped guide the organisation through some major changes in the Local Government Pensions Scheme (LGPS) sector and the wider pensions industry.

During my tenure, we have seen the LPFA: take the lead in LGPS pooling; be amongst the forefront of World City pension schemes (C40 Cities) in responding to climate change; evolve its responsible investment approach; and invest into new asset classes including infrastructure and housing.

I would like to personally thank past and present colleagues for their commitment and support and wish all the success to my successor, John Preston.

Towards the end of 2018, we welcomed two new members to the LPFA Board. Cllr Ruth Dombey, Leader of London Borough of Sutton, who has extensive experience in local government administration, and Cllr Tony Newman, Leader of London Borough of Croydon, who brings many years of knowledge in regeneration and housing. At the start of 2019, Christina Thompson, Acting Director of Corporate Resources of London Borough of Lambeth, joined the Board and was appointed as Chair of the Audit and Risk Committee (ARC). Her background in local government brings the LPFA expert knowledge of all areas of local government finance and corporate resources. Biographies of Board Members can be found on LPFA's website.

Since Robert Branagh became Managing Director in 2018, the LPFA has continued to streamline its day-to-day operations, enhance its relationship with employers and members and strengthen our approach to climate change and responsible investment. We have also seen increased oversight of Local Pensions Partnership (LPP) both from the perspective as a co-owner (with Lancashire County Council (LCC)) and service-receiver.

These changes have ensured that the LPFA has been well prepared for the immediate demands of the 2019 triennial valuation review and increasing regulatory pressures, as well as setting a strong foundation for the future.

All this has taken place against a backdrop of an uncertain national and international political environment that shows little sign of abating. The new Government is likely to continue pensions reform and seek further streamlining of the LGPS. LPFA and LPP are well positioned to be influential participants in the challenges ahead.

Introduction from the LPFA's new Chairman John Preston

I would like to begin by thanking Sir Merrick Cockell for his work and stewardship of the LPFA as the outgoing Chairman. During Sir Merrick's tenure, he has played a crucial role in leading the organisation by challenging the status quo through collaboration and assisted in the ongoing evolution of the LGPS sector as well as the wider pensions landscape.

I will be joining LPFA at a time of significant change and challenge and look forward to building on the strong foundations laid to date. I am particularly looking forward to driving our themes of collaboration and sustainability over the coming months and years and working with a committed and effective Board and Executive team.

Statement from the LPFA's Managing Director Robert Branagh

On behalf of myself and the small team here at LPFA, I too would like to thank Sir Merrick for all his support and leadership during my time at the Fund. The team wish him well and every success in his future ventures.

The past year has been one of substantial change as the LPFA has continued to evolve. I'm delighted that we have made such progress in establishing a purpose-driven culture with pensions delivery at its heart. I am also pleased that we have retained, and built upon, so many elements of what has made the LPFA a success story in the past, namely collaboration, sustainability and a commitment to ESG which has recently culminated in the publication of our specific Responsible Investment (RI) policy.

At the forefront of our work is that we remain a pension fund committed to ensuring that our assets are invested prudently, meeting our long-term responsibilities to members and employers. It is essential that we pay pensions as efficiently and cost effectively as possible. Alongside delivering substantial packages of work over 2019, we are now in the middle of the 2019 triennial valuation and I am pleased with our management, so far, with employers in what can be a challenging financial time. As we complete the 2019 valuation in March 2020, I hope we are judged to have balanced meeting both support to our individual employers and protecting the long-term health of the whole Fund into the future.

A continued commitment to collaboration

The LPFA values collaboration will continue to work in a cohesive manner across all our relationships, sharing our learnings and experiences and learning from others. Our relationships with LCC, Berkshire (the Royal County of Berkshire Pension Fund), other client funds, LPP, GLIL Infrastructure LLP (GLIL) and the Greater London Authority (GLA), (particularly through the GIS treasury management relationship) evidences that collaboration comes naturally to the LPFA.

Collaboration is also central to being a shareholder of LPP and we will continue to work closely with LCC to develop strong operational efficiencies within the organisation.

