

DRAFT Pension Fund Annual Report

London Borough of Lambeth • 2024/25


Lambeth

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1. Scheme Management and Advisers

Scheme Management and Advisors

ADMINISTERING AUTHORITY

London Borough of Lambeth

Administrator: Zena Cooke
Corporate Director of Finance
(S151 Officer)

COUNCIL OFFICERS

Jacqueline Moylan	Interim Director of Finance
Linda D’Souza	Assistant Director of Payroll and Pensions
Robert Browning	Acting Assistant Director of Finance
Kathryn Shore	Pensions Manager
Pearl Emovon	Interim Head of Treasury and Pensions
Iquo Nwankwo	Interim Deputy Head of Treasury and Pensions
Carlito Rendora	Interim Deputy Head of Treasury and Pensions

BANK

National Westminster Bank Plc

POOLING COMPANY

London Collective Investment Vehicle (London CIV)

OFF-POOL FUND MANAGERS

Adams Street Partners
Churchill Asset Management
Insight Investment
Invesco
M&G Investments
Permira

AVC PROVIDERS

Clerical Medical
Prudential
Utmost Life & Pensions (Closed to new applicants)

LEGAL ADVISERS

Lambeth Council Legal Services

INVESTMENT ADVISER

Mercer

ACTUARY

Hymans Robertson

CUSTODIAN

Northern Trust

AUDITOR

Forvis Mazars

A man wearing a grey beanie and a dark polo shirt is peeling coconuts in a grocery store. He is wearing red gloves and has a large pile of peeled coconut halves in front of him. The background shows shelves stocked with various products, including bags of rice and boxes of instant noodles.

2. Risk Management

A man wearing a light-colored button-down shirt and a cap is standing in front of a chalkboard. He is holding a piece of paper and looking at it. The chalkboard has some writing on it, including "eta", "London", "GAN", and "RO WASTE".

eta
London
GAN
RO WASTE

Risk Management

INTRODUCTION

The Fund's primary long-term risk is that its assets fall short of its liabilities such that there are insufficient resources to pay promised pension benefits to members. Therefore, its investment objectives have been set with the aim of maximising investment returns over the long term within specified risk tolerances, the aim being to optimise the likelihood that pensions and other benefits can be paid as and when they fall due.

The Fund recognises various forms of risk that must be considered, monitored, and managed to ensure it can meet its primary objective of providing benefits to its members. These risks are identified and addressed in the Fund's Investment Strategy Statement and Funding Strategy Statement under several high-level groupings: investment, demographic, solvency, governance, and environmental, social, and governance (ESG) risks, the latter of which also includes climate risk.

The Fund's risk management philosophy and process is set out in its Risk Management Policy, which also details how risk management is implemented in line with statutory requirements, and establishes the key internal controls in place with the Fund. A key aspect of the Fund's risk management process is the continuous identification, analysis and monitoring of risks which in practice is evidenced through the Fund's risk register. The register identifies specific risks within a range of broader risk categories as well as the mitigations in place to reduce their impact. The register is reviewed regularly by the Pensions Board and Committee.

The Fund's two key strategy statements also the relevant risks accordingly. The Investment Strategy Statement focuses mainly on the investment risks to the Fund, in particular the various risks that may prevent assets from performing in line with the actuary's assumed rate of return, whilst the Funding Strategy Statement focuses on other financial demographic and regulatory risks.

The following paragraphs summarise the broad risk categories identified by the Fund and its approach to them.

INVESTMENT RISKS

Equities

The Fund's largest investment risk is in relation to its equity holdings. Should equity market conditions deteriorate significantly there will be a negative impact on the Fund's funding level. Equities are held in order to provide the necessary returns to ensure that the Fund remains affordable. The Committee believes that the extra returns that are expected to be generated by equities compensate the level of risk they bring to the Fund, but also believes in diversification and looks to mitigate equity risk by investing significantly in other diversifying assets.

Diversification

The Fund has a significant amount of assets allocated to a range of non-equity, diversifying assets, with allocations to property, corporate bonds, multi-asset

credit and private debt. The risks that these investments bring individually are not insignificant, but the Committee believes that over the long term these assets will provide returns that compensate for the risks being taken. Additionally, the level of diversification provided by these assets helps to reduce the Fund's reliance on returns from equities. The Fund's portfolio is well diversified across asset classes, geography and asset managers. As different asset classes have varying correlations with other asset classes, the Fund can reduce the overall level of risk exposure by investing in a range of different investments.

Active Management

Investment managers are appointed to manage the Fund's investments on its behalf, a number of which are active managers. Active manager risk is small relative to other risks, though the Fund still addresses this risk. Extensive due diligence is undertaken before managers are selected, with a number of different managers employed to prevent manager concentration risk. The investment managers are also monitored regularly by the London CIV, the Committee and by the Fund's Advisers.

Inflation

The Fund's liabilities are impacted by inflation both explicitly and implicitly, and the required return on assets is expressed in terms of inflation plus a premium. The Fund invests in a range of assets that

provide returns in excess of inflation and in some cases provide an inflation-linked income, subject to a tolerable level of volatility. The Committee acknowledges that inflation risk relating to the Fund's liabilities is managed by the underlying investment managers through a combination of strategies, such as diversification and investing in assets and instruments that are expected to move in line with inflation over time; this is particularly relevant to the Fund's investment in a Liability Driven Investment (LDI) mandate.

Interest rates

An investment's value is subject to changes in the level of interest rates. This affects debt instruments more directly than growth instruments. The Committee acknowledges that the interest rate risk related to individual debt instruments, and particularly LDI, is managed by the underlying investment managers through a combination of strategies such as diversification, duration and yield curve management, and hedging via swaps.

Currency

This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In this context, the Fund is invested in overseas stocks or assets which are either directly or indirectly linked to a currency other than sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to sterling, thus negatively impacting the overall investment return.

SOLVENCY RISKS

These risks relate to the mismatch between the Fund's assets and liabilities which may also present cash flow problems. The Fund's approach to managing these risks involves both a qualitative and quantitative assessment of the expected growth of the Fund's assets relative to its liabilities, as well as setting a Fund-specific strategic asset allocation which incorporates income-generating assets to ensure sufficient liquidity.

DEMOGRAPHIC RISKS

The Fund is subject to a range of demographic risks, and various demographic assumptions are built into the Fund's actuarial valuation. The Committee is aware of the potential for the Fund to mature over time as the pensioner liability increases. A mature pension fund is likely to take less investment risk over time, and this is considered at each strategy review. The more mature a pension fund, the more likely it is that divestments would need to be made to pay benefits. The Fund is not in that situation at present as income from contributions and investments are greater than benefit payments. However, this situation is monitored regularly and formally as part of the actuarial valuation and strategy review.

GOVERNANCE RISKS

The Committee believes that there is a benefit to the Fund to be gained from good governance in the form of increased return and/or decreased risk. Poor governance can lead to opportunities and risks to be missed, and have a detrimental effect on the funding level. The Committee manages this risk by delegating

the exercise of voting rights to investment managers, who exercise this right in accordance with their published corporate governance policies which take into account the financial interests of the shareholders and which should ultimately be to the Fund's advantage. The Fund's policy on the exercise of rights (including voting rights) is set out in the Investment Strategy Statement (ISS).

ESG RISKS

The Committee believes that environmental, social and governance (ESG) risks (including climate change) should be taken into account on an ongoing basis. ESG considerations are an integral part of the Fund's strategy and objective of being a long-term investor. The Fund's policy on ESG issues is set out within its Investment Strategy Statement (ISS) and its Stewardship Report.

ADMINISTRATION AND EMPLOYER RISKS

These risks relate mainly to the obligation to administer the Fund and pay benefits accurately and on time as agreed with employers or under statute. The main areas of risk relate to non-payment or late payment of members' benefits, an incorrect calculation of benefits, a breach of Data Protection Regulations, and a lack of resources to administer the scheme. Such risks can lead to adverse publicity, loss of reputation and ultimately statutory fines. The Fund's Administration Strategy sets out the various responsibilities of the administering authority and Fund employers to support the provision of a high-quality administration function and ensure the Fund is operated in accordance with regulations.

The background image is a composite of two parts. The left part shows a large, classical-style building with a prominent portico of columns and a tiled roof, situated behind a stone bridge with multiple arches over a body of water. The right part is a dark blue overlay containing the text.

3. Investment Strategy

Investment Strategy

INTRODUCTION

The Fund has continued to implement its investment strategy that was last updated in November 2023 following the conclusion of the March 2022 actuarial valuation. The strategic asset allocation has been set with a view to achieve a minimum rate of return consistent with the annual growth in liabilities as assumed for the 2022 valuation, which was 3.4% per annum. The weighting between asset classes provides risk diversification and is geared towards reducing the expected volatility of the funding level going forward. Further details on the investment strategy are set out in the Fund's Investment Strategy Statement.

Since the introduction of pooling the Fund has progressively increased its investments in the London CIV, the regional pooling company set up for London LGPS funds of which the council, as administering authority, is a shareholder. As at 31 March 2025 approximately 61% of the Fund's assets were pooled (compared to 57% at 31 March 2024), most of which are in public market funds via the pool's Authorised Contractual Scheme (ACS) vehicle.

ACTIVITY IN THE YEAR

Over the course of 2024/25 the Fund rebalanced its assets in line with the investment strategy. This included:

- Redeeming £55m in the LCIV Emerging Markets Equity Fund which directly addressed an overweight position relative to the target allocation;
- Investing £85m into the LCIV All Maturities Buy and Maintain Credit Fund in line with the target strategic allocation of 5%;

In addition, the Fund agreed commitments to two new private equity funds with the Fund's existing private equity manager Adams Street Partners; \$70m to the 2025 Global Fund and €50m to the 2023 European Venture Fund, although this was not formally accepted by the manager until April 2025.

As at 31 March 2025, excluding cash, the Fund's assets are invested into six separate pooled funds with the London CIV and an additional seven off-pool funds across six managers in various asset classes.

In the year to 31 March 2025 the Fund's net asset value remained relatively static, increasing by just £0.85m.

IMPLEMENTATION

The Fund holds asset managers accountable for their underlying holdings and subsequent performance under the mandates they operate, and managers are challenged robustly and formally by the Pensions Committee. Managers' performance is reviewed at each Committee meeting along with the investment advisers and officers. Officers meet managers regularly and advice is taken from the investment adviser on matters relating to manager performance. Individual managers are also called to Committee meetings where necessary. The Fund also undertakes reviews of its strategic asset allocation and may rebalance the fund to ensure that actual allocations do not deviate significantly from target allocations or the tolerances set out in the Investment Strategy Statement.

