Local Pensions Partnership Investments Ltd

Annual Report and Financial Statements

for the year ended 31 March 2023

Registration number: 09835244

Local Pensions Partnership Investments Ltd
Contents

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Principal Activities

Local Pensions Partnership Investments Ltd (LPPI) is part of the Local Pensions Partnership (LPP) Group and manages £23.70bn[1] of assets, comprised of Assets under Management (AUM) on behalf of three Local Government Pension Scheme (LGPS) clients* and the committed capital of GLIL Infrastructure LLP (GLIL) (LPPI is the Alternative Investment Fund Manager (AIFM) for GLIL).

LPPI seeks to deliver investment returns in excess of agreed benchmarks, along with savings in the investment management costs borne by clients. The financial benefits resulting from LPPI's approach are shown in the statutory accounts of LPPI's clients, including the reduced costs of running the pension funds. These are achieved by consolidating third party fund managers, increasing allocations to internal management and through broader economies of scale.

**LPPI's clients are London Pensions Fund Authority (LPFA), Lancashire County Pension Fund (LCPF) and The Royal County of Berkshire Pension Fund (RCBPF).*

LPPI's Delegated Model

LPPI provides tailored advice to clients to support them in setting their strategic asset allocation and making other strategic investment policy decisions. LPPI's clients retain responsibility for their investment strategy but delegate fully to LPPI the implementation of investment management activities. This delegation includes all sub-strategy, manager selection and stock selection decisions and allows LPPI to achieve the economies of scale and cost savings mentioned above.

LPPI's Investment Approach

The LPPI model is built upon three pillars:

- **Scale –** enables access to a broader range of investment opportunities and provides clients with access to a broad range of diversified investment opportunities implemented in a cost-effective and liability-aware manner.
- **Governance** – delegated, independent decision-making and governance structures enable cost-effective investment management.
- **In-house investment and risk management** – deep and broad in-house investment expertise across major asset classes in both public and private markets, enabling LPPI to better understand clients' investment priorities and to develop appropriate investment strategies to meet these requirements.

Investment Funds

LPPI operates investment pooling vehicles across seven asset classes. These are housed within two Authorised Contractual Schemes (ACS) and a number of special pooling vehicles.

Further details are available in the statements of accounts for the LPPI Asset Pooling ACS and the LPPI Real Estate ACS available from the LPP website. Details on the investment pooling vehicles are available from Companies House.

Further information on the LPPI pooled funds can be found on the LPP website, investment management section.

[1] As at 31 March 2023

Wider Service Provision

Through a partnership with Northern LGPS, LPPI also provides services to, and is the AIFM of, GLIL, an innovative collaboration between aligned and like-minded investors who are seeking investment into core infrastructure opportunities predominantly in the United Kingdom.

Responsible Investment and Stewardship

In 2022/23 LPPI continued to focus on being transparent about its activities as a responsible investor on behalf of client pension funds.

LPPI's *Responsible Investment and Stewardship Annual Report 2021-22* was accredited by the FRC for a second year, ensuring the retention of LPPI's UK Stewardship Code signatory status. LPPI also performed strongly against the revised assessment approach introduced by the Principles for Responsible Investment, with results published in 2022 showing LPPI significantly exceeding the peer group average and scoring upwards of 70% for all modules.

Net zero

In September 2022 LPPI published its first set of net zero targets as a signatory to the Net Zero Asset Manager Initiative. Targets were preapproved by the Institutional Investor Group on Climate Change and cover 42% of LPPI's assets under management. Having commenced with Global Equities, further asset classes will progressively be brought into scope each year. LPPI published a dedicated *Roadmap to net zero* to introduce the targets, to explain the net zero commitment and share insights on the work LPPI is doing to tackle the challenges climate change and net zero represent for LPPI and its clients.

The London Fund

The London Fund was established towards the end of 2020 as a collaboration between LPPI (investment manager) and London CIV (AIFM) with the ambition to provide sustainable, long-term, risk-adjusted value to pension scheme investors, while creating a 'double bottom line' by making a positive contribution to social and environmental issues in London. The Fund has a focus on investment opportunities in residential property and affordable housing, community regeneration, digital infrastructure and clean energy. Further to the real estate investments of 2021/22, during the reporting year The London Fund made its first infrastructure investment in a hyperscale data centre platform. This investment will deliver positive social outcomes by providing critical digital infrastructure for London while minimising the environmental footprint. Progress of the existing investments was closely monitored, including how the Fund was meeting its positive social outcomes objective.

Strategic Plan 2020-25

LPPI operates under a strategic roadmap which is integrated with the LPP five-year Group Strategy which was initiated in April 2020. The most important of these strategic objectives is to deliver excellent investment performance which meets client expectations. This is aligned with LPPI's purpose statement:

We deliver first class, value for money investment outcomes, aligned to our clients' interests.

We bring our expertise and spirit of collaboration together to help our clients invest sustainably in better futures.

Key Strategic Deliverables Achieved 2022/23

Robust financial performance: Investment cost savings against the pre-pooling position for LCPF, LPFA and RCBPF have been published. In aggregate LPPI has achieved £113m of cumulative savings to end March 2022 compared with the pre-pooling position. During the year discussions took place with the Group Shareholders, and remain ongoing, to investigate options for the management of LPPI's FRS102 pension liabilities.

Investment performance: Investment performance has been broadly in line or ahead of benchmark, helping support client funding levels. A marginal underperformance over the 3-year period was impacted by the Public Equity portfolio being underweight in the sectors which rebounded strongly following the disruption during the Covid pandemic. With the exception of the three-year period, shorter and longer term performance is ahead of benchmark.

