

Local Pensions Partnership Ltd

Annual Report and Financial Statements

For the Year Ended 31 March 2024

Registered number: 09830002

Company Information

Directors	Alan Schofield Charles Edwards Fiona Stark Clare Scott (appointed 1 January 2024) John Preston (appointed 12 September 2024)
Company secretary	Greg Smith
Registered number	09830002
Registered office	First Floor 1 Finsbury Avenue London EC2M 2PF
Independent auditors	Paul Flatley, Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP, Statutory Auditor, Chartered Accountants 30 Finsbury Square London EC2A 1AG
Bankers	National Westminster Bank PO Box 35 10 Southwark Street London SE1 1TJ Handelsbanken First Floor Unit 7b Edward VII Quay Navigation Way Preston PR2 2YF

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**Group Strategic Report
For the Year Ended 31 March 2024**

Principal Activities

Local Pensions Partnership Ltd (LPP) strives to be an exceptional pension services provider.

Formed in 2016, LPP are a provider of pension administration and investment management services to some of the largest UK local government and public sector pension funds.

LPP initially launched as a collaboration between Lancashire County Council (LCC) and London Pensions Fund Authority (LPFA), ahead of the Government plan to create asset pools from the 89 funds which make up the Local Government Pension Scheme (LGPS). LCC and LPFA took the decision to pool their assets to reduce cost and improve performance and to widen the opportunities that come with scale. LPP's subsidiary (LPPI) is now one of eight national Local Government pools.

LPPI manages around £26bn (31 March 24) of pensions assets on behalf of three LGPS Whole Scheme Management clients* and a wider institutional client base who are invested in specific funds for which LPPI is the investment manager.

Via its subsidiary (LPPA), LPP provide pensions administration services for around 660,000 LGPS, Police and Firefighters' pension scheme members across over 1,300 active employers.

**LPPI manages the assets of London Pensions Fund Authority (LPFA), Lancashire County Pension Fund (LCPF) and The Royal County of Berkshire Pension Fund (RCBPF) via a delegated model whereby LPPI manages 100% of the assets – LPPI refers to this as Whole Scheme Management.*

**Group Strategic Report (continued)
For the Year Ended 31 March 2024**

Section 172(1) statement 2023-24

LPP is required to publish a statement explaining key decisions that have been taken during the year and how the Directors have discharged their duty to promote the success of the Company.

Board and Committee papers, that require decisions to be made, include a statement on how the decision will assist the Directors in the discharge of their obligations under section 172 of the Companies Act 2006. This requirement for all key papers assists both the Directors in their decision making, and in embedding the consideration of section 172 in the culture of the business and its decision making at senior management level where papers are written. This includes, requiring authors of all Board and Committee papers to consider corporate social responsibility, which would include any impact on the community and/or the environment.

Directors are mindful of the impact on stakeholders when making decisions. The Group considers its stakeholders to be its two shareholders; staff; investments and pensions administration clients; the members and employers of those clients, where relevant; suppliers of key services and goods to the LPP Group, such as software providers; regulatory bodies; and the Government.

LPP is committed to maintaining a reputation for high standards of business conduct and does so with its commitment to good standards of corporate governance as described in the corporate governance statement and in its application of the Wates principles.

The key decisions taken during 2023-24 are outlined below and are important steps in the long-term success of the Company. The table describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f) when performing their duty under section 172 of the Companies Act 2006 to promote the success of the Company when making key decisions.

More generally, LPP seeks to build positive relationships with suppliers by ensuring it acts as a responsible client. This means effective procurement, engagement and operating without payment delays.

LPP is the parent of two standalone subsidiaries, Local Pensions Partnership Investments Ltd (LPPI) and Local Pensions Partnership Administration Limited (LPPA). Decision making primarily takes place within the subsidiaries, with key decisions reserved to LPP Ltd as the group board, with onward approval by the shareholders where appropriate.

**Group Strategic Report (continued)
For the Year Ended 31 March 2024**

Key decisions taken across the Group	Impact on stakeholders
<p>LPP Board Approval of the Group Budget</p> <p>The decisions taken included approval of the LPPI Strategic Business Plan 2024-27 and noted that LPPA continued to operate in line with the 2023-26 Strategic Business Plan.</p>	<p>Shareholders: The approved Budget also receives shareholder approval. The respective LPPI and LPPA plans provide our shareholders with a clear vision of our strategic direction, aligned to agreed shareholder objectives. In LPPI's case the Plans also include reference to Government expectations on the future of LGPS asset pooling.</p> <p>Staff: For our employees, these business plans serve as a roadmap, setting clear goals and objectives. This contributes to a sense of purpose and direction, promoting productivity and job satisfaction.</p> <p>Investments and Pension Administration Clients: With solid business plans in place, our clients can feel confident in our long-term stability and commitment to continuous improvement.</p> <p>Members and Employers of Clients: The business plans ensure our services remain high quality, effective and efficient, meeting the investment and pension administration needs of our clients' members and employers.</p> <p>Regulatory Bodies: The business plans demonstrate our commitment to proactive planning and regulatory compliance via "robust foundations" strategic goals.</p>

Strategic approach

LPP has a set of clear values that underpin the culture, enhance a collaborative approach, and are embedded in people processes across the Group. LPP is the parent of two standalone subsidiaries, LPPI and LPPA. LPP's two shareholders, London Pensions Fund Authority and Lancashire County Council have provided LPP with clear objectives for both LPPI and LPPA which have been used by each subsidiary as the basis of their strategic business plans. It is through these business plans and business as usual activity that the objectives set by shareholders are met. LPP Ltd is a holding company and does not employ staff. Employees are employed by either LPPI or LPPA.

**Group Strategic Report (continued)
For the Year Ended 31 March 2024**

Key strategic deliverables achieved 2023-24

Financial performance: Financial performance: Overall the LPP Group made an operating profit (pre tax, pre-pension liability obligation), supporting LPP's drive for robust financial performance. As standalone subsidiaries, LPPI made an operating profit (pre-tax) and LPPA made an operating loss (pre-tax and pre-pension liability obligation). The operating loss made by LPPA was broadly in line with budget and was expected given the significant investment in the pension administration system.

Investment cost savings against the pre-pooling position for LCPF, LPFA, and RCBPF have been published. In aggregate LPPI has achieved £153m (as at 31st March 2023) of savings compared with the pre-pooling position.

Pension Liabilities: LPPI ran a project to investigate options to manage its FRS102 pension liabilities. Discussions concluded with Group Shareholders during 2023-24 when LPPI entered into a fixed rate contribution agreement with LPFA.

Responsible investment: Responsible Investment has been integrated with the investment process and high-quality dashboards published quarterly. In addition, LPPI is a signatory to the FRC's Stewardship Code and has made a commitment to net zero by 2050 in relation to LPPI's assets under management and publishes a Responsible Investment Annual Report which is available on the LPP website.