Externally, too, our focus is on collaboration. The LPFA Board remain committed to supporting the C40 Cities (C40) in sharing best practice and we regularly meet with other C40 members to share learning and progress. We are also actively engaged in the Pensions and Lifetime Savings Authority's (PLSA) Local Authority Committee and the CIPFA Pensions Panel. In both bodies, and more widely in investment, governance, Environmental Social and Governance (ESG), pensions and governance forums, we will continue to advocate for LGPS and pooling while sharing our knowledge and good practice to benefit members, employers and the sector. We have developed initial relationships with a wide range of other bodies in 2019 including the Pensions Archive Trust, ShareAction and A4S and Accounting for Sustainability.

Ensuring the Fund's financial sustainability

The LGPS is a well-recognised and valued employee retention and recruitment tool but we recognise the financial pressure that this can place on organisations. We continue to work to reduce the overall costs of managing all aspects of the pension fund, including investment management, liability management and pension administration costs.

Overall costs of managing the pension fund including investment, liability management and pensions administration have steadily decreased, from 100 basis points (bps) in 2015-16, to being on track in 2019-20 for low 70 bps. Greater transparency of asset management fees generally and guidance from the new CIPFA code has allowed us to provide more clarity on fund manager costs. These are displayed in our latest Annual Report.

On the investments side, the Fund has maintained strong long-term outperformance, with returns of 7.8%, well in excess of our 5.7% target. Our net assets under management (AUM) have grown by 7.1% from £5.65bn to £6.05bn (as at 31 March 2019). Our funding level as measured on the LGPS 2016 actuarial basis, updated for market conditions, is showing a surplus at financial year end.

Nonetheless, we continue to plan for the long-term and there is no guarantee that the relatively benign economic conditions of the past three years will continue. With that in mind, we continue to work with employers on the 2019 triennial valuation. Primary and secondary (or deficit) contributions may see some increases but we are working with our employers to help them meet any such changes.

Whilst as a whole Fund, at the time of writing, we are healthily funded, we cannot be complacent with the upcoming challenges facing the UK economy, Local Authorities and the UK's pensions system. Given that, much preparatory work has been undertaken by the LPFA Investment Panel on our Risk Appetite and we will be revising our Risk Registers in 2020. We are recruiting a dedicated Funding and Risk actuarial professional to oversee this activity and embed more certainty and robustness around risk into LPFA.

Investing Responsibly

As a Fund, we have built on our long-standing commitment to environment, social and governance considerations, with the formalisation of our newly published policy on RI. Working with LPPI's Investment Team, we continue to make good progress delivering against our Climate Change Policy. Our RI and climate change policies reflect our commitment to long-term sustainability, and they underline the importance of evaluating risks and opportunities that may materially impact the value of our investment portfolio.

With the Board's Vision in mind, we have considered what our main behaviours and principles are, and what it is we require from those that engage or work with us. We have concluded some fundamental beliefs and guiding principles around our RI. LPFA believe that as the Fund has a long-term horizon, this requires the Board to consider the impact of its actions on future generations alongside the emergence of new risks in the future. Consequently, LPFA will:

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

These beliefs are embedded within the stewardship arrangements we have agreed with LPPI as our provider of advisory and investment management services. In the coming months, we will work with them to ensure transparency, reporting on progress, and policy monitoring. We will also engage with LCPF and Berkshire funds on any areas of mutual RI interest.

We have played an active role in advancing the cause of RI by our involvement and support for initiatives like the UN's Principles for Responsible Investment (PRI), Climate Action 100+ and the Financial Stability Board's Taskforce on Climate Related Financial Disclosure (TCFD). From these initial steps in 2019, we will engage much more in 2020 with other organisations and asset owners seeking to learn from, and provide support to, industry initiatives that promote RI.

Legislative background

LPFA finds itself operating in an increasingly regulated and managed environment. As well as the existing Local Authority and LGPS rules and regulations, there is significant scrutiny, oversight and engagement from the Government Actuaries Department (GAD) and The Pensions Regulator (TPR). TPR is from 2019, significantly increasing their regulation, and management of the governance and administration of LGPS (alongside all public service pension schemes).