The most recent data from PIRC (Pensions & Investment Research Consultants) on the performance of the LGPS shows that at March 2023 the top three positions in the league table for one year performance were occupied by LCPF, LPFA and RCBPF. Over the five-year performance period all client Funds were in the top quartile, including LCPF and LPFA which occupied positions 2 and 3 respectively.

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, 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. During 2022-23 LPPI ran a ESG project in preparation for reporting in line with TCFD (Task Force for Climate Related Financial Disclosures) obligations.

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

- A Net Zero roadmap and LPPIs first public targets;
- Investment in investment systems and data to compile a functional model and optimise LPPI's existing applications;
- Governance enhancements, including delivery of a Type 2 AAF; and
- Advancing the employee value proposition including reward, learning and development, and recognition.

Client focus: LPPI's second client conference was held in early March 2023 and was very well received. Development of client reporting continued, including a new client portal which will be rolled out during 2023/24. An investment product review was completed to validate client preferences and investment opportunities.

Looking ahead – 2023/24 strategic priorities

2023/24 will see LPPI move into the fourth year of the five-year Group strategy and with a refreshed Business Plan. The Board has considered the objectives for the coming year and will continue to deliver in line with the five-year Group Strategy.

LPPI's strategic objectives can be summarised as:

- Outperformance of policy portfolio benchmark;
- A focus on business maturity and improvements to the operating platform;
- Continuing to develop internal management capacity;
- Maintain and enhance operational resilience;

- Continued implementation against the Net Zero Carbon investing target and innovation with the Responsible Investment agenda; and
- Reviewing the opportunities and benefits of further growing the business scale.

s172(1) Statement 2022/23

LPPI 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 LPPI – the Company. LPPI's Board and committee papers for decision include a statement on how proposed decisions will assist the Directors in the discharge of their obligations under section 172 of the Companies Act 2006. This requirement for decision papers assists the Directors in their decision making and embeds the consideration of section 172 in the culture of the business and its decision making at senior management level, where papers are written.

Directors are mindful of the impact on stakeholders when making decisions. LPPI considers its stakeholders to be: LPP as its shareholder; the two Group shareholders; employees; investment clients; the members and employers of those clients where relevant; suppliers of key services and goods (such as software) to the LPP Group; and the Government.

LPPI is committed to maintaining a reputation for high standards of business conduct and its commitment to good standards of corporate governance is described in the corporate governance statement (pages 9-12) which reflects its application of the Wates Principles.

Three of the key decisions taken by LPPI's Directors during 2022/23 are outlined below and are important steps in the long-term success of LPPI. For each one, detail has been provided as to how the Directors have had regard to the matters set out in section 172(1) (a) to (e)[2] when performing their duty under section 172 of the Companies Act 2006 when making key decisions or when applying the strategic decisions made at Group level.

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

1. LPPI Remuneration Committee

Decision taken: Further to the restructuring of the LPP Board, the decision was made at Group level to dissolve the LPP Group Remuneration and Nomination Committee, pushing the remuneration activity down to the subsidiaries. This decision was supported by the LPPI Board and reflected a recommendation of LPPI's externally facilitated Board Evaluation. An LPPI specific Remuneration Committee will be operational in 2023/24.

Section 172(1) paragraph(s) relevant to this decision:

(a) the likely consequences of any decision in the long-term;

(b) the interests of the Company's employees;

(c) the need to foster the Company's business relationships with suppliers, customers and others; and

(e) the desirability of the Company maintaining a reputation for high standards of business conduct.

[2] *(f) The need to act fairly as between members of the company* is not addressed as LPPI has only one shareholder: LPP.

Directors' regard to wider stakeholder needs:

- The transfer of remuneration responsibilities to LPPI results in greater proximity between the employees and those determining pay decisions.
- The holding of remuneration discussions and decisions within LPPI is preferable from a regulatory perspective, providing enhanced clarity of decision making and ownership of those decisions by the Board of the regulated entity.

2. Investment Governance Changes

Decision taken: The Board approved changes to enhance LPPI's existing investment governance, with a new Investment Governance Policy and updated Investment Committee terms of reference.

Section 172(1) paragraph(s) relevant to this decision:

(a) the likely consequences of any decision in the long-term; and

(e) the desirability of the Company maintaining a reputation for high standards of business conduct.

Directors' regard to wider stakeholder needs:

- The enhancement of LPPI's existing investment governance arrangements evolves the investment decision making efficacy, ensuring that decisions are made by those with the greatest skill and expertise and enabling greater scalability and efficiency which naturally has benefits for the long-term success of the Company, its Shareholders and clients.
- Regular review of key policies, procedures and governance ensures LPPI continues to maintain its reputation for high standards of business conduct.

3. Responsible Investment Policy – Environmental, Social and Corporate Governance (ESG) Annex

Decision taken: The Board approved the ESG Annex to the Responsible Investment Policy.

Section 172(1) paragraph(s) relevant to this decision:

(a) the likely consequences of any decision in the long-term;

(c) the need to foster the Company's business relationships with suppliers, customers and others;

(d) the impact of the Company's operations on the community and the environment; and

(e) the desirability of the Company maintaining a reputation for high standards of business conduct.

Directors' regard to wider stakeholder needs:

- The annex outlines LPPI's ESG beliefs and explains LPPI's approach to the integration of ESG considerations within investment management. Evolving LPPI's approach to ESG has clear benefits for clients, the environment and the wider community.
- The production, approval and publication of the annex addresses the needs of a broad range of stakeholders in ways which include:
  - ➢ Assisting LPPI in meeting reporting requirements under the PRI and Stewardship Code; and
  - ➢ Providing LPPI's clients, and other stakeholders, with greater clarity and detail on LPPI's ESG processes.