Investment performance: LPPI's absolute performance remains strong over the 1,3 and 5-year periods to 31 March 2024. This is the key measure which drives funding position and consequent contribution rates.

Short term (1 year) relative performance lagged each client's policy portfolio (market based benchmark) over the reporting year to 31 March 2024. The main driver of this was underperformance in listed equities (where the benchmark is dominated by a narrow group of technology related stocks where LPPI was underweight) and the use of a short-term inflation measure in the benchmarking of infrastructure.

Operational Resilience: Initiatives delivered in line with LPPI's Strategic Business Plan have continued to mature elements of LPPI's operating model, including:

- Net Zero roadmap phase 2 metrics agreed;
- Progressed planning for a new Environmental Opportunities Fund;
- Critical foundational understanding and updates to LPPI's data and applications;
- Governance enhancements, including delivery of a Type 2 AAF; and
- Advancing the employee value proposition including reward, learning and development, and recognition.

Pension administration performance: LPPA has made considerable progress in ensuring that monthly casework performance is consistently delivered against the 95% target, and in line with contractual obligations. Helpdesk and Retirement satisfaction scores have been reported at client level to provide a more specific view of satisfaction scores for members. To improve the service provided to clients, employers and members, a key focus has been on delivering more functionality through the online self-service portals, and enabling more automation across the casework processes that are integral to our administration responsibilities. This will remain a priority as we move forward into 2024-25, to ensure that the quality of casework is reflected in both the member and employer experience. Helpdesk performance has continued to trend in the right direction in 2023-24, with average call wait times below the non-contractual 4-minute target. McCloud has been a significant project in the year and will continue to be a key focus in 2024-25, as LPPA follows the national guidelines and timescales relating to the implementation of the remedy. All regulatory and statutory deadlines in the year were successfully met.

Group Strategic Report (continued) For the Year Ended 31 March 2024

Future strategic direction

The Boards of LPPI and LPPA have re-assessed the strategic deliverables for the coming year. No significant strategic shifts are anticipated.

LPPI has agreed a subsidiary specific Strategic Business Plan 2024-27 which continues the focus on business maturity and improvements to the operating platform in line with discussions with clients. The outcome of the long awaited LGPS Pooling Consultation provided clear support for the nature of the pooling model adopted by LPPI. It also called for greater scale in the long term.

LPPA continues to work to the Strategic Business Plan 2023-26 which focuses on delivering to client expectations and modernising the member and employer experience. An Efficiency and Service Improvement Plan is delivering the benefits from moving to the new pension administration system. Regulatory change implementation will also be a focus with the McCloud remedy deadlines and the Pension Dashboard on the horizon for 2025. LPPA continues to be acutely aware of the risks posed by cyber security threats and is seeking to build on the Cyber Essentials Plus accreditation. Staff training and development continues to be a priority.

Principal risks

LPPI and LPPA each have their own dedicated risk and compliance functions. These are responsible for applying the risk framework across the subsidiaries. The LPP Board is responsible for identifying key risks facing LPP which are not already owned by the LPPI and LPPA Boards. This will typically be risks associated with regulatory change, relations with stakeholders, IFPR Group requirements and Group financial resilience.

The Government released a consultation on the future of asset pooling in the LGPS in July 2023. LPPI submitted a response. In November 2023 the Government signposted new guidance on pooling would follow.

Staff Engagement

Both LPPI and LPPA periodically issue staff engagement surveys, these have seen high levels of staff interaction both in terms of engagement but also follow up post survey results, with wellness and diversity initiatives key drivers for staff engagement.

- LPPA and LPPI engagement scores were 7 (LPPA) and 8.0 (LPPI) on the Peakon Scale.
- LPPA and LPPI participated in initiatives to improve diversity across the Group such as LPPI's participation in the 10,000 Interns programme. Further information can be found in the sub-entities' annual reports and accounts.

Environmental initiatives

LPPI has signed up to the Planet Mark initiative and has been awarded its accreditation for its third year running. During 2023-24 LPPI has been collecting data from across its different business areas to produce its business operations carbon emissions report.

LPPI has produced a Responsible Investment Report for the forth year running which can be found on LPP's website. This covers topics such as LPPI's approach to responsible investment, our beliefs, voting, investor engagement and our Climate Change Disclosure/TCFD reporting.

Corporate governance statement

The LPP website provides information on LPP's Governance Framework. LPP is now operating a model whereby the core operational activities are fully carried out by LPPI and LPPA. The LPP Board is responsible for the oversight of the subsidiaries plus Group performance, strategy and shareholder engagement.

Group Strategic Report (continued)
For the Year Ended 31 March 2024

Conflicts of interest and independence

The process by which Directors' conflicts might be authorised is set out in detail in the relevant Articles of Association. Conflicts of interest policies are also in place, ensuring a proper process for the identification, consideration of, authorisation and appropriate recording of any conflicts of interest. These policies are reviewed regularly, and any amendments approved by the respective Board. Directors declare any conflicts at the start of each Board or Committee meeting to be recorded in the minutes of the meeting and the conflicts of interest register.

This report was approved by the Board of Directors on 26 September 2024 and signed on its behalf.



Fiona Stark
Director

Directors' Report For the Year Ended 31 March 2024

The Directors present their report and the financial statements for the year ended 31 March 2024.

Directors

The Directors who served during the year were:

Alan Schofield
Charles Edwards
Fiona Stark
Robert Branagh (resigned 6 September 2024)
Clare Scott (appointed 1 January 2024)

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, the Directors' report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

Statement of corporate governance arrangements

LPP's directors adopted the Wates Corporate Governance Principles, and this has been adopted by the subsidiaries in the Group. LPP does not meet the threshold requiring the provision of a statement of corporate governance arrangements; however, LPP's directors wish to voluntarily report on LPP's application of these recognised governance principles (purpose and leadership, board composition, director responsibilities, opportunity and risk, remuneration, stakeholder relationship and engagement). A statement on our compliance with the Wates Principles is on the LPP's website.

Results and dividends

Excluding the impact of the FRS102 defined benefit charge, LPP Group made a profit after tax of £2,028k (2023 – profit after tax of £670k) and LPP entity a profit after tax of £595k (2023 – loss after tax of £2,387k). Including the FRS102 defined benefit charge, LPP Group made a profit after tax of £7,098k (2023 – loss after tax of £3,782k) and LPP entity a profit after tax of £594k (2023 – loss after tax of £2,523k).

No dividends were paid during the year (2023 - £nil) and no recommendation is made to pay a final dividend.

**Directors' Report
For the Year Ended 31 March 2024**

Capital

LPP has an issued share capital of 25,000,002 ordinary shares of £1. The shareholders are Lancashire County Council and London Pensions Fund Authority, and each holds 12,500,001 fully paid ordinary shares of £1 in value. Of its 12,500,001 shares, Lancashire County Council holds 12,500,000 of these acting in its capacity as administering authority for the Lancashire County Pension Fund.