The LGPS Scheme Advisory Board (SAB) is also setting out more demands of Funds around governance, transparency, RI and member experience. In response, our Board and our Executive Officers are required to constantly update their knowledge and anticipate responding to new regulation, legislation and additional scrutiny.

Pensions-related legal challenges like the McCloud case and HMT impact (via the cost cap mechanism) are also on the horizon. Any rule changes in 2020/21 will need to be applied by our compliance, policy and administration teams and this will put pressure on fund resources.

Our future strategic focus

Despite this, our overriding priority remains the delivery of pensions for our members in a secure, sustainable and affordable way. In a fast changing economic and political landscape, this requires constant attention. As well as responding to any legislative and regulatory changes, it's clear though, that future efforts will continue to be focused on three core pillars below and explored more on page 12, Strategic Targets:

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

About the Strategic Policy Statement

The Strategic Policy Statement;

- outlines our vision;
- reflects our aims;
- describes our behaviours;
- summarises our objectives; and
- sets out our strategic priorities from 2020 to 2023.

These are set out below.

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

- The Strategic Policy Statement (SPS). This details our strategic aims for 2020-2023. Our programmes flow from this main strategy. Since 8 April 2016, the majority of the LPFA's functions have been carried out by the Local Pensions Partnership (LPP) under a Service Level Agreement (SLA) and this Statement reflects those activities.
- The Medium-Term Financial Plan (MTFP). This draft budget details the financials and any levy requirements for the year 2020-2023 and sets out the resources required to deliver the outcomes for LPFA and our share of LPP's costs.

LPFA's vision

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

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

Our ongoing major focus is on the climate emergency and how we can invest member funds to mitigate the financial risk from climate change, influencing the broader economy via our engagement opportunities and clearly communicating both our approach and our progress."

LPFA's aims

LPFA aims to deliver LGPS pension services to a high quality and in a cost effective and efficient way. In doing so, it is our intention that we continue to use LPP to deliver most of these services on our behalf. Assets held within the LPFA Fund will continue to be managed by LPP, alongside our employer risk and liability management, and our member administration. LPFA will continue to use its position as an active shareholder of LPP to drive its effective development as a Pension Services Business.

LPFA also seeks to contribute to the wider London LGPS and Local Authority community and particularly assist, where possible, any facilitation of growth in LGPS collaborations. There may be instances where the LPFA is the natural home for new employers and the LPFA Board will encourage the Government to view LPFA as such a possibility. More widely we will be much more collaborative in sharing experiences, our learning and best practice with other LGPS Funds, as well as the Pools and the wider UK pensions industry to help achieve our vision and deliver for our stakeholders.

LPFA's behaviours

The Board, in September 2018, discussed and refined LPFA's behaviours based on an acknowledgement that the Executive team supporting the Fund had significantly reduced in number, but also that the Board itself had undergone some changes in terms of personnel and maturity as an effective governance body. In addition to the Board's vision set out above, we recommitted at the 2019 Away Day to the following as the foundation of our behaviours for the foreseeable future:

- Be the best: Striving to deliver the best for all our stakeholders.
- Deliver results: Focused on performance; be it from the Board, Officers, or wider LPFA suppliers and stakeholders.
- Our people matter: We will set clear expectations and encourage people to deliver against these.
- Accentuate collaboration: Adopt a collaborative approach both internally and externally.
- Act with integrity: Build trust and promote openness.

LPFA's corporate objectives

At the 10 September 2019 Board Awayday, LPFA's strategic direction was agreed and it was subsequently ratified, at the Board meeting held on 24 October 2019, that the strategy and objectives were consistent for the coming year. Set out below is a progress update and these areas will continue to be tracked during 2020.