The tables on the following pages provide a breakdown of the Fund's investments by asset manager and asset class as at 31 March 2025, including the actual asset allocations against benchmarks and prior year comparators. They also provide a breakdown of which assets are pooled with the London CIV and which remain off-pool. Further information on the investment strategy can be found in the Investment Strategy Statement (see *Appendix 2*).

ASSET ALLOCATION BY MANAGER

Asset Class	Manager	Market Value 31 March 2025 (£m)	Benchmark Allocation (%)	Actual Allocation 31 March 2025 (%)	Variance to Benchmark (+/-) (%)	Actual Allocation 31 March 2024 (%)
Global Equities	London CIV - Baillie Gifford	309.8	32.5	36.5	+4.0	36.6
	London CIV - RBC	346.8				
Emerging Market Equities	London CIV - JP Morgan	117.0	5.0	6.5	+1.5	9.5
Property	Invesco	144.4	10.0	9.2	-0.8	8.5
	London CIV – Affordable Housing	21.6				
Multi-Asset Credit	London CIV – CQS & PIMCO	192.6	12.0	19.2	+7.2	18.2
	M&G	153.6				
Private Debt	Churchill Asset Management	58.4	12.0	7.8	-4.2	8.3
	Permira	82.1				
Private Equity	Adams Street	41.6	7.5	2.3	-5.2	3.1
Corporate Bonds	London CIV - Insight	83.0	5.0	4.6	-0.4	0.0
LDI	Insight	216.2	15.0	12.0	-3.0	14.3
Cash	Cash and Net Current Assets	32.3	1.0	1.9	+0.9	1.5
	Insight MMF	1.0				
	Total	1,800.4	100	100	-	100

POOLED ASSETS BY ASSET CLASS AS AT 31 MARCH 2025

Asset Class	Pooled £m	Under Pool Management £m	Not Pooled £m	Total £m
Equities (including convertible shares)	773.6	0.0	0.0	773.6
Bonds	83.0	0.0	216.2	299.2
Property	21.6	0.0	144.4	166.0
Diversified Growth Funds (including multi-asset funds)	192.6	0.0	153.6	346.2
Private Equity	0.0	0.0	41.6	41.6
Private Debt	0.0	0.0	140.5	140.5
Cash and Net Current Assets	0.0	0.0	32.3	32.3
Other	0.0	0.0	1.0	1.0
Total	1,070.8	0.0	729.6	1,800.4

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INTEGRATION

Best investment management practice includes assessing, reporting, and addressing material risks associated with environmental, social and corporate governance (ESG) issues. Companies should have regard to the impact of these issues on their activities in all decision-making processes, as approaches that aim for positive environmental and societal outcomes are usually beneficial for those companies in the long-term. Where the Fund considers that an investment manager is not adequately addressing these issues or disclosing their approach, the Fund will generally support requests for improved disclosure from its investment managers.

Paragraph 7(2)(e) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 requires administering authorities to set out in its Investment Strategy Statement how social, environmental, and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments. This is outlined within the strategy via the ESG policy and summarised as follows:

- The London Borough of Lambeth Pension Fund is a long-term active investor that takes a serious approach to fostering stewardship; the Fund believes that sound corporate governance contributes to long-term value for both its members and the managers it employs.
- Voting rights give shareholders both the opportunity and responsibility to participate in the stewardship of companies. The Fund recognises the importance of its role as stewards of capital and the need to ensure the highest standards of

governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Fund is committed to exercising the ownership rights attached to its investments, reflecting the Fund's conviction that responsible asset owners should maintain oversight of the companies in which it ultimately invests.

- The Fund requires its investment managers to integrate all material financial factors including ESG considerations into the decision-making process for all Fund investments. It expects its managers to follow best practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is exposed.
- The Fund expects its external investment managers, including those via the London CIV, to integrate material ESG factors into their investment analyses and undertake appropriate monitoring of investments for any ESG issues which could present a material risk to the long-term performance of the Fund.
- All managers within the Fund are monitored regularly against ESG criteria to ascertain the extent to which they incorporate ESG and active ownership into their core processes, and whether they can provide clear evidence that ESG overall, or a particular theme, is core to idea generation and portfolio construction. Those managers that rank poorly against their peers in their relevant asset classes will be questioned by officers and the Committee on their plans to improve ESG integration.

- The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), a membership group of LGPS funds that promotes and campaigns on high standards of corporate governance and sustainable investment, through which the Fund can engage and collaborate on such issues.
- The Fund is also a signatory to the Financial Reporting Council's UK Stewardship Code 2020, a voluntary code which sets high stewardship standards for those investing money on behalf of UK savers and pensioners. The Fund's annual Stewardship Report sets out how, amongst other things, it manages stewardship, investment and ESG integration, and how it exercises its rights and responsibilities. The latest report is available on the Fund website at the following link: <https://lgpslambeth.org/resources/>.
- In respect of climate change risk in particular, the Fund considered its impact on the funding strategy as part of the 2022 valuation exercise, using climate scenario stress testing in the contribution modelling exercise. The results provide assurance that the funding strategy is resilient to climate risks. Further information is available in the latest Funding Strategy Statement (see *Appendix One*)
- The Fund believes that considering the impact of climate change is not only a legal and fiduciary duty, but is consistent with the long-term investment horizon over which the Fund operates. The Fund expects its investment managers to disclose how carbon emissions and fossil fuel exposure is being managed within their respective portfolios, to support the Fund's progress in meeting its 2040 net zero target.



4.

Financial Performance

Financial Performance

In 2024/25 the value of the Fund increased by approximately £0.8m (0.05%) to stand at £1,800m at 31 March 2025 (£1,799m at 31 March 2024). All Fund investments failed to perform in line with their benchmarks.

Net of fees, Fund performance in 2024/25 was approximately 2.2% below benchmark; in the three-year period it was below benchmark by 3.2%, and in the five-year period it was 1.6% below benchmark, as shown in the table below.

Asset Class	1 Year Performance		3 Year Performance		5 Year Performance	
	Fund (%)	Benchmark (%)	Fund (%)	Benchmark (%)	Fund (%)	Benchmark (%)
Global Equities	1.9	5.0	3.3	8.2	11.3	15.0
Emerging Market Equities	1.3	5.8	(0.2)	2.1	6.4	7.1
European Property	1.3	8.0	(2.7)	8.0	(1.2)	8.0
UK Private Rented Sector Property	(4.0)	7.0	(2.1)	7.0	0.5	7.0
Multi-Asset Credit	8.1	9.2	5.8	8.2	8.5	6.6
Private Debt	8.0	9.2	9.3	8.2	8.4	6.6
Corporate Bonds	-	-	-	-	-	-
LDI	(14.2)	(14.0)	(19.1)	(19.3)	(10.7)	(10.9)
Total (excluding Private Equity)	1.1	3.0	0.1	2.9	5.4	6.7
Private Equity	(1.6)	5.3	(4.2)	8.1	15.4	14.8
Total (including Private Equity)	1.0	3.2	0.0	3.2	5.6	7.2

As at 31 March 2025 the Fund had approximately £1,070.8m pooled through the London CIV, achieving an estimated annual fee saving of £1.1m.

CASH FLOWS

The Fund's cash flows from dealing with members showed a net outflow in the year of £9.1m; the Fund received £78.9m in contributions and transfers in but paid out £88.1m in benefits and transfers out. Total income received by the Fund, including investment income, was £154.0m whilst total expenditure incurred, including management expenses, was £98.5m.

	2024/25 £000	2023/24 £000
Income	154,025	130,160
Expenditure	(98,461)	(96,517)
Surplus for the year	55,564	33,643

The Fund's contribution income is largely used to pay retirement benefits. Following the triennial valuation undertaken as at 31 March 2022 there was a decrease in the annual deficit contribution payable by the council to the Fund of £4m, from £12.5m to £8.5m, payable for the three year valuation period from the year beginning 1 April 2023. Within the year there has been an increase in benefits paid, and it is projected that in the long run this trend will contribute to an increase in the gross pension liability.

During the year the Fund used cash distributions from its property investments (approximately £5.0m) and its private equity distributions (approximately £9.8m) to meet its cash flow needs; across other asset classes, investment income was reinvested back into the relevant Fund assets.

The table below provides a further breakdown of the Fund's cash flows in 2024/25

Cash Movement	£000
Contributions receivable:	
• from employers	48,332
• from employees	13,935
• from employees transferring from other pension funds	16,667
Income earned on investments	75,091
Total inflow	154,025
Benefits payable:	
Pension payments	(64,064)
Lump Sum payments due upon retirement	(11,104)
Lump Sum death benefits	(1,609)
Payments to and on account of leavers:	
Refunds to members leaving the scheme	(271)
Payments where employees transfer to other funds	(11,016)
Tax paid on Investment Income	0
Management expenses	(10,397)
Total outflow	(98,461)
Net cash flow	55,564

TRIENNIAL VALUATION

The funding level as at 31 March 2022, the most recent triennial valuation, was 96% as detailed in the table below, an improvement from 82% as at 31 March 2019 and a largely due to better-than-expected investment returns. Although total liabilities increased over the period, reflecting a significant increase in short-term future inflation expectations, a proportionately larger increase in asset values has resulted in the funding deficit reducing from £307m to £79m. The next formal valuation will take place as at 31 March 2025.

	Valuation Date	
	31 March 2022 (£m)	31 March 2019 (£m)
Past Service Liabilities		
Employees	490	397
Deferred Pensioners	550	543
Pensioners	881	807
Total Liabilities	1,920	1,747
Assets	1,842	1,439
Surplus/(Deficit)	(79)	(307)
Funding Level	96%	82%

ASSETS

The most recent investment strategy review was carried out following the conclusion of the 2022 triennial valuation; the investment strategy review provides an opportunity to assess how assets are currently positioned to meet the Fund's funding objectives, and to make changes as required to improve the likelihood of meeting required investment returns.

As at 31 March 2025, asset performance in all time periods up to five years has fallen below benchmark expectations. The current investment strategy was reviewed and updated in November 2023 and incorporated changes to existing target asset allocations as well as a new allocation to corporate bonds. The investment strategy will be reviewed and updated once again alongside, and following the completion of, the March 2025 actuarial valuation.