Going concern

After making enquiries in relation to the Group's forecasts and projects, the Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

Expected future developments

Expected future developments are set out in the strategic report.

Political or charitable donations

None.

Research and Development

No research and development expenditure was made during the year (2023 - nil).

Financial Instrument Risk

During the year LPPI began holding cash within a AAA rated Money Market Fund which invests in short-term, high quality debt securities. All other Group cash is held within bank accounts with highly rated financial institutions.

Business relationships

Information on business relationships is provided in the Section 172(1) statement.

Employee engagement and representation

Organisational-wide changes are communicated to employees and major strategic projects are discussed on a regular basis. LPP's business subsidiaries (LPPI and LPPA) hold regular strategic update sessions for all employees, supplemented with informal 'Open Door' sessions where employees are encouraged to put questions to the Executive Management Teams.

Further information on employee engagement is provided in the Section 172(1) statement.

**Directors' Report
For the Year Ended 31 March 2024**

Disabled employees

LPP is committed to ensuring equality of opportunity and access in both its employment and service arrangements.

LPP's aim is to promote diversity within its workforce and ensure that services meet the different needs of staff and clients at all times.

Of LPP Group's employees, 5% have reported some form of disability. As a Group, the aim is to ensure fairness and equality towards all applicants through objective based recruitment practices and family friendly policies to support staff during changing circumstances. This includes flexible working arrangements to support participation in religious and/or cultural events, to care for dependents or where reasonable adjustments are required to roles/working patterns to support declared disabilities. Training methods and environments are tailored to support staff with declared disabilities including delivering the training with the support of sign language.

Streamlined Energy and Carbon Report

In line with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the Company is required to provide a streamlined energy and carbon report ("SECR") in its Directors' Report. However, both subsidiaries of the Company are medium-sized for the purposes of the regulations requiring SECR reporting, and, as such, the Company is exempt from reporting on their energy usage. The Company itself uses a negligible amount of energy. Accordingly, it is exempt from being required on its own usage by virtue of being a low energy user.

Post balance sheet events

Information on post balance sheet events is provided in note 27 on page 52.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's and the Group's auditors are unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's and the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Grant Thornton UK LLP was reappointed as auditor of the Company, in accordance with s487 of the Companies Act 2006 by a written shareholder resolution via LPP AGM (Annual General Meeting) on 25 October 2023.

**Directors' Report
For the Year Ended 31 March 2024**

Auditors

The auditors, Paul Flatley, Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP, Statutory Auditor, Chartered Accountants, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board of Directors on 26 September 2024 and signed on its behalf.



Fiona Stark
Director

Independent Auditors' Report to the Members of Local Pensions Partnership Ltd

Opinion

We have audited the financial statements of Local Pensions Partnership Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as higher inflation and interest rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analyzed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Independent Auditors' Report to the Members of Local Pensions Partnership Ltd

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorized for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Independent Auditors' Report to the Members of Local Pensions Partnership Ltd

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We enquired of the directors and management including legal and compliance to obtain an understanding of how the group and the parent company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the minutes of the group and the parent company company's board and audit and risk committee meetings;
- We obtained an understanding of the legal and regulatory frameworks applicable to the group and the parent company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and management. We determined that the most significant laws and regulations were United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006;

Independent Auditors' Report to the Members of Local Pensions Partnership Ltd

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
 - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
 - testing journal entries, including manual journal entries processed at the year-end for financial statements preparation and
 - challenging the assumptions and judgements made by management in its significant accounting estimates.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
 - knowledge of the industry in which the group and the parent company operates; and
 - understanding of the legal and regulatory frameworks applicable to the group and the parent company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Flatley, Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP, Statutory Auditor, Chartered Accountants

30 Finsbury Square
London
EC2A 1AG



26 September 2024

Paul Flatley

Consolidated Income Statement
For the Year Ended 31 March 2024

	Note	2024 £000	2023 £000
Turnover	6	49,023	44,071
Administrative expenses		(49,617)	(49,034)
Other operating income		242	255
Operating loss	7	<u>(352)</u>	<u>(4,708)</u>
Interest receivable and similar income	11	1,092	264
Profit/(loss) before tax		<u>740</u>	<u>(4,444)</u>
Tax on profit/(loss)	12	6,358	662
Profit/(loss) for the financial year		<u><u>7,098</u></u>	<u><u>(3,782)</u></u>

The notes on pages 22 to 52 form part of these financial statements.

**Consolidated Statement of Comprehensive Income
For the Year Ended 31 March 2024**

	Note	2024 £000	2023 £000
Profit/(loss) for the financial year		7,098	(3,782)
Other comprehensive income			
Actuarial gain on defined benefit schemes	20	4,512	39,122
Movement on deferred tax relating to pension losses	22	(7,135)	(2,919)
Other comprehensive income for the year		(2,623)	36,203
Total comprehensive income for the year		4,475	32,421

The notes on pages 22 to 52 form part of these financial statements.

Consolidated Statement of Financial Position
As at 31 March 2024

	Note	2024 £000	2023 £000
Fixed assets			
Intangible assets	13	4,442	4,323
Tangible assets	14	566	292
		5,008	4,615
Current assets			
Debtors: amounts falling due within one year	16	9,268	11,080
Cash at bank and in hand		34,097	28,800
		43,365	39,880
Creditors: amounts falling due within one year	17	(9,150)	(7,415)
		34,215	32,465
Net current assets			
		39,223	37,080
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	18	(944)	(600)
Provisions for liabilities			
Deferred taxation	22	(1,107)	(79)
Other provisions	19	(134)	(336)
		37,038	36,065
Net assets excluding pension asset			
Post-employment benefits	20	4,886	1,384
		41,924	37,449
Net assets			
Capital and reserves			
Called up share capital	23	25,000	25,000
Profit and loss account		16,924	12,449
		41,924	37,449
Total equity			
		41,924	37,449

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2024.



Fiona Stark
Director

The notes on pages 22 to 52 form part of these financial statements.

Company Statement of Financial Position
As at 31 March 2024

	Note	2024 £000	2023 £000
Fixed assets			
Intangible assets	13	-	54
Tangible assets	14	-	43
Investments		18,876	18,415
		<u>18,876</u>	<u>18,512</u>
Current assets			
Debtors Within One Year	16	1,082	623
Cash at bank and in hand		3,139	3,001
		<u>4,221</u>	<u>3,624</u>
Creditors: amounts falling due within one year	17	(576)	(209)
Net current assets		<u>3,645</u>	<u>3,415</u>
Total assets less current liabilities		<u>22,521</u>	<u>21,927</u>
Net assets		<u><u>22,521</u></u>	<u><u>21,927</u></u>
Capital and reserves			
Called up share capital	23	25,000	25,000
Profit and loss account carried forward		(2,479)	(3,073)
		<u>22,521</u>	<u>21,927</u>
		<u><u>22,521</u></u>	<u><u>21,927</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2024.



Fiona Stark
Director

The notes on pages 22 to 52 form part of these financial statements.