Objective	Outcomes	Actions	Timeframe	Progress
Organisational excellence	Have best in class levels of core asset and liability risk management and administrative competency.	Assist and challenge LPP in resourcing, delivering and developing such services.	2019/20	Significant progress has been made on Administration and Investment during 2020 but this will be refined as LPP future Strategy takes shape.
Investment returns	To manage investments to meet our liabilities over the long term through the monitoring of delegated investment performance and risk.	Investment beliefs retested, and Risk Appetite set and monitored pre-valuation commencing.	2019/20	This objective has been achieved. LPFA has set its Risk Appetite for investment and funding. LPFA will now continue to monitor investment performance risk via IP and ARC.
Governance and oversight	To enhance the shareholder relationship and ensure LPP are operating effectively and meeting their obligations under the Shareholder Agreement.	Enhance the relationship with LCC/LCPF and demonstrate strategic and tactical oversight of LPP.	Throughout period of Strategic Plan.	This objective has been socialised with LPP; discussions will continue throughout 2020. The relationship with LPP has improved significantly over the last 6 months but attention now turns to refining LPP's future Strategic Direction.
Corporate Social Responsibility (CSR)	To manage LPFA's investment and business processes to produce an overall positive impact on stakeholders and society.	Regularly test and review LPFA policies and continue to develop monitoring on climate change. Develop new RI strategy and ensure LPP operations and policies conform to our CSR standards.	2019/20	Good progress on climate change has now been complemented by the publication of the new RI Policy. LPFA will work with LPPI during 2020 to implement the RI policy.
Market focussed	To effectively communicate with the marketplace to ensure the delivery of value to members and maintain a sustainable pension fund.	Increase pension fund interaction with other funds/entities. Increase engagement with members and employers via appropriate channels including face to face meetings.	2019/20	A senior communications manager has been appointed to oversee member and employer engagement. He will work closely with the LPB and LPFA to enhance all communication channels within the pension fund.

Our overall wider objectives have been refined and are detailed later, although future planning will recognise the changing role LPFA has to play in ensuring delivery of these key targets through LPP.

High level strategic success factors

Our collaboration with Lancashire County Pension Fund (LCPF) has achieved a pool of assets in LPP now worth £18bn with all assets transferred into the pooled arrangements. We are delighted to have been the first Pool to complete the transition of assets and are realising the benefits of lower costs, increased scale and direct investment opportunities associated with the collective approach.

Strategic decision making remains with LPFA in several areas and we will ensure appropriate guidance and control is provided to LPP as to how these requirements should be met and monitored. In 2020, there will be a focus on our asset allocation review and our funding assumptions. Discussions continue with LPP around the balance between our Risk Framework and Appetite, Investment beliefs and Funding assumptions to ensure that the policy portfolio can meet the long-term funding, income and liquidity needs of the Fund. As we progress through the 2019 valuation, increased time and energy will be invested in funding and contribution considerations, employer covenant ratings and engagement with employers on future Fund costs.

An efficient and effective actuarial valuation process is essential to the long-term sustainability of the Fund and substantial amounts of engagement with employers will be required during this strategic period. Initial Valuation results show that whilst at a whole fund level the Fund is in a healthy position, the high cost of the high quality LGPS pension provision means that we must remain cognisant of the financial pressure this can place on our employers. We have communicated via our Funding Strategy Statement with all employers how we will manage this and support them. An indicative timetable to complete an effective Valuation follows:

Valuation Event	Delivery Date
LPFA to finalise employer covenant categorisation for valuation	March 2019
Communicate categorisation to employers (Based on 2016 Funding Strategy Statement)	April 2019
LPFA valuation submission date	June 2019
LPFA Board agree final 2019 valuation assumptions and results	Oct 2019
Employers consulted on funding strategy	Nov 2019
Actuary to supply individual employer results to LPFA	Nov 2019
Issue individual employer results	Jan 2020
Meetings with employers to finalise any queries	Feb 2020
Board to sign off final valuation report	March 2020
Final LPFA rates and adjustment certificates issued	31 March 2020
Valuation report issued to MHCLG	31 March 2020
New LPFA contribution rates commence	01 April 2020
Implement any additional employer security required	31 March 2021

Strategic management

LPFA's role during the period covered by this Statement will also be as an active shareholder, overseeing and supporting LPP. As such, significant time and resource will be given to oversight of respective business areas within LPP particularly Investment, Pensions Administration and Employer Risk, but also of LPP itself including its long-term financial and structural sustainability.