Consideration of LPPI's Employees, Engagement and Representation

In discharging their duties under section 172(1) directors are mindful of the impact on employees. During the reporting year Directors received assurance that organisational-wide changes are communicated and major strategic projects discussed with employees through firm-wide email communications, intranet announcements and 'town hall' events (which are hybrid). Strategic update sessions are supplemented with informal 'open door' sessions where employees are encouraged to put questions to the CEO.

Regular surveys are used to gauge employee engagement and well-being, also to seek opinions on relevant topics, such as flexible working, in order to factor employee views into the planning. The results are transparently shared at the quarterly 'town hall' events by the Chief People and Culture Officer, together with action plans. For example, colleagues fed back the importance of recognition which has been responded to by the introduction of twice-yearly LPPI Recognition Awards, with employees nominated by their colleagues from across the business and winners selected by an employee "Academy".

An employee-led Diversity and Inclusion Network has been established and will be operational from 2023/24 to assist with the positive cultivation of an environment that embraces employee differences and the enhancement of a culture of belonging.

Principal Risks

LPPI operates under a risk framework which aims to:

- Establish and operate an effective risk management/internal control environment including risk identification, assessment, monitoring, management, and reporting;
- Establish, operate, and report a regular programme of firm-wide risk analysis, stress testing, scenario development, thematic review, and reverse stress testing; and
- Integrate risk management into the culture of the firm.

The Board and its Audit and Risk Committee has in the reporting year reviewed and approved its updated risk appetite and tolerances, and reporting framework. The status of the principal risk profile, and each risk's management and mitigation are provided to each meeting of the Audit and Risk Committee and the Board.

The risk management function provides support to the Internal Audit function, which is outsourced to Deloitte LLP, providing a conduit to the business. There is a continued focus on taking a risk-based approach to the audit plan.

The key and emerging risks managed in the year were:

People risk – The attraction and retention of talent remains a key focus for LPPI. Management actions to address this risk have included the benchmarking of remuneration to inform pay reviews in the context of market alignment. In addition, the overall employee value proposition continues to be improved with various enhancements.

Russia-Ukraine – LPPI continues to monitor its investment portfolio and review its outsourced arrangements in light of the Russia-Ukraine conflict. A risk deep dive was undertaken in winter to assess the impact of potential energy shortages on LPPI and its key outsource providers, and to confirm that contingency provisions were in place.

Investment Firm Prudential Regime (IFPR) – LPPI continues to operate and embed the IFPR to ensure that it meets the regulatory requirements, including ensuring that LPPI continues to hold sufficient regulatory own funds and liquid assets for potential material harms, and that it submits the formal quarterly IFPR reports to the FCA successfully.

Staff pension scheme – Certain staff within LPPI continue to accrue benefits within a defined benefit pension scheme. The impact of these benefits on an accounting basis can create volatility in the LPPI financial position. The exposure is monitored within the Audit and Risk Committee.

Corporate Governance Statement

Board

Board Composition

The Board is chaired by Sally Bridgeland and, during the reporting year, the other Non-Executive Directors were: Margaret Ammon; Malcolm Cooper; Sarah Laessig; and Martin Tully. Executive Directors of the Board for 2022/23 were: Tom Richardson; Chris Rule; Adrian Taylor (stood down 30 April 2023); and Richard J Tomlinson.

In recruiting for a new Non-Executive Chair, the process for which began during the reporting year, there was reference to the Board skills and experience matrix to appropriately focus the search. The search was conducted on an expansive and diverse pool of candidates. The new Chair, Jonathan Little, will join the Board on 1 August 2023.

At 31 March 2023 Board Directors were 33 per cent women.

Directors’ Conflicts of Interest and Independence

The process by which Directors’ conflicts might be authorised is set out in detail in LPPI’s Articles of Association. A process for the identification, consideration of, authorisation and appropriate recording of any director conflicts of interest is in place and, in addition to the detail in the Articles of Association, this is set out in the Code of Conduct for Board Members. This LPPI-specific Code of Conduct was approved by the Board in March 2022 and is reviewed annually. Directors declare any conflicts at the start of each Board or Committee meeting to be recorded in the minutes of the meeting and the LPPI Directors’ Register of Interests and Potential Conflicts.

Activity During the Year

The Board met six times during the year and held one away day. All meetings were well attended. The Board is responsible for overseeing the investment manager business and directing the affairs of LPPI in accordance with its Articles of Association, applicable regulatory requirements and the LPP Group’s Shareholders Agreement. The Board sets the overall direction and culture of LPPI, overseeing LPPI’s performance against its Business Plan. It also sets the risk appetite and framework for LPPI, ensuring a strong framework of policies and procedures is in place.

During the reporting year the Board’s activity included:

- Maintaining oversight of the delivery of the Business Plan.
- Approving investment governance changes.
- Approving the ESG annex to the Responsible Investment Policy.
- Discussions to maintain an up-to-date oversight position on net zero and TCFD.
- Approving the updated Risk Appetite and Tolerances Schedule.

- Actioning the LPP Group decision regarding changes to the arrangements for remuneration governance.
- Discussions on People and Culture, including diversity and inclusion, reward benchmarking, succession planning and talent management.
- Approving an enhancement to the reward offering for all employees, to include the introduction of private medical cover and electric vehicle leasing.
- Participating in an externally facilitated review of its own performance, agreeing and actioning resulting recommendations.
- Receiving the first annual report from the nominated Non-Executive Director Whistleblowing Champion.

The Board received briefings on: LPPI's Credit Fund; IFPR; LPPI's Global Equities Fund; three year IT strategy update; and GLIL.

Many of the Directors attended LPPI's second client conference in March 2023.

Board Evaluation

An externally facilitated Board evaluation was carried out between November 2022 and February 2023, the process for which included: documentation review; one to one interviews with directors, members of the Management Committee and key stakeholders; and meeting observations. The ensuing report was presented to the Board in February 2023 with the resulting discussions producing a set of agreed recommendations which are being taken forwards in an action plan to further enhance the effectiveness of the Board.