**Consolidated Statement of Changes in Equity
For the Year Ended 31 March 2024**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2022	25,000	(19,972)	5,028
Loss for the year	-	(3,782)	(3,782)
Actuarial gains on pension scheme	-	36,203	36,203
Other comprehensive income for the year	-	36,203	36,203
Total comprehensive income for the year	-	32,421	32,421
At 1 April 2023	25,000	12,449	37,449
Profit for the year	-	7,098	7,098
Actuarial losses on pension scheme	-	(2,623)	(2,623)
Other comprehensive income for the year	-	(2,623)	(2,623)
Total comprehensive income for the year	-	4,475	4,475
At 31 March 2024	25,000	16,924	41,924

The notes on pages 22 to 52 form part of these financial statements.

**Company Statement of Changes in Equity
For the Year Ended 31 March 2024**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2022	25,000	(7,515)	17,485
Loss for the year	-	(2,523)	(2,523)
Actuarial gains on pension scheme	-	6,965	6,965
Other comprehensive income for the year	-	6,965	6,965
Total comprehensive income for the year	-	4,442	4,442
At 1 April 2023	25,000	(3,073)	21,927
Profit for the year	-	594	594
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	594	594
At 31 March 2024	25,000	(2,479)	22,521

The notes on pages 22 to 52 form part of these financial statements.

**Consolidated Statement of Cash Flows
For the Year Ended 31 March 2024**

	2024	2023
	£000	£000
Cash flows from operating activities		
Profit/(loss) for the financial year	7,098	(3,782)
Adjustments for:		
Amortisation of intangible assets	791	604
Depreciation of tangible assets	284	295
Loss on disposal of tangible assets	4	3
Taxation charge	(6,358)	(662)
Decrease/(increase) in debtors	2,071	(949)
Increase in creditors	1,877	1,224
Increase in net pension assets/liabs	1,010	5,137
Corporation tax (paid)	(6)	(100)
Net cash generated from operating activities	<u>6,771</u>	<u>1,770</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(911)	(1,504)
Purchase of tangible fixed assets	(563)	(134)
Net cash from investing activities	<u>(1,474)</u>	<u>(1,638)</u>
Net increase in cash and cash equivalents	<u>5,297</u>	<u>132</u>
Cash and cash equivalents at beginning of year	28,800	28,668
Cash and cash equivalents at the end of year	<u><u>34,097</u></u>	<u><u>28,800</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	34,097	28,800
	<u><u>34,097</u></u>	<u><u>28,800</u></u>

The notes on pages 22 to 52 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 March 2024**

1. General information

The Company is a private company limited by shares and is incorporated (as a limited liability company under the laws of England and Wales) in the UK. The Registered Office is located at First Floor, 1 Finsbury Avenue, London, EC2M 2PF.

2. Basis of measurement and preparation of financial statements

The financial statements of LPP and its subsidiaries, Local Pensions Partnership Investments Ltd (LPPi) and Local Pensions Partnership Administration Ltd (LPPA), (together 'the Group'), have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") and the Companies Act 2006.

The financial statements are presented in sterling (£) which is the functional and presentational currency of the Company and rounded to the nearest £'000 except where otherwise stated.

In these financial statements, the Company is a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes
- Disclosure of key management personnel compensation
- Categories of financial instruments
- Items of income, expenses, gains, or losses relating to financial instruments
- Exposure to and management of financial risks relating to financial instruments

**Notes to the Financial Statements
For the Year Ended 31 March 2024**

3. Going Concern

The Group manages and monitors its capital and liquidity, and various assessments and stresses are applied to those positions to understand potential impacts of market downturns. Based upon the available information, the Directors consider that the Group remains financially strong.

The Directors have taken into consideration the guidance provided by the Financial Reporting Council (“FRC”) on ‘Going Concern and Liquidity Risk’ published in April 2016. The Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for a period of, but not limited to, 12 months from the date of approval of the financial statements. Therefore, they have considered it appropriate to continue to adopt the going concern basis of accounting when preparing the financial statements.

Potential implications of the macroeconomic climate on the Group

The Directors, together with their advisors, have been actively monitoring the potential impacts on the Group arising from macroeconomic uncertainties such as global conflicts.

The Group’s clients are based in the UK and most of its transactions are in sterling, therefore the Directors do not feel that the Group is exposed to any foreign exchange risk or macroeconomic risks as a result of the ongoing global conflicts.

The Directors have considered the inherent risk mentioned above and do not believe that any material uncertainties relating to this event will impact the Group’s ability to continue as a going concern.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Basis of Preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

4.2 Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings’ results made up to 31 March 2024. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group’s accounting policies when preparing the consolidated financial statements.

All intra-group transactions, balances, income, and expenses are eliminated on consolidation.

4.3 Investment in subsidiaries and associates

Investment in a subsidiary company is held at cost less accumulated impairment losses.

**Notes to the Financial Statements
For the Year Ended 31 March 2024**

4. Summary of significant accounting policies (continued)

4.4 Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method.

- Software costs - length of licence or 3 years

4.5 Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Costs includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount over their residual values over their estimated useful lives, as follows:

- Fixture and Fittings - 3 to 5 years
- Office Equipment - 3 to 5 years
- IT equipment - 3 to 5 years

4.6 Debtors

These amounts generally arise from the normal operating activities of the Group. Debtors that are receivables within one year are recorded at the undiscounted amount expected to be received.

4.7 Cash at bank and in hand

Cash at bank and in hand also includes deposits held at call with banks and other short-term highly liquid investments with original maturities of three months. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

4.8 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method..

4.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Rental payments under operating leases are charged to the income statement on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

**Notes to the Financial Statements
For the Year Ended 31 March 2024**

4. Summary of significant accounting policies (continued)

4.10 Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

4.11 Turnover

Current tax is recognised for corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax charge (credit) is presented either in income statement, other comprehensive income or equity depending on the transaction that resulted in the tax charge (credit).

4.12 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.13 Inter and intra company debtors and creditors

These amounts generally arise from normal operating activities within the Group. Due to the short-term nature of these receivables and payables, usually less than one year, the carrying amount is the same as the fair value.

**Notes to the Financial Statements
For the Year Ended 31 March 2024**

4. Summary of significant accounting policies (continued)

4.14 Employee benefits

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined benefit pension plan

Participation by Group employees in two administered defined benefit pension scheme funds began on 8 April 2016. Contributions from the employer are payable to the schemes and are charged to the profit and loss account in the period to which they relate.

A defined benefit scheme defines the pension benefit that the employee will receive on retirement, usually dependent upon factors such as length of service and remuneration.

The liability is recognised in the statement of financial position in respect of the defined benefit scheme as the present value of the defined benefit obligation at the reporting date less the fair value of the scheme assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on AA rated corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with FRS102 fair value hierarchy and in accordance with the Group's policy for similar held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions together with the return on scheme assets, less amounts included in net interest, are disclosed as 'Remeasurements of net defined benefit obligations'.