The new Chairman and Managing Director will continue to help facilitate greater investment in London's infrastructure including working with the GLA and others to identify suitable opportunities for future pension fund investments building on the experience of the Pontoon Dock project.

The Board have also begun consideration of the merits and practicality of a London Fund vehicle to focus investments in the local region whilst preserving risk and return objectives consistent with the Fund's overall objectives. In 2020, we will also implement a more collaborative set of communication messages for the wider LGPS community and whilst Board members will be encouraged to support this, much of the external facing activity will rest with the Chairman and Managing Director.

Next year will also be an important one for the way in which the pensions administration services are provided to LPFA and other LPP clients. The new Target Operating model (ToM) for the pensions administration business had a difficult start in 2018/19. The service has now settled down to an adequate level. It requires more appropriate resilience and control built into the operation for the next 3 – 5 year period alongside strategic planning on the future of Pensions Administration across LGPS. Allied to this is a strengthening of the use of technology, automation, process and internal controls alongside a culture of high-quality member experience and outputs.

A full review of the Service Level Agreements (SLAs) and monitoring arrangements with LPP will take place as the new ToM takes shape. Cost and value for money expectations will also be monitored as part of the evolution of the Pension Administration service.

With a new Chairman joining in January 2020, a review of some of the current Governance structures and committees will also be

undertaken and implemented as required during 2020. The aim of this review will be to ensure that the governance arrangements in place are sufficiently robust to operate in the most effective and efficient way to meet the various compliance challenges ahead. LPFA will also continue to work closely with LPP to help ensure that the necessary resources are made available to LPP and that the key skills and personnel can be retained to ensure future success.

The LPFA will continue to fulfil its statutory role, ensuring compliance with the monitoring and reporting arrangements which have been put in place. The LPFA will also look to increase co-operation and engagement with our partners and other stakeholders.

2020-2023 Strategic Targets

Supporting the themes of collaboration and sustainability as outlined in the Managing Director's Statement, we will have the following three Strategic Targets and outputs to achieve between 2020/2023:

Target – To successfully evolve our investment and liability management:

Output:

- Deliver stable contributions and funding requirements from the 2019 Valuation.
- Deliver the payment of pensions based on effective investment strategies that demonstrate responsibility as well as performance.

Target – To extend our Partnership working and wider collaboration:

Output:

- Demonstrate the continuing benefit partnership working with LCC as a model owner of a highly effective Pool.
- Achieve collaboration with other LGPS Funds and/or London pension entities either in a support, servicing or sharing of best practice capacity.

Target – Operational Efficiency and robust Shareholder activity:

Output:

- Move LPP from a 'benefits of pooling strategy' to one of benefiting shareholders and demonstrating progress towards LPP financial self-sufficiency.
- Demonstrate an effective LPFA management team operating in balance with the Board, shareholders, LPP, GLA and other stakeholders.

Following the incorporation of LPP in April 2016, LPFA retained a minimal Executive resource to act in a client capacity and to ensure the functions carried out by LPP met the SLAs put in place. In addition, LPFA sought to ensure that enough support, guidance and advice was provided to enable its statutory functions to be met. After 3 years of operation, a review of LPFA's existing relationship with LPP as a Shareholder and as a client, including resource levels LPFA needed to successfully manage its responsibilities, was undertaken in 2018. The next few years will require significant additional Fund activity alongside more LPP development oversight. Apart from monitoring the planned structural review of LPP as a corporate entity, LPP has advised that further improvements will need to be made to their Information Communication Technology (ICT) infrastructure, Finance and Investment performance management controls and systems.

Consequently, the LPFA has employed, and is recruiting, a small number of professionals to assist with managing the Funds' increasing regulatory and pension related activities. They will

also undertake increased oversight of LPP from an owner and recipient of services perspective. In addition, the new LPFA team members will be tasked with identifying any LPP areas that might be processed more efficiently in their areas of expertise e.g. the finance or governance functions.