LIABILITIES

In order to place a current value on future benefit payments made from the Fund, an assumption about future investment returns is required in order to discount future benefit payments back to the valuation date.

In setting the discount rate the Fund is determining the extent to which it relies on future investment returns required to meet benefit payments in excess of the assets already held at the valuation date. It must incorporate a degree of prudence and is set with reference to the Fund's current and expected future investment strategy and, in particular, how this strategy is expected to outperform the returns from government bonds over the long term.

The discount rate set as part of the 2022 valuation exercise to cover periods from 1 April 2023 to 31 March 2026 was 3.4%; this was therefore the discount rate applicable for the 2024/25 financial year.

The funding position as 31st March 2025 was estimated to be 121% which corresponds to a surplus of £320m. This estimate is based on rolling forward the fund's funding position from 31 March 2022 using the assumptions set in 2022 and estimated asset values.

MEMBER CONTRIBUTIONS

In 2024/25 all non-Lambeth Council employers paid their pension contributions by the due date, with no interest therefore chargeable for late payment. For several years the council has participated in the National Fraud Initiative (NFI); where overpayments have been identified, for example where a pensioner has died, action has been taken to arrange recovery in line with Fund policies.



5.

Administrative Performance

Administrative Performance

The Lambeth Pension Fund has an in-house team to manage its administration function. The team provide LGPS pensions services, managing the records of over 22,000 Scheme members across 30 active employers as at 31 March 2025.

ADMINISTRATION STATISTICS 2024/25

Table A - Total number of casework files

Ref	Casework KPI	Total number of cases open as at 31 March 2024 (starting position)	Total number of new cases created in the year to 31 March 2025	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members	175	427	450	74.75%	350	66.67%
A2	New dependent member benefits	0	82	82	100.00%	62	100.00%
A3	Deferred member retirements	11	1,100	1,094	98.47%	1,183	99.08%
A4	Active member retirements	14	355	347	94.04%	240	94.49%
A5	Deferred benefits	203	625	730	88.16%	577	73.41%
A6	Transfers in (including interfunds in, club transfers)	478	942	1,016	71.55%	1,036	68.34%
A7	Transfers out (including interfunds out, club transfers)	54	503	526	94.43%	581	91.21%
A8	Refunds	41	496	517	96.28%	393	90.55%
A9	Divorce quotations issued	1	33	31	91.18%	28	96.55%
A10	Actual divorce cases	2	8	8	80.00%	3	60.00%
A11	Member estimates requested either by scheme member and employer	5	67	72	100.00%	99	95.19%
A12	New joiner notifications	15	938	953	100.00%	942	98.43%
A13	Aggregation cases (includes actual aggregations only)	13	54	62	92.54%	79	84.04%
A14	Optants out received after 3 months membership	0	30	30	100.00%	26	100.00%

Table B - Time taken to process casework

Ref	Casework KPI	Fund target	% completed within Fund target in year	% completed in previous year
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days	100.00%	100.00%
B2	Communication issued confirming the amount of dependents pension	10 days	99.71%	96.73%
B3	Communication issued to deferred member with pension and lump sum options (quotation)	15 days	99.39%	98.74%
B4	Communication issued to active member with pension and lump sum options (quotation)	15 days	100.00%	94.23%
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15 days	100.00%	99.79%
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	15 days	99.35%	93.07%
B7	Payment of lump sum (both active and deferred); refer to B5 & B6 above as payment is set up at same time as confirmation is sent	N/A	N/A	N/A
B8	Communication issued with deferred benefit options	30 days	92.24%	78.65%
B9	Communication issued to scheme member with completion of transfer in (excludes interfund transfers)	15 days	81.82%	95.45%
B10	Communication issued to scheme member with completion of transfer out (excludes interfund transfers)	15 days	78.57%	94.44%
B11	Payment of refund	10 days	99.56%	100.00%
B12	Divorce quotation	45 days	100.00%	100.00%
B13	Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order	15 days	85.71%	100.00%
B14	Communication issued to new starters	40 days	100.00%	100.00%
B15	Member estimates requested by scheme member and employer	15 days	100.00%	98.95%

Table C - Communications and engagement

Ref	Engagement with online portals	Percentage as at 31 March 2025	Percentage as at 31 March 2024
C1	% of active members registered	51.89%	42.62%
C2	% of deferred member registered	24.98%	21.87%
C3	% of pensioner and survivor members	29.63%	24.96%
C4	% total of all scheme members registered for self-service	33.25%	27.87%
C5	Number of registered users by age:-		
	20 and under	3	2
	21-30	227	168
	31-40	744	631
	41-50	1,225	968
	51-60	2,034	1,884
	61-70	2,571	2,082
	71-80	561	418
	81 and over	121	84
C6	% of all registered users that have logged onto the service in the last 12 months	61.51%	11.00%
	Communication		
C7	Total number of telephone calls received in year	4,674	4,199
C8	Total number of email and online channel queries received	11,332	9,707
C9	Number of scheme member events held in year (total of in-person and online)	7	10
C10	Number of employer engagement events held in year (in-person and online)	22	20
C11	Number of active members who received a one-to-one (in-person and online)	64	65
C12	Number of times a communication (i.e. newsletter) issued to:		
	a) Active members	10	4
	b) Deferred members	2	2
	c) Pensioners	3	4

Table D – Resources

Ref	Resources	31 March 2025	31 March 2024
D1	Total number of all administration staff (FTE)	12.5	12.5
D2	Average service length of all administration staff	14 Years	13 Years
D3	Staff vacancy rate as %	0%	0%
D4	Ratio of all administration staff to total number of scheme members (all staff including management)	1,791:1	1,791:1
D5	Ratio of administration staff (excluding management) to total number of scheme members	1,866:1	1,866:1

Table E - Data Quality

	Annual Benefit Statements	31 March 2025	31 March 2024
E1	Percentage of annual benefit statements issued as at 31 August	100.00%	100.00%
E2	Short commentary if less than 100%	N/A	N/A
	Data category		
E3	Common data score	94.50%	93.90%
E4	Scheme specific data score	97.68%	85.95%
E5	Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	8.17%	9.50%
E6	Percentage of active, deferred and pensioner members with an email address held on file	45.78%	42.48%
	Employer performance		
E7	Percentage of employers set up to make monthly data submissions	24.24%	25.81%
E8	Percentage of employers who submitted monthly data on time during the reporting year	94.44%	90.56%

FIVE-YEAR ANALYSIS OF MEMBERSHIP DATA

The table below shows the movement in Fund membership over a five-year period.

Description	31 March 2025	31 March 2024	31 March 2023	31 March 2022	31 March 2021
Active	5,271	5,281	4,875	4,953	5,013
Deferred pensioner	7,953	7,989	8,423	8,617	8,460
Pensioner	8,909	8,893	8,219	7,806	7,455
Total	22,133	22,163	21,517	21,376	20,928

MEMBERSHIP BREAKDOWN BY EMPLOYER

The table on the following page provides a membership breakdown of the Fund’s employers as at 31 March 2025. All membership data shown excludes undecided leavers.

Employer	Active	Deferred	Pensioner
Lambeth Council	4,746	7,483	8,789
Oasis Academy - Southbank	37	27	1
Excelcare	1	2	9
Blenheim Gardens	3	1	7
Research Machines	1	0	0
The Elms Academy	30	78	16
Evelyn Grace	21	60	12
Stockwell Academy	21	36	15
Oasis Academy - Johanna	18	21	1
Elfrida Rathbone Society	1	1	0
City Heights E-ACT	28	34	1
Parallel Learning Trust	23	45	13
King's College London	9	4	1
Future Academy Trust	20	6	0
South Bank Engineering	7	8	1
SDBE - Christchurch	12	10	2
Angell Town	10	2	0
SDBE - St Leonards	20	15	1
SDBE - St Lukes	10	3	3
Harris Academy Clapham	33	7	0
Wates Property Services	1	0	1
Dunraven Educational Trust - Elmgreen	65	12	4
Dunraven Educational Trust - Rosendale	46	17	0
Serco	11	2	3
Young People Matter	1	0	0

Employer	Active	Deferred	Pensioner
Harris Academy Sixth Form	8	0	0
Streatham Wells Primary	31	2	3
Nido Volans	10	5	0
Heron Academy	42	8	2
Olive Dining	5	2	0
Great North Wood Trust - Rosendale	0	35	12
Great North Wood Trust - Elmgreen	0	27	9
Fortem Solutions	0	0	3
Total	5,271	7,953	8,909

Key documents relating to the administration of the Fund, including the Administration Strategy and Administering Authority Discretions, can be found on the Fund website at the following link: <https://www.lgpslambeth.org>.

Zaro's Afro Caribbean Fresh Fruit & Veg

6. Actuarial Report on the Fund



Actuarial Report on the Fund

INTRODUCTION

CIPFA's Code of Practice on Local Authority Accounting 2024/25 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the London Borough of Lambeth Pension Fund ("the Fund").

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

Year ended	31 March 2025	31 March 2024
Active members (£m)	432	485
Deferred members (£m)	377	454
Pensioners (£m)	692	799
Total (£m)	1,501	1,738

The promised retirement benefits at 31 March 2025 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

ASSUMPTIONS

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2025 and 31 March 2024. I estimate that the impact of the change in financial assumptions to 31 March 2025 is to decrease the actuarial present value by £267m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £4m.

FINANCIAL ASSUMPTIONS

Year ended	31 March 2025 % p.a.	31 March 2024 % p.a.
Pension Increase Rate	2.80%	2.80%
Salary Increase Rate	3.30%	3.30%
Discount Rate	5.80%	4.80%

DEMOGRAPHIC ASSUMPTIONS

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.0 years	23.8 years
Future pensioners (assumed to be aged 45 at the latest formal valuation)	22.3 years	25.3 years

All other demographic assumptions are unchanged from last year and as per the latest funding valuation of the Fund.

SENSITIVITY ANALYSIS

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the obligations are set out below:

Change in assumption at 31 March 2025	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	25
1 year increase in member life expectancy	4%	60
0.1% p.a. increase in the Salary Increase Rate	0%	1
0.1% p.a. increase in the Rate of CPI inflation	2%	24

PROFESSIONAL NOTES

This paper accompanies the 'Accounting Covering Report – 31 March 2025' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Steven Law FFA

8 May 2025

For and on behalf of Hymans Robertson LLP



7.