The cost of the defined benefit scheme, recognised in the income statement as employee costs, except where included in the cost of an asset, comprises:

- the increase in pension benefit liability arising from employee service during the period; and
- the cost of plan introductions, benefit changes, curtailments, and settlements.
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as an expense.

Annual bonus Plan

The Group operates an annual bonus scheme for its employees. An expense is recognised in the income statement when the Group has legal or constructive obligation to make payments under the scheme as a result of past events and a reliable estimate of the obligation can be made.

**Notes to the Financial Statements
For the Year Ended 31 March 2024**

5. Significant judgements and estimates

(a) Sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are reflected in the judgements made about carrying amounts of assets and liabilities that are not objectively verifiable.

Actual results may differ from the estimates made. Estimates and underlying assumptions are reviewed on an ongoing basis and where necessary are revised to reflect current conditions. The accounting estimates discussed in this section are those considered to be particularly critical to an understanding of the financial statements of the Company and Group because their application places the most significant demands on our ability to judge the effect of inherently uncertain matters on the financial results.

(b) Sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts to the assets and liabilities within the next financial year are addressed below.

(i) Taxation

The Group establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The amount of such provisions is based on various factors including interpretations of tax regulations.

Estimation is required by management to determine the amount of deferred tax assets that can be recognised, based upon the likely timing of future taxable profits together with an assessment of the effect of future tax planning strategies.

(ii) Pensions liability

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

(iii) Useful economic life

The Group estimates useful economic life of tangible assets based on the number of years they are likely to remain in service for based on condition at time of purchase and nature of use.

The Group's intangible assets are deemed to have a finite life in line with legal or contractual provisions and consideration of our historical experience in renewing or extending similar arrangements.

**Notes to the Financial Statements
For the Year Ended 31 March 2024**

5. Judgements in applying accounting policies (continued)
(iv) Impairment in subsidiaries

The Company has assessed at the reporting date whether there is any indication of impairment in the carrying value of its investments in subsidiaries. As a result, the Company estimated the recoverable amount of LPPA to ascertain if impairment at the year-end was required.

In establishing the recoverable amount, both the value in use and fair value less costs to sell methods were considered, with the value in use method being deemed appropriate. Following value in use calculations performed using third-party support, and following an internal review process, a reversal of impairment by £460,526 was deemed appropriate, which increased the carrying value of the investment in LPPA to £4,575,187 at year-end.

Due to the variables involved in the value in use calculations, there is a risk that the carrying amount of the investment could be adjusted within the next financial year.

6. Turnover

An analysis of turnover by class of business is as follows:

	2024	2023
	£000	£000
Investment management fees	30,010	27,922
Pension administration fees	19,013	16,149
Total	<u>49,023</u>	<u>44,071</u>

7. Operating loss

The operating loss is stated after charging:

	2024	2023
	£000	£000
Reorganisation expense	117	416
Loss on disposal of intangibles	4	3
Other operating lease rentals	1,299	1,681
	<u>1,410</u>	<u>1,700</u>

Notes to the Financial Statements
For the Year Ended 31 March 2024
8. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors and their associates:

	2024	2023
	£000	£000
Fees payable to the Company's auditors and their associates for the audit of the consolidated and parent Company's financial statements	39	36
Fees payable to the Company's auditors and their associates in respect of:		
Audit of the Company's subsidiaries	96	89
The auditing of accounts of associates of the Company	<u>135</u>	<u>125</u>
Fees payable to the Company's auditors and their associates in connection with the Group's pension scheme(s) in respect of:		
Audit-related assurance services	<u>9</u>	<u>8</u>

9. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group	Group	Company	Company
	2024	2023	2024	2023
	£000	£000	£000	£000
Wages and salaries	28,004	23,584	148	404
Social security costs	3,258	2,768	13	53
Cost of defined benefit scheme	4,163	7,581	-	148
Cost of defined contribution scheme	716	570	-	17
	<u>36,141</u>	<u>34,503</u>	<u>161</u>	<u>622</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	Group	Group	Company	Company
	2024	2023	2024	2023
	No.	No.	No.	No.
Company headcount (including Directors)	<u>451</u>	<u>398</u>	<u>-</u>	<u>3</u>

**Notes to the Financial Statements
For the Year Ended 31 March 2024**
10. Directors' remuneration

	2024	2023
	£000	£000
Directors' emoluments	2,684	2,432
	<u>2,684</u>	<u>2,432</u>

The highest paid Director received remuneration of £587k (2023 - £554k).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £33k (2023 - £31k).

11. Interest receivable

	2024	2023
	£000	£000
Bank interest receivable	1,092	264
	<u>1,092</u>	<u>264</u>

12. Taxation

	2024	2023
	£000	£000
Corporation tax		
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	(251)	36
Total current tax	<u>(251)</u>	<u>36</u>
Deferred tax		
Origination and reversal of timing differences	(209)	(575)
Adjustments in respect of previous years	(5,898)	(123)
Total deferred tax	<u>(6,107)</u>	<u>(698)</u>
Tax on profit/(loss)	<u>(6,358)</u>	<u>(662)</u>

Notes to the Financial Statements
For the Year Ended 31 March 2024
12. Taxation (continued)
Factors affecting tax charge for the year

The tax assessed for the year is lower than (2023 -higher than) the standard rate of corporation tax in the UK of 25% (2023 - 19%). The differences are explained below:

	2024	2023
	£000	£000
Profit/(loss) on ordinary activities before tax	740	(4,444)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 -19%)	185	(844)
Effects of:		
Unrecognised deferred tax	3	376
Expenses not deductible for tax purposes	181	32
Adjustments to tax charge in respect of prior years	(251)	36
Adjustments to tax charge in respect of prior years: DT	(5,898)	(124)
Re-measurement of deferred tax - change in UK tax rate	-	(138)
Group relief	(578)	-
Total tax/(credit) charge for the year	(6,358)	(662)

**Notes to the Financial Statements
For the Year Ended 31 March 2024**
13. Intangible assets
Group

	Development expenditure £000	Computer software £000	Total £000
Cost			
At 1 April 2023	282	5,593	5,875
Additions	-	628	628
Additions - internal	821	418	1,239
Disposals	(957)	-	(957)
At 31 March 2024	146	6,639	6,785
Amortisation			
At 1 April 2023	-	1,552	1,552
Charge for the year on owned assets	-	791	791
At 31 March 2024	-	2,343	2,343
Net book value			
At 31 March 2024	146	4,296	4,442
At 31 March 2023	282	4,041	4,323

**Notes to the Financial Statements
 For the Year Ended 31 March 2024**

13. Intangible assets (continued)**Company**

	Computer software £000
Cost	
At 1 April 2023	650
At 31 March 2024	<u>650</u>
Amortisation	
At 1 April 2023	596
Charge for the year	54
At 31 March 2024	<u>650</u>
Net book value	
At 31 March 2024	<u><u>-</u></u>
At 31 March 2023	<u><u>54</u></u>