Outlook for 2023/24

The Board will monitor progress against the Business Plan 2023-26.

LPPI's new Chair will receive a full induction and onboarding programme.

The Board will complete activity to address agreed actions resulting from the 2022/23 Board evaluation recommendations.

The Board will also be receiving a series of reports considering enhancements to talent management, succession planning and progressing the diversity and inclusion agenda.

A formal programme of Board deep dives and briefing sessions has been developed to run throughout the year.

Committees

The Board delegates to its committees in accordance with the matters reserved to the Board and the committees' terms of reference.

Audit and Risk Committee

Membership: Non-Executive Directors only

The Audit and Risk Committee, chaired by Malcolm Cooper, met a total of five times during the reporting year and was well attended by its four Non-Executive Director Members.

The Committee assists the Board with its oversight responsibilities for present and emerging risks associated with the Company's activities; and for the financial reporting process, the system of internal control, the audit process and the Company's process for monitoring compliance with laws, regulations and its Code of Conduct. During the year the Committee approved LPPI's AAF 01/02 Type II controls assurance audit report (for the period 1 December 2021 to 31 December 2022). The Committee has confirmed that the business is satisfied that internal audit has the appropriate resources in place.

LPP Group Remuneration and Nomination Committee

Membership: Non-Executive Directors only, from across the Group

This Group Committee reports to the different Boards in the LPP Group and is tasked with ensuring formal, transparent and rigorous policies and procedures are in place for Executive Director remuneration and Non-Executive Director appointments. The non-executive membership is from across the Group and includes the LPPI Chair, it is chaired by LPPI Non-Executive Director, Martin Tully. Variable pay operates across LPPI which is overseen by the Group Committee and guided by a Remuneration Policy. LPPI's Chief Risk Officer provides input into variable pay reports presented to the Committee and the Committee Chair reports on activity to the LPPI Board.

During 2023/24 the Group Committee will be dissolved and discussion of LPPI remuneration matters will move to an LPPI-specific Remuneration Committee.

Executive Committee

Membership: Executive only

The Executive Committee assists the Chief Executive Officer with overseeing the activities of the Company and determining key strategic and/or operational decisions under delegation from the Board. It also provides executive leadership of the business, taking responsibility for monitoring progress against the strategic objectives and providing an escalation point for important decisions. The Executive Committee meets monthly, or more frequently as required.

During 2022/23 the Executive Committee was referred to as the Management Committee. The change in name and updated Terms of Reference were agreed in June 2023.

Investment Committee

Membership: Executive only

This Committee met on a quarterly basis with additional regular and ad hoc meetings as required to consider investment proposals. The Investment Committee acts under delegated authority from the Board and is responsible for the monitoring of investment performance and risk analytics, investment proposals, ongoing asset management and investment strategy.

In line with the Investment Governance Review carried out during the reporting year, the frequency of this Committee's meetings will decline in 2023/24, with further delegation to the CIO in place, and agendas for the quarterly meetings will be refined.

Fair Value Pricing Committee

Membership: Executive only

This Committee met on a quarterly basis with additional informal meetings held as required. The Committee's delegation from the Board is to monitor compliance with LPPI's Valuation Policy; to approve the valuation of pooled assets; to appoint and monitor the use of independent external valuers; and approve and monitor the use of valuation models developed internally or by third party valuation providers.

Funds Launch and Product Governance Committee

Membership: Executive only

This Committee meets on an ad hoc basis around fund launches and annually to review product governance. It reports on at least an annual basis to the Board following the annual product governance review. Its main duty is to approve the launch or the winding up of a fund, asset pool or collective investment vehicle as directed by the Board and to review existing products in accordance with product governance requirements. In the reporting year it met once.

This report was approved by the Board and signed by its order on 25 July 2023.

Chris Rule
Director

The Directors present their report and financial statements for the year ended 31 March 2023.

Directors

The following persons served as Directors during the year and up to the Statement of Financial Position signing date:

Margaret Ammon
Sally Bridgeland
Malcolm Cooper
Sarah Laessig
Tom Richardson
Chris Rule
Adrian Taylor (resigned 30 April 2023)
Richard J Tomlinson
Martin Tully

Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102 (FRS 102) and applicable law). 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Corporate Governance Arrangements

LPP's Directors have agreed to the adoption of the Wates Corporate Governance Principles for the Group and although not meeting the threshold requiring the provision of a statement of corporate governance arrangements, LPP's Directors wish to report on LPP's application of these principles and have done so though the provision of a detailed report on LPP's website.

Results and Dividends

The trading result for the Company for the year is a loss after tax of £940,000 (2022: profit after tax of £518,000). This trading result takes into account the non-cash accounting adjustments for the defined benefit pension scheme described in Notes 4(n) and 18. Without these the Company would have made a profit after tax of £708,000 (2022: £1,853,000).

No dividends were paid during the year (2022: £nil).

Capital

LPPI has an issued share capital of 3,000,001 ordinary shares of £1.

Going Concern

After making enquiries in relation to the Company's forecasts and projects, the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. Added to this, the Company continues to have the support of its immediate parent LPP, who, if required, would be able to call upon loan facilities from its parent entities, in order to provide a capital injection into the Company. Therefore, the Directors feel that 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 on pages 5-6.

Political or Charitable Donations

No political or charitable donations were made during the year (2022: £nil).

Research and Development

No research and development expenditure was made during the year (2022: £nil).

Financial Instrument Risk

During the reporting year LPPI did not use hedging or financial risk management instruments and all 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 on pages 6-8.

Employee Engagement and Representation

Information on employee engagement is provided in the Section 172(1) statement on pages 6-8.