Governance Compliance Statement

Governance Compliance Statement

INTRODUCTION

The requirement for a governance compliance statement is provided for by Regulation 55 of the Local Government Pension Scheme Regulations 2013, which states that the administering authority of a Fund must prepare a written statement setting out whether the authority delegates its function, or part of its functions under the Regulations, to a committee, a sub-committee, or an officer of the authority. Where it does delegate functions, it must also set out the terms and structure of that committee.

At the London Borough of Lambeth Pension Fund the Pensions Committee, 'the Committee', is the designated body for discharging the council's functions in relation to the scheme. It is the main decision-making body of the Fund, with responsibility for all Fund matters including governance, investments, funding, accounting, employer and scheme member engagement, communications, and administration.

The Public Service Pensions Act 2013 also requires mandatory local pension boards to be in place. The role of the Pensions Board, 'the Board', is to review the diligence of decision-making but not the decision itself.

Both the Committee and Board came into effect on 1 April 2015 and, in line with other council committees, member appointments are reviewed annually but appointed in line with the guidelines set out in their terms of reference.

Both the Committee and the Board have a responsibility to work within, and ensure compliance to, a range of pensions legislation and guidance (referred to henceforth as 'the Regulations') which includes, but is not limited to:

- The Public Service Pensions Act 2013;
- The Local Government Pension Scheme Regulations 2013;
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014;
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016; and
- The Pension Regulator's General Code of Practice (in force from 27 March 2024).

DELEGATION OF FUNCTIONS

Subject to the council's scheme of delegation to officers, responsibility for the proper operation of the Fund in accordance with all relevant regulations and best practice lies with the Pensions Committee. In addition, and in accordance with the Regulations, the Fund has established a local Pensions Board for the purposes of assisting the administering authority (Lambeth Council) in the governance and administration of the scheme; the Board operates independently of the Pensions Committee.

The Committee is advised by the Director of Corporate Finance and her officers as delegated, together with the Fund's investment advisers and actuary.

The Corporate Director of Finance is responsible for ensuring that the in-house team provides adequate support to both the Committee and the Board. In between Committee meetings the Fund's managers report to officers on investment performance and the implementation of the investment strategy.

The Fund's procedures are subject to audit and scrutiny by both the council's internal audit team and its external auditor.

This delegation of functions complies with the current guidance issued by the Secretary of State.

PENSIONS COMMITTEE

Terms of Reference

The full terms of reference for the Pensions Committee are set out in the council's Constitution; what follows is a summary of those terms. The Committee is responsible for ensuring that the Fund is properly operated in accordance with all relevant legislation and best practice as advised by the Pensions Regulator, the Local Government Pension Scheme (LGPS), Scheme Advisory Board (SAB), the Ministry of Housing, Communities and Local Government (MHCLG) and the Chartered Institute of Public Finance and Accountancy (CIPFA), including both financial and administration matters. This will include, but is not limited to:

1. benefits administration;
2. managing the discretions policies;
3. resolving internal disputes;
4. communication with members;
5. communication and engagement with employers;
6. monitoring risks;
7. record keeping;
8. publishing of scheme information as required;
9. reviewing the draft annual statement of accounts and approving the Fund's audited Annual Report
10. considering any reports produced by the Corporate Director of Finance in accordance with the duty to make arrangements for the proper administration of the financial affairs of the Fund;
11. participating in the London Collective Investment Vehicle (LCIV) in accordance with the

requirements placed on administering authorities in relation to the pooling of LGPS assets;

12. carrying out the duties set out in the Regulations in relation to the actuarial valuations of the Fund and in relation to any other decisions about the amount employers need to pay; and
13. assessing the covenant of Fund employers and ensuring that employer contributions are set accordingly.

The Committee determines the Fund's overall investment strategy in accordance with the Regulations, ensuring that the Fund is invested in suitable types of investments and is sufficiently diversified having regard to its investment objectives. Responsibilities include:

1. determining the Investment Strategy Statement;
2. ensuring adequate monitoring and compliance with the overall investment strategy and the Investment Strategy Statement.
3. appointing investment managers and any external service providers and advisors felt to be necessary;
4. maintaining effective arrangements for reviewing on a regular basis investment manager performance against established benchmarks and being satisfied as to manager expertise and the quality of their internal systems; and
5. ensuring compliance to pooling requirements through the London CIV, reviewing London CIV performance against established benchmarks on a regular basis, and being satisfied as to the London CIV's expertise and the quality of their internal systems.

The Committee will work closely with the Board to ensure the scheme is administered efficiently and effectively and will share with the Board reports and documents to enable the Board to achieve and meet its remit. The Committee will receive updates from each Board meeting and as the Board deems necessary. In support of this working relationship, and in an observer capacity, any member of the Committee may attend Board meetings and Board members may also attend Committee meetings.

As part of good scheme governance, the Committee will work with, receive, and consider reports and requests for information from the Board. The Board is not a decision-making body and it will be for the Committee to ensure that the appropriate actions are undertaken as required.

The Committee will also ensure that the Fund works with the relevant admitted bodies as required and that a discretions policy is properly maintained and administered.

Frequency of Meetings

The Committee meets at least quarterly, with additional meetings convened as and when required. The details of forthcoming meetings, as well as minutes and papers from previous meetings, are available on the council's website at the following link:

<https://moderngov.lambeth.gov.uk/ieListMeetings.aspx?Committeed=734>

Committee meetings are held in the Town Hall, Brixton, and are open to members of the press and public.

Representatives

The Committee draws its membership from "interested parties" as follows:

- Five elected councillor members (plus one substitute) appointed by the London Borough of Lambeth;
- One Lambeth Council employee representative (who is a member of the Fund), elected by a ballot of members of the Fund;
- One pensioner representative (who is a member of the Fund), elected by a ballot of pensioners of the Fund; and
- One trades union representative (plus one substitute), nominated by the trade union.

All members of the Committee have voting rights and there is no requirement for it to be politically balanced. Provision is made for all members to undergo regular and relevant training to meet the requirement for them to be familiar with the rules of the Fund and all relevant legislation.

Membership

The following table lists Committee membership as at 1 April 2024 and 31 March 2025, indicating changes made throughout the year.

Position	1 April 2024	31 March 2025
Chair/Cllr Member	Cllr Adrian Garden	Cllr Martin Bailey
Vice Chair/ Cllr Member	Cllr Martin Bailey	Cllr Maria Kay
Cllr Member	Cllr Scott Ainslie	Cllr Scott Ainslie
Cllr Member	Vacant	Cllr Joanne Simpson
Cllr Member	Cllr Henna Shah	Cllr Martin Tiedemann
Employee Rep	Shankar SivaAnanthan	Sonja Baralic
Pensioner Rep	Peter Woodward	Peter Woodward
Trade Union Rep	Simon Hannah	Simon Hannah
Substitute Cllr Member	Cllr Joe Dharampal-Hornby	Cllr Joe Dharampal-Hornby

At the start of the municipal year in May 2024 several changes were made to the councillor membership of the Committee.

- Cllr Martin Bailey was appointed Chair;
- Cllrs Adrian Garden and Henna Shah ceased to be members of the Committee;
- Cllrs Maria Kay, Joanne Simpson, and Martin Tiedemann were appointed to the Committee.

Cllr Maria Kay was appointed Vice Chair for 2024/25 at the 10 July 2024 meeting. Shankar SivaAnanthan left the council's employee in September 2024, and Sonja Baralic was elected as the replacement employee representative from January 2025.

Attendance

The following table shows membership attendance at the four Pensions Committee meetings held during 2024/25.

Member	18 Apr 2024	10 Jul 2024	09 Oct 2024	29 Jan 2025
Cllr Adrian Garden	✓	N/A	N/A	N/A
Cllr Martin Bailey	✓	✓	✓	✓
Cllr Scott Ainslie	✓	✓	✓	-
Cllr Martin Tiedemann	N/A	✓	✓	✓
Cllr Hannah Shah	-	N/A	N/A	N/A
Cllr Maria Kay	N/A	-	✓	✓
Cllr Joanne Simpson	N/A	-	✓	-
Shankar SivaAnanthan	✓	✓	N/A	N/A
Sonja Baralic	N/A	N/A	N/A	✓
Peter Woodward	✓	✓	✓	✓
Simon Hannah	✓	-	✓	✓

PENSIONS BOARD

Terms of Reference

The full terms of reference for the Pensions Board are set out in the council's Constitution; what follows is a summary of those terms. The core function of the Board is to assist the administering authority in securing compliance with the Regulations and any other legislation relating to the governance and administration of the Fund, which it can achieve through several means including, but not limited to:

1. the regular review of compliance monitoring reports, including reports and decisions made under Regulations by the Committee;
2. the review of management, administrative and governance policies and procedures to ensure they remain compliant with Regulations;
3. the review of risk management policies and the Fund's ongoing approach to identifying and monitoring risk; and
4. requesting information from, and making recommendations to, the Committee with regards matters that impact its ability to assist the administering authority secure compliance with the Regulations.

The Board is not a negotiating body and will recognise its shared interests and objectives with the Committee; it is not responsible for making operational or investment decisions concerning the Fund.

Frequency of Meetings

The Board will meet at least twice per year but may choose to meet more often as required. The details of forthcoming meetings, as well as minutes and papers from previous meetings, are available on the council's website at the following link:
<https://moderngov.lambeth.gov.uk/ieListMeetings.aspx?CommitteeId=733>

Board meetings are held in the Town Hall, Brixton, and are open to members of the press and public.

Representatives

The Board draws its membership from "interested parties" as follows:

- Three elected councillor members serving as employer representatives (plus one substitute) appointed by the London Borough of Lambeth;
- One Lambeth Council employee representative (who is a member of the Fund), elected by a ballot of members of the Fund;
- One pensioner representative (who is a member of the Fund), elected by a ballot of pensioners of the Fund; and
- One trade union representative, nominated by the trade union.

All members of the Board have voting rights and no member serving on the Board can also serve on the Committee (and vice versa). Provision is made for all members to undergo regular and relevant training to meet the requirement for them to be conversant with, or have a working knowledge of, the scheme regulations and policies, as well as relevant pensions

legislation and guidance, in order to effectively carry out their duties.

Membership

The following table lists Board membership as at 1 April 2024 and 31 March 2025, indicating changes made throughout the year.