Notes to the Financial Statements
For the Year Ended 31 March 2024
14. Tangible fixed assets
Group

	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 April 2023	267	217	1,505	1,989
Additions	-	332	230	562
Disposals	-	-	(15)	(15)
At 31 March 2024	267	549	1,720	2,536
Depreciation				
At 1 April 2023	249	195	1,253	1,697
Charge for the year on owned assets	18	70	196	284
Disposals	-	-	(11)	(11)
At 31 March 2024	267	265	1,438	1,970
Net book value				
At 31 March 2024	-	284	282	566
At 31 March 2023	18	22	252	292

Notes to the Financial Statements
For the Year Ended 31 March 2024
14. Tangible fixed assets (continued)
Company

	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 April 2023	267	157	932	1,356
At 31 March 2024	267	157	932	1,356
Depreciation				
At 1 April 2023	249	141	923	1,313
Charge for the year on owned assets	18	16	9	43
At 31 March 2024	267	157	932	1,356
Net book value				
At 31 March 2024	-	-	-	-
At 31 March 2023	18	16	9	43

Notes to the Financial Statements
For the Year Ended 31 March 2024
15. Fixed asset investments
Company

	Investments in subsidiary companies £000	Loans to subsidiaries £000	Total £000
Cost or valuation			
At 1 April 2023	20,300	1,300	21,600
At 31 March 2024	<u>20,300</u>	<u>1,300</u>	<u>21,600</u>
Impairment			
At 1 April 2023	3,185	-	3,185
Reversal of impairment losses	(461)	-	(461)
At 31 March 2024	<u>2,724</u>	<u>-</u>	<u>2,724</u>
Net book value			
At 31 March 2024	<u>17,576</u>	<u>1,300</u>	<u>18,876</u>
At 31 March 2023	<u>17,115</u>	<u>1,300</u>	<u>18,415</u>

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Local Pensions Partnership Administration Ltd	Level 2 Christ Church Precinct, County Hall Complex, Preston, England, PR1 8XJ	Administration services	Ordinary	100%
Local Pensions Partnership Investments Ltd	First Floor, 1 Finsbury Avenue, London, United Kingdom, EC2M 2PF	Investments	Ordinary/Pref erence	100%

Notes to the Financial Statements
For the Year Ended 31 March 2024
15. Fixed asset investments (continued)
Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
LPPi Scotland (No. 1) Ltd	7th Floor Capital Square, 58 Morrison Street, Edinburgh, United Kingdom, EH3 8BP	Investments	Ordinary	100%
LPPi Scotland (No. 2) Ltd	7th Floor Capital Square, 58 Morrison Street, Edinburgh, United Kingdom, EH3 8BP	Investments	Ordinary	100%
LPPi Diversifying Strategies GP Ltd	7th Floor Capital Square, 58 Morrison Street, Edinburgh, United Kingdom, EH3 8BP	General Partner	Ordinary	100%
LPPi Credit GP Limited	7th Floor Capital Square, 58 Morrison Street, Edinburgh, United Kingdom, EH3 8BP	General Partner	Ordinary	100%

16. Debtors

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Trade debtors	3,539	5,894	4	-
Amounts owed by group undertakings	-	-	1,078	612
Other debtors	247	235	-	-
Prepayments and accrued income	5,180	4,906	-	11
Tax recoverable	302	45	-	-
	9,268	11,080	1,082	623

**Notes to the Financial Statements
For the Year Ended 31 March 2024**
17. Creditors: Amounts falling due within one year

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Trade creditors	557	646	-	9
Other taxation and social security	1,300	782	515	18
Other creditors	876	671	-	2
Accruals and deferred income	6,417	5,316	61	180
	<u>9,150</u>	<u>7,415</u>	<u>576</u>	<u>209</u>

18. Creditors: Amounts falling due after more than one year

	Group 2024 £000	Group 2023 £000
Deferred remuneration	944	600

All amounts shown above are payable within four years after the reporting date.

19. Provisions
Group

	Reorganisation £000	Accommodation £000	Total £000
At 1 April 2023	120	216	336
Released in year	(25)	(177)	(202)
At 31 March 2024	<u>95</u>	<u>39</u>	<u>134</u>

**Notes to the Financial Statements
For the Year Ended 31 March 2024**

20. Pension commitments

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS website and the Fund's membership booklet. Currently, each member contributes a proportion of their salary to the scheme, between 5.5% to 12.5% per annum depending on their rate of pay. LPP's subsidiaries, as the employing bodies, also contribute to the scheme as determined by each Fund's respective Fund actuary on the employee's behalf, currently between 11.0% and 15.4% of salary p.a. The liabilities of the LGPS attributable to the Group are included in the Consolidated Statement of Financial Position.

In accounting for the defined benefit schemes, the Group has applied the principle that no pension assets are invested in the Group's own financial instruments or property.

The schemes in the UK typically expose the Company to actuarial risks such as: investment risk, interest rate risk, inflation risk, longevity risk and salary risk, as follows:

- Investment risk. The Funds hold investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Funds' liabilities for accounting purposes are assessed using long-dated market yields on high quality corporate bonds to discount future liability cashflows. As the Funds hold assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. The benefits under the Funds are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation;
- Longevity risk. If the members live longer than assumed a deficit will emerge. There is also other demographic risk; and
- Salary risk. The present value of the defined benefit scheme liability is calculated by reference to the future salaries of plan participants, as such, an increase in the salary of the plan participants will increase the plan's liability.

**Notes to the Financial Statements
For the Year Ended 31 March 2024**
LPP

The principal actuarial assumptions used were as follows:

	LPFA 2024 %	LPFA 2023 %	LCPF 2024 %	LCPF 2023 %
Discount rate	5.0	4.8	4.9	4.8
Future salary increases	3.9	3.9	4.1	4.2
Future pension increases (CPI)	2.9	2.9	2.6	2.8
Inflation assumption (RPI)	3.1	3.7	-	3.4
	LPFA 2024	LPFA 2023	LCPF 2024	LCPF 2023
Longevity at age 65 for current pensioners				
-Men	21.9	22.1	21.1	21.5
-Women	24.3	24.5	23.5	23.8
	LPFA 2024	LPFA 2023	LCPF 2024	LCPF 2023
Longevity at age 65 for future pensioners				
-Men	23.2	23.5	22.4	22.8
-Women	25.7	25.9	25.3	25.6

Post-employment benefit summary

	LPFA 2024 £000	LPFA 2023 £000	LCPF 2024 £000	LCPF 2023 £000
Fair value of plan assets	15,305	10,505	-	4,937
Defined benefit obligation	(14,865)	(10,780)	-	(4,947)
Impact of asset ceiling	(440)	-	-	-
Net defined benefit liability	-	(275)	-	(10)