Reward and Recognition

All employees across LPPI have the opportunity to earn variable pay as part of their remuneration package. Variable pay is linked to performance ratings and considers delivery of objectives alongside conduct and behaviours in line with the LPPI valued behaviours. LPPI is committed to rewarding high performance and good conduct whilst addressing instances of poor conduct in a timely manner.

Disabled Employees

LPPI is committed to ensuring equality of opportunity and access in both employment and service arrangements. It aims to promote diversity within its workforce and ensure that its services meet the different needs of its staff and clients at all times. LPP Group has published an Equality Policy on its website. 4.7 per cent of LPPI's employees have reported some form of disability.

LPPI aims 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.

Post Balance Sheet Events

There have been no post balance sheet events to report.

Disclosure of Information to Auditors

Each person who was a Director at the time this report was approved confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is 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 2022.

This report was approved by the Board and signed by its order on 25 July 2023.

Chris Rule
Director

Opinion

We have audited the financial statements of Local Pensions Partnership Investments Ltd (the 'company') for the year ended 31 March 2023, which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, 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 company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 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

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 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 company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and high cost of energy, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the 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.

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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 for the financial statements

As explained more fully in the directors' responsibilities statement on page 12, 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 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 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 obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates. We determined that the following laws and regulations were most significant; FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and FCA regulations. The company is regulated by the FCA as an Alternative Investment Fund Manager. We obtained an understanding of how the company is complying with these legal frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated the results of our enquiries through our review of the minutes of the company's meetings and correspondence with the FCA. We did not identify any matters relating to non-compliance with laws and regulations or matters in relation to fraud.

- In assessing the potential risks of material misstatement, we obtained an understanding of:

- the company's operations, including the nature of its operations, and of its objective to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
- the company's control environment to mitigate risks of fraud or non-compliance with the relevant laws and regulations.

- In assessing the appropriateness of the collective competence and capabilities of the engagement team, the engagement partner considered 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 company operates

- 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 company operates; and
- understanding of the legal and regulatory frameworks applicable to the company.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included a review of manual journal entries. We also reviewed the financial statements disclosures and the corresponding supporting documentation.

Auditor's responsibilities for the audit of the financial statements

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;

- 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 parent charity operates; and
- understanding of the legal and regulatory requirements specific to the parent charity and group including:

- the provisions of the applicable legislation;
- the regulators' rules and related guidance, including guidance issued by relevant authorities that interprets those rules;
- the applicable statutory provisions.

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.

Grant Thornton UK LLP

Paul Flatley BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
25 July 2023

Local Pensions Partnership Investments Ltd
Income Statement
for the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Turnover	6	27,920	26,686
Administrative expenses		(29,935)	(27,068)
Other operating income		255	599
Operating (loss)/profit	7	**(1,760)**	**217**
Interest receivable	9	257	3
(Loss)/profit before taxation		**(1,503)**	**220**
Taxation	10	563	298
(Loss)/profit for the financial year		**(940)**	**518**

Local Pensions Partnership Investments Ltd
Statement of Comprehensive Income
for the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
(Loss)/profit for the financial year		**(940)**	**518**
Other comprehensive income			
Remeasurement of defined benefit obligation	18	11,677	2,703
Total tax on components of other comprehensive income	10	(2,919)	(384)
Other comprehensive income for the year, net of tax		**8,758**	**2,319**
Total comprehensive income for the year		**7,818**	**2,837**

Local Pensions Partnership Investments Ltd
Statement of Financial Position
as at 31 March 2023

LPP
Local Pensions Partnership Investments

	Notes	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	11	830	676
Tangible assets	12	129	153
Investments	13	0	0
		959	**829**
Current assets			
Debtors	14	6,259	7,829
Cash at bank and in hand		24,947	23,916
		31,206	**31,745**
Creditors: amounts falling due within one year	15	(6,111)	(4,724)
Provisions for other liabilities	16	(120)	(479)
Net current assets		**24,975**	**26,542**
Total assets less current liabilities		**25,934**	**27,371**
Creditors: amounts falling due after more than one year	17	(580)	(493)
Post-employment benefits	18	(285)	(9,627)
Net assets		**25,069**	**17,251**
Capital and reserves			
Share capital	19	3,000	3,000
Share premium		10,000	10,000
Profit and loss account		12,069	4,251
Total equity		**25,069**	**17,251**

The notes on pages 24 to 40 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 25 July 2023 and signed on their behalf.

Tom Richardson
Director

Local Pensions Partnership Investments Ltd
Statement of Changes in Equity
for the year ended 31 March 2023

LPP
Local Pensions Partnership Investments

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Balance as at 1 April 2021	**-**	**10,000**	**1,414**	**11,414**
Profit for the year	**-**	**-**	518	**518**
Other comprehensive income for the year	**-**	**-**	2,319	**2,319**
Total comprehensive income for the year	**-**	**-**	**2,837**	**2,837**
Proceeds from shares issued	3,000	**-**	**-**	**3,000**
Total transactions with shareholders, recognised directly in equity	**3,000**	**-**	**-**	**3,000**
Balance as at 31 March 2022	**3,000**	**10,000**	**4,251**	**17,251**
Balance as at 1 April 2022	**3,000**	**10,000**	**4,251**	**17,251**
Loss for the year	-	-	(940)	**(940)**
Other comprehensive income for the year	-	-	8,758	**8,758**
Total comprehensive income for the year	-	-	**7,818**	**7,818**
Balance as at 31 March 2023	**3,000**	**10,000**	**12,069**	**25,069**

1 General information

The Company is part of the Local Pensions Partnership Group of Companies and was formed on 21 October 2015. The Company is a wholly owned subsidiary of Local Pensions Partnership Ltd, whose other subsidiaries include Local Pensions Partnership Administration Ltd. The principal activity of the Company is the provision of management of assets on behalf of its three Local Government Pension Scheme ("LGPS") clients and GLIL Infrastructure LLP, providing economies of scale and consolidation of third-party fund

The Company is a regulated entity 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. The Company is authorised and regulated by the Financial Conduct Authority FRN No.724653.