Position	1 April 2024	31 March 2025
Chair/Cllr Member	Cllr Linda Bray	Cllr Linda Bray
Cllr Member	Cllr Matthew Bryant	Cllr Matthew Bryant
Cllr Member	Cllr Liam Daley	Cllr Liam Daley
Employee Rep/Vice Chair	Olusola Aiku	Olusola Aiku
Pensioner Rep	Ann Biddle	Ann Biddle
Trade Union Rep	Nicholas Venedi	Presley Rebelo
Substitute Cllr Member	Cllr Deepak Sardiwal	Cllr Deepak Sardiwal

Olusola Aiku was appointed Vice Chair for 2024/25 at the 24 July 2024 meeting. Nicholas Venedi stepped down as the trade union representative in April 2024, and Presley Rebelo was nominated by Unison as his replacement in June 2024.

Attendance

The following table shows membership attendance at the four Pensions Board meetings held during 2024/25.

Member	15 May 2024	24 Jul 2024	06 Nov 2024	12 Feb 2025
Cllr Linda Bray	✓	✓	✓	✓
Cllr Matthew Bryant	✓	✓	✓	✓
Cllr Liam Daley	✓	✓	✓	✓
Olusola Aiku	✓	✓	✓	✓
Ann Biddle	✓	-	✓	-
Presley Rebelo	N/A	-	✓	✓

JOINT BUSINESS

Training Records

Members of the Pensions Committee and Board undertook approximately 60 hours of training and attendance at relevant events during 2024/25.

The Fund subscribes to the Hymans Robertson LGPS Online Learning Academy (LOLA) which provides a series of self-learning modules on the fundamentals of the LGPS as well as latest developments, incorporating video presentations with supplemental learning materials and tests available for each user. Members of the Committee and Board, as well as officers, have access to LOLA and all members are expected to complete the modules. During the year ending 31 March 2025, members of the Board and

Committee completed 58 out of a potential 150 LOLA combined modules (excluding substitute members). The training undertaken by each Committee and Board Member during 2024/25 is summarised in the following tables.

Pensions Committee	Training/Events Attended 2024/25	LOLA Modules Completed at 31 March 2025
Cllr Martin Bailey	4	4/10
Cllr Maria Kay	1	0/10
Cllr Scott Ainslie	1	10/10
Cllr Joanne Simpson	1	0/10
Cllr Martin Tiedemann	1	3/10
Shankar SivaAnanthan	1	2/10
Sonja Baralic	1	0/10
Peter Woodward	0	0/10
Simon Hannah	1	0/10
Cllr Joe Dharampal-Hornby	2	0/10

Pensions Board	Training/Events Attended 2024/25	LOLA Modules Completed at 31 March 2025
Cllr Linda Bray	9	0/10
Cllr Matthew Bryant	1	1/10
Cllr Liam Daley	0	10/10
Olusola Aiku	9	10/10
Ann Biddle	3	9/10
Presley Rebelo	1	9/10
Cllr Deepak Sardiwal	1	0/10

The Fund's Training Policy sets out how the required knowledge and skills of those responsible for Fund management can be acquired, retained and developed, guided by the CIPFA LGPS Knowledge and Skills Framework. The policy includes an annual training plan which provides tailored and specific sessions for members relevant to the Fund's Business Plan. At all Committee/Board meetings members receive recommendations of relevant events they should consider attending, whilst training/event attendance levels are also reported at each meeting.

Summary of 2024/25 Pensions Committee Activity

At each meeting during the year the Committee reviewed the Fund's progress against the agreed business plan objectives, and reviewed investment and manager performance, incorporating updates on the implementation of the investment strategy and the monitoring of ESG ratings and engagement. In addition, periodic reviews were conducted of the training policy and plan, the risk register, the audit plan, and the draft annual report and accounts. Ad-hoc discussions took place regarding investment consultant procurement and Fund's application to remain a signatory to the UK Stewardship Code. Two key decisions agreed by the Committee in the year were to:

- Approve an £85m allocation to the London CIV All Maturities Buy and Maintain Credit Fund; and
- Approve an allocation of approximately £85m-£100m to Adams Street Private Equity to address the Fund's underweight allocation to this asset class.

Summary of 2024/25 Pensions Board Activity

At each meeting during the year the Board reviewed the Fund's administration performance, risk register, and investment and manager performance and. In addition, periodic reviews were conducted of the training policy and plan, the business plan for the year and the investment strategy. Ad hoc discussions took place regarding actuarial and investment consultant procurement and the Fund's application to remain a signatory to the UK Stewardship Code.

Conflicts of Interest

The Fund has a Conflicts of Interest Policy. The Policy requires that:

- Elected members are familiar with the guidance issued by the Pensions Regulator on conflicts of interest;
- The Board has a culture of openness and transparency, to identify, monitor and manage dual interests and responsibilities which are, or have the potential to become, conflicts of interest;
- The Board evaluates the nature of any dual interest and responsibilities and assesses the impact on their operations and good governance were a conflict of interest to materialise;
- A register for the declaration of interest is held by Democratic Services to effectively record and monitor dual interests and responsibilities. The register also captures decisions about how any identified potential conflicts are managed
- The Board's and Committee's register of interests are circulated to the Board and Committee for ongoing review. The Administering Authority's register of elected members' interests is available at the following link:
<https://moderngov.lambeth.gov.uk/mgDeclarationsHome.aspx?UID=0&PageNo=1&DR=18%2f09%2f2019-17%2f09%2f2034>
- Elected members update their declarations when required and co-opted members declare any interests at the beginning of each meeting.
- Conflicts of interest are included as an opening agenda item at Board and Committee meetings, and revisited during the meeting where

necessary. Any dual interest and responsibilities declared which have the potential to become conflicts of interest are discussed and managed so as to prevent an actual conflict arising.

Oversight and Governance of the Asset Pool

Performance reports on the assts held with the London CIV are presented at each Committee and Board meeting. Representatives of the London CIV present to the Committee at least once a year (most recently at the January 2025). Meetings are held periodically between officers and representatives of the London CIV outside of Committee and Board meetings during the rest of the year to discuss specific funds' performance and general business updates. Officers and Members are also part of the CIV's Sustainability Working Group.

The Chair of the Pensions Committee is the Fund's Shareholder Representative and is invited to attend the London CIV's Annual General Meeting (AGM) and other General Meetings when called. The Chair attended the AGM held on 18 July 2024 where the London CIV's audited annual report and financial statements for the year ending 31 March 2024 were approved. The Chair of the Pensions Board, in the capacity of substitute, also attended a London CIV General Meeting held on 30 January 2025 where the proposed 2025/26 annual budget and medium-term financial strategy was presented.

STATEMENT OF COMPLIANCE TO GUIDANCE

Regulation 55(1)(c) of the Local Government Pension Scheme Regulations 2013 requires the administering authority to report on the extent to which those bodies with delegated authority to carry out the functions of the scheme comply with statutory guidance. Where compliance does not meet the required standard, there is a requirement to set out the reasons for non-compliance. The following paragraphs set out the Fund's compliance against nine key governance principles.

Principle A – Structure

- The management of the administration of benefits and strategic management of Fund assets clearly rests with the main committee established by the appointing council.
- That representatives of participating LGPS employers, admitted bodies and Scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.
- That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.
- That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.

	Not Compliant				Fully Compliant
a					√
b					√
c	N/A				
d	N/A				

Principle B – Representation

- That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:
 - employing authorities (including non-scheme employers, e.g. admitted bodies);
 - scheme members (including deferred and pensioner scheme members),
 - where appropriate, independent professional observers, and
 - expert advisors (on an ad-hoc basis).
- That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.

	Not Compliant				Fully Compliant
a					√
b					√

Principle C – Selection and Role of Lay Members

- a. That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.
- b. That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.

	Not Compliant				Fully Compliant
a					✓
b					✓

Principle D – Voting

- a. The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.

	Not Compliant				Fully Compliant
a					✓

Principle E – Training/Facility Time/Expenses

- a. That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.
- b. That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.
- c. That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.

	Not Compliant				Fully Compliant
a					✓
b					✓
c					✓

Principle F – Meetings (Frequency/Quorum)

- a. That an administering authority's main committee or committees meet at least quarterly.
- b. That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.
- c. That an administering authority which does not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.

	Not Compliant				Fully Compliant
a					✓
b	N/A				
c	N/A				

Principle G – Access

- a. That subject to any rules in the council’s Constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.

	Not Compliant				Fully Compliant	
a						√

Principle H – Scope


- a. That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.

	Not Compliant				Fully Compliant	
a						√

Principle I – Publicity

- a. That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the Scheme is governed, can express an interest in wanting to be part of those arrangements.

	Not Compliant				Fully Compliant	
a						√



8. Unaudited Statement of Accounts 2024/25

Statement of Accounts 2024/25

FUND ACCOUNT

FUND ACCOUNT	Notes	2023/24 £000	2024/25 £000
Dealing with members, employers and others directly involved in the fund:			
Contributions	7	57,879	62,267
Transfers in from other pension funds	8	16,783	16,667
Sub-Total		74,662	78,934
Benefits	9	(74,480)	(76,777)
Payments to and on account of leavers	10	(12,764)	(11,287)
Sub-Total		(87,244)	(88,064)
Net additions/(withdrawals) from dealing with members.		(12,582)	(9,130)
Management expenses	11	(9,273)	(10,397)
Net additions/(withdrawals) including fund management expenses		(21,855)	(19,527)
Returns on investments:			
Investment Income	12	55,498	75,091
Profit and loss on disposal of investments and changes in the market value of investments	14a	67,632	(54,715)
Net return on investments		123,130	20,376
Net increase/(decrease) in the net assets available for benefits during the year		101,275	849
Opening net assets of the scheme		1,698,315	1,799,590
Closing net assets of the scheme		1,799,590	1,800,439

NET ASSETS STATEMENT

NET ASSETS STATEMENT	Notes	Restated* 1 April 2023 £000	Restated* 31 March 2024 £000	31 March 2025 £000
Investment Assets	14b	1,637,048	1,736,166	1,768,237
Investment Liabilities	14b		(26)	0
Total Investment Assets		1,637,048	1,736,140	1,768,237
Current Assets	20	62,810	64,249	33,549
Current Liabilities	21	(1,543)	(799)	(1,347)
Net assets of the fund available to fund benefits at the period end		1,698,315	1,799,590	1,800,439

*The brought forward position at 1 April 2023 and the carried forward balance at 31 March 2024 have been restated as per the prior period adjustment set out in Note 27.