Notes to the Financial Statements
For the Year Ended 31 March 2024
Reconciliation of defined benefit obligation

	LPFA 2024 £000	LPFA 2023 £000	LCPF 2024 £000	LCPF 2023 £000
Defined benefit obligation at start of year	10,780	15,656	4,947	6,762
Current service cost	914	2,481	89	309
Benefits (paid) / received	(29)	(167)	(125)	-
Contributions by employees	604	504	54	76
Interest cost	531	406	236	192
Scheme (settlements)/introductions	2,450	35	(4,928)	-
Curtailments	-	171	-	389
Remeasurements				
Effect of changes in financial assumptions	(684)	(12,727)	(233)	(3,491)
Effect of changes in demographic assumptions	(140)	(273)	(51)	(140)
Effect of experience adjustments	439	4,694	11	850
Defined benefit obligation at end of year	<u>14,865</u>	<u>10,780</u>	<u>-</u>	<u>4,947</u>

Notes to the Financial Statements
For the Year Ended 31 March 2024
Reconciliation of fair value of plan assets

	LPFA 2024 £000	LPFA 2023 £000	LCPF 2024 £000	LCPF 2023 £000
Fair value of plan assets at beginning of year	10,505	8,549	4,937	4,242
Benefits (paid) / received	(29)	(167)	(125)	-
Interest income on scheme assets - employer	536	232	238	127
Administrative expenses and taxes	(3)	(3)	(4)	(5)
Employer contributions	774	760	631	526
Contributions by employees	604	504	54	76
Scheme (settlements)/introductions	2,391	11	(5,854)	-
Remeasurements				
Return on scheme assets less interest income	527	(112)	123	(29)
Effect of changes in other actuarial gains	-	731	-	-
Fair value of plan assets at end of year	<u>15,305</u>	<u>10,505</u>	<u>-</u>	<u>4,937</u>

Analysis of assets

	LPFA 2024 £000	LPFA 2023 £000	LCPF 2024 £000	LCPF 2023 £000
Equity	8,193	5,288	-	2,351
Private Equity	1,077	818	-	410
Diversifying strategies	449	914	-	54
Real Estate	1,398	1,020	-	434
Infrastructure	1,756	1,314	-	770
Fixed income	373	108	-	69
Credit	1,819	1,029	-	716
Cash and Other	240	14	-	133
Total assets	<u>15,305</u>	<u>10,505</u>	<u>-</u>	<u>4,937</u>

**Notes to the Financial Statements
For the Year Ended 31 March 2024**
Defined benefit costs recognised in income statement

	LPFA 2024 £000	LPFA 2023 £000	LCPF 2024 £000	LCPF 2023 £000
Current service cost	914	2,481	89	309
Curtailments	-	171	-	389
Net interest on defined liability	(5)	174	(2)	65
Administrative expenses and taxes	3	3	4	5
Scheme (settlements)/introductions	59	24	926	-
Changes in effect of asset ceiling	440	-	-	-
Total defined benefit costs recognised in income statement	1,411	2,853	1,017	768

Defined benefit (gain)/loss recognised in other comprehensive income

	LPFA 2024 £000	LPFA 2023 £000	LCPF 2024 £000	LCPF 2023 £000
Return on scheme assets less interest income	(527)	112	-	29
Effect of changes in financial assumptions	(684)	(12,727)	-	(3,491)
Effect of changes in demographic assumptions	(140)	(273)	-	(140)
Effect of experience adjustments	439	4,694	-	850
Other actuarial gains	-	(731)	(396)	-
Total defined benefit (gain)/loss recognised in other comprehensive income	(912)	(8,925)	(396)	(2,752)

Notes to the Financial Statements
For the Year Ended 31 March 2024
Sensitivity analysis

The sensitivity to principal assumptions used to measure the scheme liabilities are set out below:

Approximate increase to defined benefit obligation

	LPFA %	LPFA £000
0.10% decrease in discount rate	2.70	402
0.10% increase in long-term salary increases	0.13	19
0.10% increase in pension increases	2.63	391
+1.00 year in life expectancy assumption	2.60	387

Reconciliation of funded position

	LPFA £000	LCPF £000	Total £000
Net defined benefit liability at start of the year	(275)	(10)	(285)
Expense recognised in profit and loss	(971)	(1,017)	(1,988)
Gain recognised in OCI	531	1,322	1,853
Transfer of assets and liabilities	(59)	(926)	(985)
Contributions by the Company	774	631	1,405
Net defined benefit (liability)/asset at end of the year	-	-	-

No amounts were included in the cost of assets (2023: £Nil).

No amounts included in assets relate to property leased by LPPA (2023: £Nil).

**Notes to the Financial Statements
For the Year Ended 31 March 2024**

Total Post-employment benefit position

	2024	2023
	£000	£000
Fair value of plan assets	15,305	15,442
Defined benefit obligation	(15,305)	(15,727)
Net defined benefit liability	<u>-</u>	<u>(285)</u>

**Notes to the Financial Statements
For the Year Ended 31 March 2024**
LPPA

The principal actuarial assumptions used were as follows:

	LPFA 2024 %	LPFA 2023 %	LCPF 2024 %	LCPF 2023 %
Discount rate	5.0	4.8	4.9	4.7
Future salary increases	3.9	3.9	4.1	4.2
Increase in pensions in payment / deferment	2.9	2.9	2.7	2.7
Inflation assumption (CPI)	2.9	3.7	2.6	3.3
	LPFA 2024	LPFA 2023	LCPF 2024	LCPF 2023
Longevity at age 65 for current pensioners				
-Men	20.4	20.7	21.1	21.5
-Women	22.7	22.9	23.5	23.8
	LPFA 2024	LPFA 2023	LCPF 2024	LCPF 2023
Longevity at age 65 for future pensioners				
-Men	22.2	22.4	22.4	22.8
-Women	24.9	25.1	25.3	25.6
	LPFA 2024 £000	LPFA 2023 £000	LCPF 2024 £000	LCPF 2023 £000
Fair value of plan assets	7,991	7,351	25,558	22,092
Defined benefit obligation	(8,224)	(8,293)	(20,439)	(19,481)
Net defined benefit (liability)/asset	(233)	(942)	5,119	2,611

Notes to the Financial Statements
For the Year Ended 31 March 2024
Reconciliation of defined benefit obligation

	LPFA 2024 £000	LPFA 2023 £000	LCPF 2024 £000	LCPF 2023 £000
Defined benefit obligation at start of year	8,293	15,063	19,481	26,988
Current service cost	288	651	1,287	2,627
Benefits (paid) / received	(391)	(640)	(251)	(69)
Contributions by employees	120	113	567	486
Interest cost	392	377	923	760
Curtailments	-	-	-	72
Liabilities assumed on settlements	-	304	-	-
Remeasurements				
Effect of changes in financial assumptions	(409)	(7,762)	(1,472)	(14,966)
Effect of changes in demographic assumptions	(85)	(458)	(242)	(631)
Effect of experience adjustments	16	645	146	4,214
Defined benefit obligation at end of year	<u>8,224</u>	<u>8,293</u>	<u>20,439</u>	<u>19,481</u>