In September 2019, we appointed Morenike Ajayi as Commercial and Finance Director. One of her first priorities is to identify cost and process efficiencies by streamlining the finance function that LPFA receive. In January 2020, a new LPFA Director of Funding and Risk with responsibility for underpinning risk management across the LPFA will join the team. We are also recruiting a Director of Compliance and Governance to strengthen the LPFA's legal capabilities and overseeing our LPP SLAs and Shareholder responsibilities.

Alistair Peck, a communications specialist, joined in November 2019. He is tasked with improving our corporate, employer and member engagement communications and in raising the profile of the LPFA to support our collaboration efforts. Communications was identified as an area of improvement by the Mayor of London and the Managing Director, particularly on their working relationship with LPP on pensions administration and benefits but also on the affordability and long-term Fund sustainability.

The LPFA is working hard to connect, inform and benefit our members and employers. We will be reviewing the effectiveness of our communications to identify what projects deliver the most value for members and employers. We still believe we have a role in not just providing good clear pensions information, but that we should be promoting pensions in the workplace and actively promoting the Fund to members and their employers.

To date we have instigated some changes to our more formal interactions with Members and Employers of the Fund and have delivered or organised:

- Annual Member Fund Forum attended by around c340+ members;
- Employers Forum attended by around 50 senior level employer contacts;
- Practitioners Forum, employer staff carrying out pensions work; and
- Charity employers' workshop to aid understanding and share best practice.

In 2019, we also improved our employer and member newsletters, produced a sustainability brochure, a member video and improved the messaging on the Annual Benefit Statements.

In 2020, we will also be considering plans to provide:

- More member self-service;
- Better employer portal functionality;
- Better and clearer website messaging;
- Improved social media presence;
- Improved quality and content of our newsletters; and
- Fund Presentations to Employer staff.

Example high level success outputs are summarised in the following chart:

Evolution of investment and liability management	Partnership working and wider collaboration	Operational efficiency and robust shareholder activity
<ul style="list-style-type: none"> Finalise transition of assets to LPP to benefit from economies of scale. Effective implementation of revised Strategic Asset Allocation to ensure long term funding needs are met. Focus on investment risk, including ESG issues and increased engagement with other stakeholders. Refinement of LPFA Climate Change policy. Implementation of LPFA Responsible Investment Policy. Develop concept of a collaborative London Fund with potential investors. 	<ul style="list-style-type: none"> Continue collaboration with the wider LGPS, including supporting LPPI as it develops its offering. Identify opportunities for increased investment in London's infrastructure and housing. Increase participation in national or specialist areas of ESG/RI/Good Governance initiatives and pensions management. Ensure sufficient resources and resilience are available within LPFA and LPP to implement future strategy. Develop and implement extensive internal and external comms plans around sustainability and collaboration. 	<ul style="list-style-type: none"> Using LPFA's position as shareholder with LCC, ensure efficient and quality pensions administration, investment and employer risk services. Ensure compliance with key partnership documentations Review and monitor financial management of LPP. Monitor key performance indicators and SLA delivery to ensure key targets are met. Work with LCC to review LPP structure/strategy. Help develop and implement Balanced Scorecard governance tool.

Supporting activity to the strategic targets and measurements:

The following measurements link to the three main pillars of LPFA's strategy above:

To successfully evolve our investment and liability management:

- All eight investment pooled vehicles are in operation.
- Ensure LPFA's investment beliefs and Strategic Asset Allocation (SAA) continue to be fit for purpose.
- Ensure the agreed SAA meets the long term aims of the fund and that enough funds are available to meet future pensions payments at the appropriate time.
- Achieve investment returns in line with the new 2019 valuation recovery plan and continue to deliver the increased security and contributions identified as part of the valuation.
- Implement sophisticated risk monitoring via LPP with a focus on key issues including ESG factors and Liability Driven Investment (LDI) – working with industry peers to improve quality and frequency of data in areas such as ESG to facilitate this monitoring. Implement the new RI strategy building on, with further enhancement of, transparency and return from our Climate Change Policy.
- Continued engagement and co-operation with other national Funds and particularly, London based funds such as London CIV and others.