NOTES TO THE ACCOUNTS

The accompanying notes form an integral part of the financial statements.

1. Description of the Fund

The London Borough of Lambeth Pension Fund ('the Fund') is part of the Local Government Pension Scheme and is administered by Lambeth Council. The council is the reporting entity for this pension fund.

The following description of the Fund is a summary only. For further information, reference should be made to the Lambeth Pension Fund 2024/25 Annual Report and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and The Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).

General

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation (referred to henceforth as "the Regulations"):

- The Local Government Pension Scheme (LGPS) Regulations 2013 (as amended);
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended); and
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Lambeth Council to provide pensions and other benefits for pensionable employees of the council and a range of other scheduled and admitted bodies within the borough.

The Fund is overseen by the Pensions Committee, a statutory committee of Lambeth Council with authority to discharge the council's functions in relation to the pension fund.

Membership

Membership of the LGPS is on contractual and/or auto enrolment; however, employees can choose to opt out.

Organisations participating in the Lambeth Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are other organisations that participate in the Fund via an admission agreement. Admitted bodies include voluntary and charitable bodies or private contractors undertaking an outsourced local authority function.

There are 30 employer organisations with active membership within the Fund including Lambeth Council itself as set out in the following table.

Lambeth Pension Fund	31 March 2024	31 March 2025
Number of employers with active members:	31	30
Number of employees in scheme:		
Lambeth council	4,759	4,746
Other employers	522	525

Lambeth Pension Fund	31 March 2024	31 March 2025
Total	5,281	5,271
Number of deferred pensioners:		
Lambeth council	7,530	7,483
Other employers	459	470
Total	7,989	7,953
Number of pensioners:		
Lambeth council	8,775	8,789
Other employers	118	120
Total	8,893	8,909
Total number of members in pension scheme	22,163	22,133

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Regulations and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employee contributions are matched by employers' contributions that are set based on triennial actuarial funding valuations. Employer contribution rates for 2024/25 were set as part of the 2022 actuarial valuation and range from 0% to 43.8% of pensionable pay.

Benefits

For each year of LGPS membership built up prior to 1 April 2014, Fund members receive a pension based on

the appropriate accrual rate of their final pay summarised as follows:

	Service pre 1 April 2008	Service post 1 April 2008
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Automatic lump sum of 3x salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sums. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay each year at an accrual rate of 1/49th. Accrued pension benefits are updated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the Scheme including early retirement, ill health pensions and death benefits. For more details, please refer to the Lambeth Pension Fund handbook which is available on the Lambeth Pension Fund website at the following link:

<https://www.lgpslambeth.org/resources/a-brief-guide-to-the-lgps-for-employees/>

2. Basis of Preparation

The statement of accounts summarises the Fund's transactions for the 2024/25 financial year and its position as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ("the Code"), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year.

The Code requires the disclosure of any accounting standards in issue but not adopted by the Code in 2024/25. At the balance sheet date, the following new standards and amendments to existing standards have been issued but not yet adopted by the Code (these standards have no significant impact on the amounts reported in the 2024/25 Pension Fund accounts due to the nature of the Fund and its investments):

- a) Lack of Exchangeability (Amendments to IAS21) issued in August 2023.
- b) The classification and measurement of financial instruments (Amendments to IFRS9 and IFRS7) issued in May 2024.

The accounts have been prepared on a going concern basis on the assumption that the functions of the Pension Fund will continue in operational existence for the foreseeable future.

3. Summary of Significant Accounting Policies

Fund Account – revenue recognition.

a) Contribution income

Normal employer contributions are accounted for on an accruals basis in the payroll period to which they relate. Employer contributions are based on the percentage rate recommended by the scheme actuary. Employee contributions are accounted for based on common percentage rates set centrally in accordance with Local Government Pension Scheme Regulations, and range from 5.5% to 12.5% of pensionable pay.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary, or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current asset.

b) Transfers to and from other schemes

Individual transfers in/out are accounted for on a cash basis when received/paid, which is normally when the member liability is accepted or discharged (see notes 8 and 10).

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers in (see note 8).

Bulk (group) transfers are accounted for on an accrual's basis in accordance with the terms of the transfer agreement.

c) Investment income

i) Interest income

Interest income is recognised in the Fund Account as it accrues, using normal accruals accounting. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current asset.

iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current asset.

iv) Movement in the net market value of investments

Changes in the net market value of investments are recognised as income and comprise of realised and unrealised profits/losses during the year.

Fund Account – expense items.

d) Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

e) Taxation

The fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

f) Management expenses

The Code does not require any breakdown of costs relating to administration, oversight and governance, or managing investments. However, in the interests of greater transparency, the Fund discloses its total pension fund management expenses in note 11 in accordance with the CIPFA guidance on Accounting for Local Government Pension Scheme Management Expenses (2016).

Administrative expenses

Administration expenses include those related to activities performed to administer benefits to members, interactions with scheme employers, and staffing and IT costs. All administration expenses are accounted for on an accrual's basis. All staff costs of the pension administration team are charged directly to the Fund as well as a proportion of staff costs relating to the investment management team.

Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight and governance expenses

Oversight and governance expenses include costs relating to the selection, appointment and monitoring of external fund managers, investment advisory services, any costs of compliance to statutory reporting, legal costs, and audit fees which are recharged to the Fund and disclosed separately in note 13a to comply with CIPFA guidance. All oversight and governance expenses are accounted for on an accruals basis and charged directly to the Fund.

Investment management expenses

All investment management expenses are accounted for on an accrual's basis. Fees of the external fund managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of those investments change.

Investment management expenses deducted at source (which would have been netted off investment income or asset sales) are accounted for by grossing up investment sales; this has the effect of increasing the change in value of investments reported in the Fund Account and the investment reconciliation table in Note 14a, though the closing value of investments as reported in the Net Assets Statement is unaffected. This treatment is in line with the CIPFA Guidance on Accounting for Local Government Pension Scheme Management Expenses 2016.

Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of the mandate as at

the end of the year is used for inclusion in the Fund Account. In 2024/25 £0.0m fees were included in the accounts based on such estimates (2023/24: £0.0m).

Net Assets Statement

g) Financial assets

Investments are shown at fair value, as at the reporting date. Debtors and cash are accounted for at amortised cost. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the Fund Account.

The value of investments as shown in the net assets statement have been determined as follows:

i) Market-quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price on the final day of the accounting period.

ii) Fixed interest securities

Fixed interest securities are recorded at net market value based on their current yields.

iii) Unquoted investments

The fair value of investments for which market quotations are not readily available is determined as follows:

Valuations of delisted securities are based on the last sale price prior to delisting or, where subject to liquidation, the amount the Fund expects to receive on wind-up, less estimated realisation costs.

Securities subject to takeover offer – the value of the consideration offered under the offer, less estimated realisation costs.

Unquoted securities typically include private equity. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.

Investments in private equity funds and unquoted listed partnerships are valued based on comparable valuations of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines.

iv) Pooled investment vehicles

Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published or, if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income that is reinvested in the fund, net of applicable withholding tax.

h) Foreign currency transactions

Dividends, interest, and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currencies, the market value of overseas investments, and purchases and sales outstanding at the end of the reporting period. This differences on exchange are included in the accounts as an exchange gain or loss.

j) Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers. Cash equivalents are short-term, liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

k) Financial liabilities

A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. The Fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (note 19).

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, every year

using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers, and updating assumptions to the current year.

m) Additional voluntary contributions

Lambeth Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed Prudential, Utmost Life and Pensions and Clerical Medical as its AVC providers.

AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. AVC contributors receive an annual statement detailing the value of their contributions and any movements in the year.

AVCs are not included in the statement of accounts in accordance with the Regulations but are disclosed separately in the notes to the accounts (note 22).

n) London LGPS CIV Limited (LCIV)

The Council holds unquoted equities in London CIV Ltd (the organisation set up to run pooled LGPS investments in London) carried at cost, i.e. transaction price of £150,000. The inputs available to the Fund to calculate fair value are limited and the Fund believes that the original transaction price represents an appropriate estimate of fair value.

o) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be

confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the Net Assets Statement but are disclosed by way of narrative in notes 24 and 25.

4. Critical Judgements in Applying Accounting Policies

There were no critical judgements in 2024/25 other than estimation uncertainty that would have impacted on the financial statements.

5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the value of assets and liabilities reported at the balance sheet date as well as the amounts reported for revenue and expenses

incurred during the year. Estimates and assumptions consider historical experience, current trends, and other relevant factors; however, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates. The items

in the financial statements as at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Private equity	Private equity investments are valued at fair value in accordance with British Private Equity and Venture Capital Association guidelines. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation which will involve comparison to the valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation (IPEV) Guidelines. The Fund's private equity investments are classified within the financial statements as level 3 investments and as at 31 March 2025 are valued at £41.5m.	The total (called) private equity investment in the financial statements is £41.5m. There is a risk that this investment may be under or overstated in the accounts by up to £11m as a result of market volatility i.e., interest rate, inflation rate. Private Equity is illiquid for holding until its maturity of 12 years.
Pooled property funds	The pension fund contains investments in unitised pooled property funds that are classified within the financial statements as level 3 investments and managed by Invesco (European property and UK PRS) and the London CIV (UK Affordable Housing). Valuations are at NAV on at least a quarterly basis; Invesco valuations are based on guidelines issued by the Royal Institute of Chartered Surveyors (RICS), adapted as necessary to respect individual market considerations and practices, and the European Association for Investors in Non-Listed Real Estate Vehicles (INREV). Valuations in the London CIV fund are subject to the methodologies and techniques of the underlying companies. As at 31 March 2025 pooled property investments are valued at £166.0m.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by up to 13.0% i.e. an increase or decrease of £21.6m, on carrying values of £166.0m.
Private debt funds	<p>The Fund's private debt investments are split between two managers, Permira and Churchill. Permira investments are valued on a fair value basis in accordance with International Private Equity and Venture Capital Valuation (IPEV) Guidelines, where fair value is an estimate of the price at which assets could be sold in an orderly transaction at the valuation date.</p> <p>Churchill values its investments at fair value, using active market comparators where available, although no ready market may exist for many of the securities in which the manager invests; fair value must therefore be determined using unobservable inputs, estimated using a combination of a market yield approach and enterprise value.</p>	Due to the risk and sensitivities involved in the valuation of the private debt funds, it is estimated that the current valuation of £140.4m may be over or understated in the accounts by approximately 10.5%, or £14.7m.