Reconciliation of fair value of plan assets

	LPFA 2024 £000	LPFA 2023 £000	LCPF 2024 £000	LCPF 2023 £000
Fair value of plan assets at beginning of year	7,351	7,621	22,092	18,285
Benefits (paid) / received	(391)	(640)	(251)	(69)
Interest income on scheme assets	352	190	1,076	534
Administrative expenses and taxes	(2)	(2)	(51)	(43)
Employer contributions	228	191	1,300	1,161
Contributions by employees	120	113	567	486
Settlement prices received	-	94	-	-
Remeasurements				
Return on scheme assets less interest income	333	(92)	825	1,738
Actuarial gains/(losses)	-	(124)	-	-
Fair value of plan assets at end of year	<u>7,991</u>	<u>7,351</u>	<u>25,558</u>	<u>22,092</u>

Notes to the Financial Statements
For the Year Ended 31 March 2024
Analysis of assets

	LPFA 2024 £000	LPFA 2023 £000	LCPF 2024 £000	LCPF 2023 £000
Equity	4,278	3,700	12,063	10,539
Private Equity	562	573	1,917	1,834
Diversifying strategies	234	639	77	243
Real Estate	730	714	2,351	2,275
Infrastructure	917	919	3,859	3,446
Fixed income	195	76	997	309
Credit	950	721	3,783	3,203
Cash and Other	125	9	511	243
Total assets	7,991	7,351	25,558	22,092

Defined benefit costs recognised in income statement

	LPFA 2024 £000	LPFA 2023 £000	LCPF 2024 £000	LCPF 2023 £000
Current service cost	288	651	1,287	2,627
Net interest on defined liability	40	187	(153)	226
Administrative expenses and taxes	2	2	51	43
Net liabilities assumed on settlements	-	210	-	-
Effect of curtailments	-	-	-	72
Total defined benefit costs recognised in income statement	330	1,050	1,185	2,968

**Notes to the Financial Statements
For the Year Ended 31 March 2024**
Defined benefit (gain)/loss recognised in other comprehensive income

	LPFA 2024 £000	LPFA 2023 £000	LCPF 2024 £000	LCPF 2023 £000
Return on scheme assets less interest income	(333)	92	(825)	(1,738)
Other actuarial gains/(losses)	-	124	-	-
Effect of changes in financial assumptions	(409)	(7,762)	(1,472)	(14,966)
Effect of changes in demographic assumptions	(85)	(458)	(242)	(631)
Effect of experience adjustments	16	645	146	4,214
Total defined benefit (gain)/loss recognised in other comprehensive income	(811)	(7,359)	(2,393)	(13,121)

Sensitivity analysis

The sensitivity to principal assumptions used to measure the scheme liabilities are set out below:

Approximate increase to defined benefit obligation

	LPFA %	LPFA £000	LCPF %	LCPF £000
0.10% decrease in discount rate	2.40	201	2.30	462
0.10% increase in long-term salary increases	0.50	44	0.50	92
0.10% increase in pension increases	2.00	161	2.30	477
+1.00 year in life expectancy assumption	2.60	215	2.10	427

Reconciliation of funded position

	LPFA £000	LCPF £000	Total £000
Net defined benefit liability at start of the year	(942)	2,611	1,669
Expense recognised in profit and loss	(330)	(1,185)	(1,515)
Gain recognised in OCI	811	2,393	3,204
Contributions by the Company	228	1,300	1,528
Net defined benefit (liability)/asset at end of the year	(233)	5,119	4,886

Notes to the Financial Statements
For the Year Ended 31 March 2024
Total Post-employment benefits position

	2024	2023
	£000	£000
Fair value of plan assets	33,549	29,443
Defined benefit obligation	(28,663)	(27,774)
Net defined benefit asset	<u>4,886</u>	<u>1,669</u>

21. Commitments under operating leases

At 31 March 2024 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group	Group
	2024	2023
	£000	£000
Not later than 1 year	1,755	1,337
Later than 1 year and not later than 5 years	4,312	1,866
Later than 5 years	852	-
Total	<u>6,919</u>	<u>3,203</u>

22. Deferred taxation
Group

	2024
	£000
At beginning of year	(79)
Charged to profit or loss	6,107
Charged to other comprehensive income	(7,135)
At end of year	<u>(1,107)</u>

**Notes to the Financial Statements
For the Year Ended 31 March 2024**
22. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	Group 2024 £000	Group 2023 £000
Accelerated capital allowances	(962)	(109)
Tax losses carried forward	627	-
Pension surplus	(1,002)	53
Deferred remuneration	230	(23)
Total	<u><u>(1,107)</u></u>	<u><u>(79)</u></u>

23. Share capital

	2024 £000	2023 £000
Allotted, called up and fully paid		
25,000,002 (2023 -25,000,002) Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

During the year no ordinary shares were issued.

There are three classes of ordinary shares. X shares have no voting rights but have full rights in respect of dividends and distributions. Only A and B shares have full rights in the Company with respect to voting, dividends and distributions.

24. Related party transactions

In accordance with Section 33 of FRS102, the Company is exempt from disclosing related party transactions with other companies that are wholly owned within the Group.

The Key Management Personnel emoluments paid by the Group total £4,064,040 (2023 - £4,314,004) for the year.

The Directors of LPP had no transactions with the Company or its subsidiaries during the year other than service contracts and Directors' liability insurance. A summary of Directors' remuneration is disclosed in the notes to the accounts.

Within the expenditure on fixtures and fittings during the year, £29k excluding VAT was paid to QED Creative, a company in which Abigail Leech, Director of Finance, People and Culture for LPPA has a minority shareholding and of which a close family member is a Director. QED Creative designed and implemented interior design services to LPPA when the company moved into Level 2, Christ Church Precinct. LPPA does not have an outstanding balance with QED Creative nor any ongoing commitment.

**Notes to the Financial Statements
For the Year Ended 31 March 2024**

25. Contingent liabilities

There are no contingent assets or liabilities (2023: £Nil).

26. Controlling party

The Company is a joint venture and its ultimate parents and controlling parties are LPFA and LCC. These financial statements are available upon request from the Company Secretary, Local Pensions Partnership Ltd, First Floor, 1 Finsbury Avenue, London EC2M 2PF.

27. Post balance sheet events

On 1 April 2024, a new pension fund admission agreement commenced between LPPI and LPFA that agreed new terms in relation to the LPPI-LPFA defined benefit pension scheme ("pension scheme"). Under this new agreement, from the date of signing, LPPI agrees to pay a fixed rate contribution to LPFA and will no longer account for the pension scheme as a defined benefit scheme under FRS102, but rather a defined contribution scheme. There will be no defined benefit asset/liability on the statement of financial position from 1 April 2024.