The Company's parent undertaking, Local Pensions Partnership Ltd includes the Company and the Company's subsidiaries in its Consolidated financial statements which are prepared in accordance with United Kingdom Accounting Standards and are available to the public and may be obtained from First Floor, 1 Finsbury Avenue, London, EC2M 2PF.

2 Basis of measurement and preparation of financial statements

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and 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
- Related party disclosures
- Key management compensation
- Categories of financial instruments
- Items of income, expenses, gains, or losses relating to financial instruments
- Exposure to and management of financial risks relating financial instruments

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

3 Going concern

The Company 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 Company 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 Company 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.

3 Going concern (continued)

Potential implications of the macroeconomic climate on the Company

The Directors, together with their advisors, have been actively monitoring the potential impacts on the Company arising from macroeconomic uncertainties such as the conflict between Ukraine and Russia and interconnected high inflation, and rising interest rates.

The Company's clients are based in the UK and most of its transactions are in Sterling, therefore the Directors do not feel that the Company is exposed to any foreign exchange risk or macroeconomic risks as a result of the ongoing conflict between Ukraine and Russia.

The Directors have considered the inherent risk mentioned above and do not believe that any material uncertainties relating to this event will impact the Company'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.

(a) Basis of Preparation

The preparation of financial statements under FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's 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 set out in Note 5.

(b) Investment in subsidiaries and associate

The Company has claimed an exemption not to produce consolidated financial statements, under Section 9 of FRS 102 and therefore does not include the results of any subsidiary entities but merely the Company's investment in the subsidiaries. Investment in the subsidiaries and associate are held at cost less accumulated impairment losses.

(c) 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.

The intangible fixed assets are amortised over the following useful economic lives:

- Software costs - length of licence or 3 years

(d) 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:

- Fixtures and Fittings 3 to 5 years
- Office equipment 3 to 5 years
- IT equipment 3 to 5 years

4 Summary of significant accounting policies (continued)

(e) Debtors

These amounts generally arise from the normal operating activities of the Company. Debtors that are receivables within one year are recorded at the undiscounted amount expected to be received. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

(f) 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 (which The Company does not have), when applicable, are shown within borrowings in current liabilities.

(g) 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.

(h) 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 Company. 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.

(i) Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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.

(j) Taxation

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 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 Summary of significant accounting policies (continued)

(k) Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of investment management services.

(l) 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.

(m) Intercompany debtors and creditors

These amounts generally arise from normal operating activities within the LPP 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.

(n) 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 Company 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.

4 Summary of significant accounting policies (continued)

(n) Employee benefits

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company 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 Company'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 Company operates an annual bonus scheme for its employees. An expense is recognised in the income statement when the Company 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.

5 Significant judgements and estimates

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

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 below are those considered to be particularly critical to an understanding of the financial statements of the Company because their application places the most significant demands on our ability to judge the effect of inherently uncertain matters on the financial results.

(i) Taxation

The Company 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.

5 Significant judgements and estimates (continued)

(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 Company 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.

(ii) Useful economic life

The Company 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 Company'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.

6 Analysis of turnover

	2023 £'000	2022 £'000
Investment management fees	27,920	26,686
Total	**27,920**	**26,686**
Geographical analysis		
UK	**27,920**	**26,686**

7 Operating profit

	2023 £'000	2022 £'000
Operating profit is stated after charging:		
Wages and salaries	13,785	13,767
Social security costs	1,762	1,525
Defined benefit pension costs	3,533	2,615
Other pension costs	553	483
Other staff costs	66	-
Staff costs charged to profit and loss	**19,699**	**18,390**
Operating lease charges	1,556	1,410
Loss on disposal of tangible assets	1	5

	2023 £'000	2022 £'000
Included within administration expenses are:		
Audit services:		
Audit fees payable to the Company's auditor	35	33
Non-audit services:		
Audit-related assurance services payable to the Company's auditor	8	8
Total	**43**	**41**

The average Company headcount (including Directors) during the year was 121 (2022: 123).

8 Directors' emoluments

	2023 £'000	2022 £'000
The Directors' emoluments were as follows:		
Aggregate remuneration	**1,928**	**1,718**

The remuneration above does not include amounts paid by the parent entity.

	2023 £'000	2022 £'000
Highest paid Director (included in the above figures)		
Total amount of emoluments	554	518
Other pension costs	31	31
Total	**585**	**549**

9 Interest receivable and similar income

	2023 £'000	2022 £'000
Bank interest received	**257**	**3**

10 Taxation

Analysis of charge in year	**2023 £'000**	**2022 £'000**
Current tax:		
UK Corporation tax charge on profits for the year	108	370
Adjustments in respect of previous years	27	(139)
Total current tax charge	**135**	**231**
Deferred tax:		
Origination and reversal of timing differences	(575)	(446)
Adjustments in respect of previous years	(123)	196
Impact of change in tax rate	-	(279)
Total deferred tax	**(698)**	**(529)**
Total tax credit in the income statement	**(563)**	**(298)**

Tax included in other comprehensive income

	2023 £'000	**2022 £'000**
Deferred tax:		
Origination and reversal of timing differences	2,919	675
Impact of change in tax rate	-	(291)
Total tax charge/(credit) in statement other comprehensive income	**2,919**	**384**

Reconciliation of tax charge

	2023 £'000	**2022 £'000**
The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:		
Profit/(loss) before tax	**(1,503)**	**220**
Profit multiplied by the standard rate of tax in the UK of 19% (2020: 19%)	(286)	42
Effects of:		
- Expenses not deductible for tax purposes	(43)	(11)
- Adjustments to tax charge in respect of prior years:		
- Corporation tax	27	(139)
- Deferred tax	(123)	196
- Re-measurement of deferred tax - change in UK tax rate	-	(279)
- Tax rate differential on deferred tax	(138)	(107)
Tax credit for the year	**(563)**	**(298)**

The Finance Act 2021 will increase the rate of corporation tax to 25% with effect from 1 April 2023. Deferred tax has been restated and provided for at 25% to reflect this.