6. Events after the Reporting Date

There have been no events since 31 March 2025, up to the date when these accounts were authorised that require any adjustments to these accounts.

7. Contributions Receivable

Category	2023/24 £000	2024/25 £000
Employees	12,808	13,935
Employers:		
Normal contributions	36,571	39,832
Deficit recovery contributions	8,500	8,500
Total employer contributions	45,071	48,332
Total contributions receivable	57,879	62,267

Type of employer	2023/24 - Restated £000	2024/25 £000
Administering authority	52,999	57,381
Scheduled bodies	4,251	4,339
Admitted bodies	629	547
Total	57,879	62,267

The contributions receivable by type of employer for 2023/24 have been restated to correctly categorise employers. The original figures were as follows: Administering authorities £52,996, Scheduled bodies £1,767 and Admitted bodies £3,116. The overall total remains unchanged.

8. Transfers In from Other Pension Funds

Category	2023/24 £000	2024/25 £000
Individual transfer	16,783	16,667
Total	16,783	16,667

9. Benefits Payable

Category	2023/24 £000	2024/25 £000
Pensions	61,505	64,064
Commutation & lump sum retirement benefits	11,188	11,104
Lump sum death benefits	1,787	1,609
Total	74,480	76,777

Authority	2023/24 £000	2024/25 £000
Administering authority	74,211	76,436
Scheduled bodies	251	164
Admitted bodies	11	158
Community admission bodies	6	19
Total	74,480	76,777

10. Payments to and on Account of Leavers

	2023/24 £000	2024/25 £000
Refunds to members leaving service	171	271
Individual transfers	12,593	11,016
Total	12,764	11,287

11. Management Expenses

	2023/24 £000	2024/25 £000
Administration costs	1,589	2,128
Investment management expenses	7,327	7,860
Oversight and governance costs	357	409
Total	9,273	10,397

In 2024/25 the Fund paid £1.4m in staffing costs (2023/24 £1.2m). This disclosure is as per CIPFA guidance, and further details concerning key management personnel are included within the Annual Report.

Oversight and governance costs include audit fees of £54k which were paid in the year, but which relate to prior year external audits.

11a. Investment Management Expenses

2024/25	Total £000	Management Fees £000	Transaction Costs £000
Bonds	232	232	0
Pooled equity investments	3,317	3,240	77
Pooled property investments	1,136	1,136	0
Private equity	252	252	0
Multi Asset Credit	1,454	1,454	0
Private Debt	1,469	1,469	0
Subtotal	7,860	7,783	77
Custody Costs	12		
Total	7,872		

2023/24	Total £000	Management Fees £000	Transaction Costs £000
Bonds	155	155	0
Pooled equity investments	3,061	3,061	0
Pooled property investments	1,169	1,169	0
Private equity	302	302	0
Multi Asset Credit	1,526	1,526	0
Private Debt	1,114	1,114	0
Subtotal	7,327	7,327	0
Custody Costs	15		
Total	7,342		

This analysis of the costs of managing the Lambeth Pension Fund during the period has been prepared in accordance with CIPFA guidance.

In addition to these costs, indirect costs are incurred through the bid-offer spread on investments sales and purchases. This is reflected in the cost of investment acquisitions and in the proceeds from the sales of investments (note 14a).

12. Investment Income

Category	2023/24 £000	2024/25 £000
Fixed interest securities	5	946
Private equity income	6,938	9,763
Pooled property investments	4,906	5,028
Pooled investments - unit trust and other managed funds	7,718	7,834
MAC Fund	14,042	13,320
Private Debt	21,067	37,344
Interest on cash deposits	796	849
Other	26	6
Total	55,498	75,091

13. External Audit Costs

	2023/24 £000	2024/25 £000
Payable in respect of external audit	77	80
Payable in respect of other services	10	54
Total	87	134

Fees payable in respect of external audit for 2023/24 for costs relating to additional audit work undertaken; was £77k. The fee payable for 2024/25 of £80k represents the agreed base scale fee as set by Public Sector Audit Appointments (PSAA) but not yet paid by the Fund. The audit cost includes £54k for prior external fees paid in 24/25

14. Investment Assets

	2023/24 £000	2024/25 £000
Bonds		
Fixed interest securities	252,036	299,192
Equities		
Pooled investments	813,184	774,601
Other investments		
Pooled property investments	149,556	165,994
Private equity	54,694	41,546
Multi Asset Credit	320,874	346,276
Private Debt	145,672	140,445
Other investments subtotal	670,796	694,261
London CIV	150	150
Investment liabilities	(26)	33
Subtotal	124	183
Total investment assets	1,736,140	1,768,237

14a. Reconciliation of Movements in Investments

	Market Value 1 April 2024 £000	Purchases during the year £000	Transfers – IN £000	Sales during the year £000	Transfers - OUT £000	Change in cash £000	Change in market value £000	Market value 31 March 2025 £000
Fixed interest securities	252,036	105,424	0	(20,724)	0	0	(37,544)	299,192
Pooled investments	813,814	7,738	0	(58,317)	0	0	11,996	774,601
Pooled property investments	149,556	21,997	0	(1,583)	0	0	(3,976)	165,994
Private equity	54,694	119	0	(252)	0	0	(13,015)	41,546
Multi Asset Credit	320,874	13,320	0	(1,454)	0	0	13,536	346,276
Private Debt	145,672	21,379	0	(1,469)	0	0	(25,136)	140,445
London CIV	150	0	0	0	0	0	0	150
Cash Instruments	(26)	0	43	0	0	15	0	33
Subtotal	1,736,140	169,976	43	(83,799)	0	15	(54,139)	1,768,237
Unrealised gain/(loss)	1,873						(576)	1,297
Total	1,738,013	169,977	43	(83,799)	0	15	(54,715)	1,769,534

	Market value 1 April 2023 £000	Purchases during the year £000	Transfers – IN £000	Sales during the year £000	Transfers - OUT £000	Change in cash £000	Change in market value £000	Market value 31 March 2024 £000
Fixed interest securities	193,332	288,527	0	(218,617)	0	0	(11,207)	252,036
Pooled investments	731,053	27,286	0	(27,030)	0	0	81,875	813,184
Pooled property investments	167,218	513	0	(1,491)	0	0	(16,683)	149,556
Private equity	60,233	823	0	(302)	0	0	(6,060)	54,694
Multi Asset Credit	351,193	14,042	0	(71,603)	0	0	27,243	320,874
Private Debt	133,837	20,175	0	(1,113)	0	0	(7,227)	145,672
London CIV	150	0	0	0	0	0	0	150
Cash Instruments	32	0	(15)	0	0	(43)	0	(26)
Subtotal	1,637,048	351,366	(15)	(320,156)	0	(43)	67,941	1,736,140
Unrealised gain/(loss)	2,181						(309)	1,873
Total	1,639,229	351,366	(15)	(320,156)	0	(43)	67,632	1,738,013

14b. Analysis of Investments

	31 March 2024 £000	31 March 2025 £000
Bonds		
Quoted	252,036	216,201
Unquoted		82,991
Pooled funds - additional analysis		
Unit trusts quoted	813,184	774,601
Pooled property investments UK unquoted	43,787	62,187
Pooled property investments Overseas unquoted	105,769	103,807
Private equity unquoted	54,694	41,546
Multi Asset Credit Overseas quoted	320,874	346,276
Private Debt Overseas quoted	145,672	140,445
London CIV	150	150
Cash Instrument	(26)	33
Total investment assets	1,736,140	1,768,237

14c. Investments Analysed by Fund Manager

	Market Value 31 March 2024 £000	% of Fund	Market Value 31 March 2025 £000	% of Fund
Adam Street - Private Equity	54,694	3.2	41,546	2.3
Invesco - Property	149,315	8.6	144,418	8.2
Insight - LDI	252,011	14.5	216,201	12.2
London CIV - LCIV	150	0.0	150	0.0
LCIV UK Housing Fund	241	0	21,576	1.2
London CIV - BG Global Equity	313,165	18.0	309,797	17.5
London CIV - JP Morgan - Emerging Market	167,596	9.6	116,968	6.6
London CIV – B&M Credit Fund	0	0	82,991	4.7
London CIV – CQS/PIMCO - Multi-Asset Credit	178,632	10.3	192,632	10.9
Insight MMF (Money Market Fund)	1,000	0.1	1,000	0.1
M&G - Multi-Asset Credit	142,242	8.2	153,644	8.7
London CIV – RBC - Global Equity	331,423	19.1	346,836	19.6
Churchill Asset Management - Private Debt	65,955	3.8	58,367	3.3
Permira - Private Debt	79,716	4.6	82,078	4.6
Northern Trust	0	0	33	0
Total	1,736,140	100	1,768,237	100

The following investments represent over 5% of the net assets of the Fund:

	Market Value 31 March 2024 £000	% of Fund	Market Value 31 March 2025 £000	% of Fund
Invesco	149,315	8.6	144,418	8.2
London CIV - BG Global Equity	313,165	18.0	309,797	17.5
London CIV - JP Morgan	167,596	9.6	116,968	6.6
London CIV - MAC	178,632	10.3	192,632	10.9
Insight - LDI	252,011	14.5	216,201	12.2
London CIV - RBC	331,423	19.1	346,836	19.6
M&G	142,242	8.2	153,644	8.7

15. Fair Value – Basis of Valuation

The basis of valuation for each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Unquoted bonds	Level 2	Closing single price	Current yields. NAV based pricing set on a forward pricing basis	Not required
Pooled investments – overseas unit trusts and property funds	Level 3	Valued at Net Asset Value	NAV-based pricing set on a forward pricing basis	Material events occurring between the date of the statements provided and the Fund's own reporting date, changes to expected cash flows, or by variances between audited and unaudited accounts
Pooled investments – overseas private debt	Level 3	Valuations undertaken quarterly and determined by the investment managers who rely on guidance from various regulatory and industry organisations and use independent third-party pricing services and valuation firms, as well as comparable valuations of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines	Determined by the investment manager – includes credit ratings and default history	Material events occurring between the date of the statements provided and the Fund's own reporting date, changes to expected cash flows, or by variances between audited and unaudited accounts
London CIV share capital (unquoted equities)	Level 3	Carried at cost, i.e. initial transaction price	N/A – carried at cost	N/A – shares are untradeable and only redeemable upon exit from the LCIV
Unquoted equities	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Material events occurring between the date of the statements provided and the Fund's own reporting date, changes to expected cash flows, or by variances between audited and unaudited accounts

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the potential impact on the closing value of investments held as at 31 March 2025.