To extend our Partnership working and wider collaboration:

- Identify and implement partnering opportunities to enable growth in assets under management of the LPP and that a detailed business case demonstrating potential risks and benefits is undertaken as part of that process.
- Whilst continuing our commitment to the collaborative infrastructure vehicle, GLIL, work with LPPI to identify suitable opportunities for increased investment in London's infrastructure and housing across the LGPS.

- Promote LPFA's approach within the sector seeking greater engagement and collaboration as part of a wider refresh of LPFA's messages and comms strategy.
- Develop relationships with a wider range of organisations who can help LPFA improve such as ShareAction, ClimateAction100+, C40, LAPFF and SAB.
- Continue to work with Lancashire and Berkshire for wider business benefit, shared learnings and contribution to LGPS and wider pension system.
- Play a leading role in protecting LPFA interests, but also ensuring good client experiences as a recipient (alongside LCPF and Berkshire Pension Fund) of LPP's service offerings.

To deliver operational efficiency and robust shareholder activity:

- Continue to work with LCC in the oversight and development of LPP, principally in the consideration of a new 5-year strategy for LPP.
- Consider any structural changes or governance reorganisation of LPP as part of the strategy refresh.
- Review and implement next steps for LPP operational efficiency by 2020 in line with the shareholder agreement. Examples include refreshment of IT, risk capability and the development of a new portfolio management system to add more robustness and resilience into investment operations.
- Oversee the development of a new Pensions Administration service that retains the benefits of the old system particularly around service quality but is cost effective and robust going forward. To ensure consistently high levels of service delivery, the current agreed Key Performance Indicator's and SLA will be reviewed in 2020.
- Continue to work with GLA to identify specific functions and responsibilities where closer co-operation might result in improved efficiencies or benefits.
- Ensure compliance with TPR Code of Practice 14 requirements, UK Corporate Governance Code standards for the benefit of LPFA and any regulatory requirements.

Key Performance Indicators:

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

Corporate Indicators (reported annually year on year)

The results of the following indicators for 2018/19 can be found in more detail in our Pension Fund Annual Report 2018/19 which is available on the website www.lpfa.org.uk/

Asset pooling disclosures, including set up and transition costs.

Costs:

- Per member
- Gross/net

Cessation value – total at risk debt vs amount recovered

Asset and liabilities management (reported quarterly and annually year on year) surplus/(deficit):

- Absolute
- Percent of total liabilities
- Change in liabilities

Source of changes:

- Member changes
- Payments
- Interest rates
- Inflation
- Longevity

Change in assets

Source of changes:

- Member changes
- Contributions
- Income
- Capital values

Risk:

- Interest Rates (IR) Sensitivities to changes in the Interest rates expressed as the change in the present value of the liabilities for each 1 basis point (0.01%) change in interest rates.
- CPI Consumer Price Index. Sensitivities to changes in UK Inflation expressed as the change in the present value of the liabilities for each 1 basis point (0.01%) change in the inflation rate.
- Equity market (Sensitivities to changes in the equity market)
- Implementation and monitoring of LPFA policy statement on ESG issues

LPFA Pension Administration Performance Indicators

LPFA Queries completed on Time:

- Top 10 case types completed on time once LPFA is in receipt of all the information – target 95%
- Employer Services end of year queries

Top 10 case types:

Top 10 case types and all other case types - time to complete as customer experience

Total membership:

Member and employer online interactions:

- Number of active employers signed up to LPFA's pensions administration strategy
- Number of members under administration
- Number of year-end error rates
- Amounts due from employers at the year end
- Percentage of available information submitted online
- Number in active members signing up to member self-service
- Percentage of active members where LPFA holds an email address

Complaints:

- Complaints received
- Number of complaints taken further – IDRPs or Pension Ombudsman
- Per cent of members satisfied with overall service

For more information, please contact:
corporate@lpfa.org.uk