11 Intangible assets

	Assets under Construction	Software	Total
	£'000	**£'000**	**£'000**
Cost			
At 1 April 2022	**-**	**972**	**972**
Transfers	-	-	**-**
Additions	283	53	**336**
At 31 March 2023	**283**	**1,025**	**1,308**
Accumulated amortisation			
At 1 April 2022	-	296	**296**
Amortisation during the year	-	182	**182**
At 31 March 2023	-	**478**	**478**
Net book value at 1 April 2022	**-**	**676**	**676**
Net book value at 31 March 2023	**283**	**547**	**830**

12 Tangible assets

	Fixtures, fittings, & office equipment	IT equipment	Total
	£'000	**£'000**	**£'000**
Cost			
At 1 April 2022	**54**	**254**	**308**
Additions	6	73	**79**
Disposals	-	(5)	**(5)**
At 31 March 2023	**60**	**322**	**382**
Accumulated depreciation			
At 1 April 2022	**38**	**117**	**155**
Depreciation for the year	15	87	**102**
On disposals	-	(4)	**(4)**
At 31 March 2023	**53**	**200**	**253**
Net book value at 1 April 2022	**16**	**137**	**153**
Net book value at 31 March 2023	**7**	**122**	**129**

13 Investment in Group undertakings

	2023 £'000	2022 £'000
Cost	**0**	**0**

	Type of Capital held	Proportion held	Nature of business
Subsidiaries - direct			
LPPI Scotland (No.1) Ltd	Equity	100%	Investments
LPPI Scotland (No.2) Ltd	Equity	100%	Investments
LPPI Diversifying Strategies GP Limited	Equity	100%	General Partner
Subsidiaries - indirect			
LPPI PE GP (No.1) LLP	Debt	100%	General Partner
LPPI PE GP (No.2) LLP	Debt	100%	General Partner
LPPI PE GP (No.3) LLP	Debt	100%	General Partner
LPPI Infrastructure GP LLP	Debt	100%	General Partner
LPPI Credit GP Limited	Equity	100%	General Partner

The indirect subsidiaries are held jointly by LPPI Scotland (No.1) Ltd and LPPI Scotland (No.2) Ltd

	Type of Capital held	Proportion held	Nature of business
Associate - indirect			
The London Fund GP LLP	Debt	49%	General Partner

Country of incorporation for all entities is United Kingdom.

14 Debtors

	2023 £'000	2022 £'000
Trade debtors	2,483	1,357
Deferred taxation	-	2,143
Prepayments and accrued income	3,496	4,114
Other debtors	235	215
Corporation tax receivable	45	-
Total	**6,259**	**7,829**

Other debtors include £235,011(2022: £215,000) falling due after more than one year.

15 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	268	321
Amounts owed to Group undertakings	368	60
Corporation tax due	-	53
Deferred tax	79	-
Other taxation and social security	530	366
Other creditors	513	122
Accruals and deferred income	4,353	3,802
Total	**6,111**	**4,724**

Amounts owed to Group undertakings are unsecured, interest free, no fixed repayment date and repayable on demand.

16 Provisions for other liabilities

At 1 April 2022	479
Reduction	(359)
At 31 March 2023	**120**

The above relates to reorganisational costs that are expected to be fully utilised and paid by 31 March 2023.

17 Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Deferred remuneration	**580**	**493**

18 Post-employment benefits

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. There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgements and the 2016 cost cap process. 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. LPPI, as the employing body, also contributes to the scheme as determined by each Fund’s respective Fund Actuary on the employee’s behalf, set at 12.0% and 13.7% of salary per annum. The liabilities of the LGPS attributable to the Company are included in the Statement of Financial Position.

18 Post-employment benefits (continued)

In accounting for the defined benefit schemes, the Company has applied the principle that no pension assets are invested in the Company'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 investments 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 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 will 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 are expected to live longer than previously 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.

	LPFA		LCPF	
	2023	**2022**	**2023**	**2022**
	%	**%**	**%**	**%**
The principal actuarial assumptions used were as follows:				
Discount rate	4.8	2.6	4.8	2.8
Future salary increases	3.9	4.1	4.2	4.7
Future pension increases (CPI)	2.9	3.1	2.8	3.3
Inflation assumption (RPI)	3.7	3.6	3.4	4.0

	LPFA		LCPF	
	2023	**2022**	**2023**	**2022**
Longevity at age 65 for current pensioners				
- Men	22.1	23.0	21.5	22.3
- Women	24.5	24.4	23.8	25.0
Longevity at age 65 for future pensioners				
- Men	23.5	24.3	22.8	23.7
- Women	25.9	25.8	25.6	26.8

18 Post-employment benefits (continued)

	LPFA 2023 £'000	LPFA 2022 £'000	LCPF 2023 £'000	LCPF 2022 £'000
Post-employment benefits summary				
Fair value of plan assets	10,505	8,549	4,937	4,242
Defined benefit obligation	(10,780)	(15,656)	(4,947)	(6,762)
Net defined benefit liability	**(275)**	**(7,107)**	**(10)**	**(2,520)**

The defined benefit pension scheme on the Company Statement of Financial Position is as follows:

	LPFA 2023 £'000	LPFA 2022 £'000	LCPF 2023 £'000	LCPF 2022 £'000
Reconciliation of defined benefit obligation				
Defined benefit obligation at start of year	**15,656**	**14,522**	**6,762**	**6,197**
Current service cost	2,481	2,404	309	309
Benefits (paid) / received	(167)	(1)	-	-
Contributions by employees	504	482	76	77
Interest cost	406	294	192	137
Scheme (settlements)/introductions	35	(770)	-	-
Curtailments	171	-	389	-
Remeasurements				
Effect of changes in financial assumptions	(12,727)	(1,321)	(3,491)	(168)
Effect of changes in demographic assumptions	(273)	-	(140)	196
Effect of experience adjustments	4,694	46	850	14
Defined benefit obligation at end of year	**10,780**	**15,656**	**4,947**	**6,762**

18 Post-employment benefits (continued)

	LPFA		LCPF	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Reconciliation of fair value of plan assets				
Fair value of plan assets at beginning of year	**8,549**	**6,675**	**4,242**	**3,495**
Benefits (paid) / received	(167)	(1)	-	-
Interest income on scheme assets - employer	232	143	127	79
Administrative expenses and taxes	(3)	(9)	(5)	(5)
Employer contributions	760	648	526	159
Contributions by employees	504	482	76	77
Scheme (settlements)/introductions	11	(422)	-	-
Remeasurements				
Return on scheme assets less interest income	(112)	1,033	(29)	437
Effect of changes in other actuarial gains	731	-	-	-
Fair value of plan assets at end of year	**10,505**	**8,549**	**4,937**	**4,242**

	LPFA		LCPF	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Analysis of assets				
Equity	5,288	4,098	2,351	2,037
Private equity	818	768	410	348
Diversifying strategies	914	908	54	-
Real Estate	1,020	767	434	369
Infrastructure	1,314	871	770	484
Fixed income	108	237	69	182
Credit	1,029	696	716	568
Cash and other	14	204	133	254
Total assets	**10,505**	**8,549**	**4,937**	**4,242**

18 Post-employment benefits (continued)

	LPFA		LCPF	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Defined benefit costs recognised in income statement				
Current service cost	2,481	2,404	309	309
Curtailments	171	-	389	-
Net interest on defined liability	174	151	65	58
Administrative expenses and taxes	3	9	5	5
Scheme (settlements)/introductions	24	(348)	-	-
Total defined benefit costs recognised in income statement	**2,853**	**2,216**	**768**	**372**

	LPFA		LCPF	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Defined benefit (gain)/loss recognised in other comprehensive income				
Return on scheme assets less interest income	112	(1,033)	29	(437)
Effect of changes in financial assumptions	(12,727)	(1,321)	(3,491)	(168)
Effect of changes in demographic assumptions	(273)	-	(140)	196
Effect of experience adjustments	4,694	46	850	14
Other actuarial gains	(731)	-	-	-
Total defined benefit (gain)/loss recognised in other comprehensive income	**(8,925)**	**(2,308)**	**(2,752)**	**(395)**

18 Post-employment benefits (continued)

Sensitivity analysis

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

Approximate increase to defined benefit obligation

	LPFA		LCPF	
	%	**£'000**	**%**	**£'000**
0.10% decrease in discount rate	2.93%	316	2.14%	106
0.10% increase in long-term salary	0.09%	10	0.73%	36
0.10% increase in pension increases	2.89%	312	2.39%	118
+1.00 year in life expectancy	2.62%	282	1.82%	90

Reconciliation of funded position:

	LPFA £'000	LCPF £'000	Total £'000
Net defined benefit liability at start of the year	**(7,107)**	**(2,520)**	**(9,627)**
Expense recognised in profit and loss	(2,853)	(768)	(3,621)
Gain recognised in OCI	9,085	2,752	11,837
Transfer of assets and liabilities	(160)	-	(160)
Contributions by the Company	760	526	1,286
Net defined benefit liability at end of the year	**(275)**	**(10)**	**(285)**

No amounts were included in the cost of assets (2022: £Nil).

No amounts included in assets relate to property leased by the Company (2022: £Nil).

Total Post-employment benefits position

	2023 £'000	2022 £'000
Fair value of plan assets	15,442	12,791
Defined benefit obligation	(15,727)	(22,418)
Net defined benefit liability	**(285)**	**(9,627)**

19 Share Capital

	Number	£'000
Ordinary shares of £1 each allotted and fully paid		
At 1 April 2022	**3,000,001**	**3,000**
Issued during the year	-	-
At 31 March 2023	**3,000,001**	**3,000**

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

20 Deferred taxation

	2023 £'000	2022 £'000
The provision for deferred tax consists of the following deferred tax assets:		
Accelerated capital allowances	(109)	(143)
Post-employment benefits	74	2,286
Total asset	**(35)**	**2,143**

21 Capital and other commitments

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payment due	2023 £'000	2022 £'000
Not later than one year	1,303	1,467
Later than one year and not later than five years	1,866	2,120
Total	**3,169**	**3,587**

22 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. Excluding the parent company, there were no related party transactions with non-wholly owned companies with the Group.

23 Contingent liabilities

There are no contingent assets or liabilities (2022: £Nil).

24 Controlling party

The Company's immediate parent is LPP, a company incorporated in the United Kingdom and registered in England and Wales. The ultimate controlling parties are LPFA and LCC. LPP is the parent undertaking of the smallest and largest group to wholly consolidate these financial statements. These financial statements are available upon request from the Company Secretary, Local Pensions Partnership Ltd, First Floor, 1 Finsbury Avenue, London EC2M 2PF.

25 Events after the end of the reporting period

There are no known Post Balance Sheet Events at the point of publication.