	Valuation range (+/-)	Value at 31 March 2025 £000	Value on increase £000	Value on decrease £000
Pooled investments – Property Funds	13.0%	165,994	187,573	144,415
Pooled investments – Private Debt	10.5%	140,445	155,192	125,699
London CIV*	0.0%	150	150	150
Private equity	26.2%	41,546	52,431	30,661
Total		348,136	395,347	300,925

*London CIV share capital is held at cost as a proxy for fair value and as such has no expected volatility.

	Valuation range (+/-)	Value at 31 March 2024 £000	Value on increase £000	Value on decrease £000
Pooled investments – Property Funds	14.8%	149,556	171,734	127,378
Pooled investments – Private Debt	10.6%	145,672	161,107	130,236
London CIV*	0.0%	150	150	150
Private equity	24.6%	54,694	68,159	41,228
Total		350,072	401,151	298,993

*London CIV share capital is held at cost as a proxy for fair value and as such has no expected volatility.

15a. Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and quoted unit trusts.

Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value based on observable data.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The table opposite provides an analysis of the financial assets and liabilities of the Fund grouped into levels 1 to 3, based on the level at which the fair value is observable. Property pooled funds continue to be included at level 3 as a result of the market valuation uncertainty that has been added to the fund valuations.

Values at 31 March 2025	Quoted Market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss				
Bonds	216,201	82,991	0	299,192
Pooled investments	1,120,877	0	0	1,120,877
Pooled property investments	0	0	165,994	165,994
Private equity	0	0	41,546	41,546
Private Debt	0	0	140,445	140,445
London CIV	0	0	150	150
Cash deposits	33	0	0	33
Total	1,337,111	82,991	348,135	1,768,237

Values at 31 March 2024	Quoted Market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss				
Bonds	252,036	0	0	252,036
Pooled investments	1,134,058	0	0	1,134,058
Pooled property investments	0	0	149,556	149,556
Private equity	0	0	54,694	54,694
Private Debt	0	0	145,672	145,672
London CIV	0	0	150	150
Cash deposits	(26)	0	0	(26)
Total	1,386,068	0	350,072	1,736,140

15b. Reconciliation of Fair Value Measurements within Level 3

	Market value 1 Apr 2024 £000	Transfer into level 3 £000	Transfer out of level 3 £000	Purchases £000	Sales £000	Unrealised gain (loss) £000	Realised gain (loss) £000	Market Value 31 March 2025 £000
Private equity	54,694	0	0	119	(252)	(13,015)	0	41,546
Pooled property investments	149,556	0	0	21,997	(1,583)	(3,976)	0	165,994
Private Debt	145,672	0	0	21,378	(1,469)	(25,136)	0	140,445
London CIV	150	0	0	0	0	0	0	150
	350,072	0	0	43,494	(3,304)	(42,127)	0	348,137

	Market value 1 Apr 2023 £000	Transfer into level 3 £000	Transfer out of level 3 £000	Purchases £000	Sales £000	Unrealised gain (loss) £000	Realised gain (loss) £000	Market Value 31 March 2024 £000
Hedge Fund of Funds	52	0	0	0	(47)	(5)	0	0
Private equity	60,233	0	0	823	(302)	(6,060)	0	54,694
Pooled property investments	167,218	0	0	0	(1,491)	(16,170)	0	149,556
Private Debt	133,837	0	0	20,175	(1,113)	(7,227)	0	145,672
London CIV	150	0	0	0	0	0	0	150
	361,490	0	0	20,998	(2,953)	(29,463)	0	350,072

16a. Classification of Financial Instruments

	*Restated 2023/24			2024/25		
	Fair value through profit & loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000	Fair value through profit & loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
Financial Assets:						
Fixed interest securities	252,036	0	0	299,192	0	0
Pooled equity investments	813,184	0	0	774,601	0	0
Pooled property investments	149,556	0	0	165,994	0	0
Private equity	54,694	0	0	41,546	0	0
Multi Asset Credit	320,874	0	0	346,276	0	0
Private Debt	145,672	0	0	140,445	0	0
London CIV	150	0	0	150	0	0
Cash instruments	(26)	0	0	33	0	0
Debtors	0	36,189	0	0	0	0
Cash and cash equivalents	0	28,060	0	0	33,549	0
Financial Liabilities:						
Creditors	0	0	(799)	0	0	(1,347)
Total	1,736,140	64,249	(799)	1,768,237	33,549	(1,347)

*Assets and liabilities held at amortised cost in 2023/24 have been restated to reflect prior period adjustments as set out in Note 27.

The value of assets and liabilities held at amortised cost is the same as the carrying amount.

16b. Net Gains and Losses on Financial Instruments

	31 March 2024 £000	31 March 2025 £000
Financial Assets:		
Fair Value through profit and loss	67,941	(54,139)
Measured at amortised cost	0	0
Financial Liabilities:		
Measured at amortised cost	(309)	(576)
Total	67,632	(54,715)

17. Nature and Extent of Risks Arising from Financial Instruments

Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest risk) to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Fund's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage, and control market risk exposure within acceptable parameters, whilst

optimising the return on risk. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis. The Fund manages these risks in two ways:

1. The exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels.
2. Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, and in consultation with the Fund's investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2024/25 reporting period. The potential price changes disclosed below are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review; this analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset type	Potential market movement 23-24 %	Potential market movement 24-25 %
Bonds - LDI	15.1	15.8
Emerging Market Equities	23.3	20.9
Sustainable Equities	16.8	19.2
Private Debt	10.6	10.5
Global Equities	16.8	19.2
Pooled Property Investments	14.8	13.0
Private Equity	24.6	26.2
Multi Asset Credit	10.9	9.6
Corporate Bonds	0.0	7.1
Money Market Fund	0.0	0.0
Cash - GBP	0.0	0.0

Had the market price of the Fund's investments increased/decreased in line with the above percentage movements, the change in the net assets available to pay benefits would have been as follows (prior year comparator is also shown):

Change in the net assets

Asset Type	Value as at 31 Mar 25 £'000	Potential market movement £'000	Value on increase £'000	Value on decrease £'000
UK Equities		0	0	0
Global Equities	656,633	126,074	782,707	530,560
Emerging Markets Equity	116,968	24,446	141,414	92,522
Diversified Growth	0	0	0	0
Hedge Funds	0	0	0	0
Private Equity	41,546	10,885	52,431	30,661
Multi Asset Credit	346,276	33,242	379,518	313,033
Corporate Bonds	82,991	5,892	88,883	77,098
Private Debt	140,445	14,747	155,192	125,699
Bonds- LDI	216,201	34,160	250,361	182,042
Cash	33	0	33	33
Property	165,994	21,579	187,573	144,415
London CIV	150	0	150	150
Money Market Fund	1,000	0	1,000	1,000
Investment income due	0	0	0	0
Total	1,768,237	271,025	2,039,262	1,497,213

Asset Type	Value as at 31 Mar 24 £'000	Potential market movement £'000	Value on increase £'000	Value on decrease £'000
UK Equities		0	0	0
Global Equities	644,588	108,594	753,181	535,994
Emerging Markets Equity	167,596	39,010	206,606	128,587
Diversified Growth	0	0	0	0
Hedge Funds	0	0	0	0
Private Equity	54,694	13,466	68,159	41,228
Multi Asset Credit	320,874	34,950	355,824	285,925
Corporate Bonds	0	0	0	0
Private Debt	145,672	15,436	161,107	130,236
Bonds- LDI	252,036	38,156	290,192	213,880
Cash	-26	0	-26	-26
Property	149,556	22,178	171,734	127,378
London CIV	150	0	150	150
Money Market Fund	1,000	0	1,000	1,000
Investment income due	0	0	0	0
Total	1,736,140	271,790	2,007,927	1,464,352

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Fund and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2024 is set out in the table opposite. These disclosures present interest rate risk based on the underlying financial assets at fair value.

* Cash and cash equivalents at 31 March 2024 have been restated as set out in the prior period adjustment in Note 27.

Interest rate risk – sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of Fund assets, both of which affect the value of the net assets available to pay benefits. A 100 basis points movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment advisor has advised that long-term average rates are expected to move less than 100 basis points from one year to the next.

The analysis opposite assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 basis point change in interest rates.

Assets exposed to interest rate risk	Value at 31 March 2025 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Cash and cash equivalents	33,549	0	33,549	33,549
Fixed interest securities	299,192	2,992	302,184	296,200
Total	332,741	2,992	335,733	329,749

Assets exposed to interest rate risk	*Restated Value at 31 March 2024 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Cash and cash equivalents	28,060	0	28,060	28,060
Fixed interest securities	252,036	2,520	254,556	249,516
Total	280,096	2,520	282,616	277,576

Income exposed to interest rate risk	Amount Receivable 2024/25 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Cash and cash equivalents	849	9	858	841
Fixed interest securities	946	9	956	937
Total	1,795	18	1,814	1,777

Income exposed to interest rate risk	Amount Receivable 2023/24 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Cash and cash equivalents	796	8	804	788
Fixed interest securities	5	0	5	5
Total	801	8	809	793

This analysis demonstrates that a 1% increase in interest rates will not materially affect the interest received on fixed interest assets but will increase their fair value, and vice versa. Changes in interest rates do not influence the value of cash/cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's currency rate risk is routinely monitored by the Fund and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Currency risk – sensitivity analysis

Following analysis of historical data in consultation with the Fund investment advisors, the Fund considers the likely volatility associated with foreign exchange rate movements to be 10% (as measured by one standard deviation).

A 10% fluctuation in the currency is considered reasonable based on the Fund advisor's analysis of long-term historical movements in the month-end exchange rates over a rolling 36-month period.

This analysis assumes that all other variables, in particular interest rates, remain constant. A 10% strengthening / weakening of the pound against the various currencies in which the Fund holds investments would increase / decrease the net assets available to pay benefits as follows:

Assets exposed to currency risk	Value at 31 March 2025 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas unquoted securities	41,546	4,155	45,701	37,391
Overseas unit trusts	103,807	10,381	114,188	93,426
Total	145,353	14,535	159,889	130,817

Assets exposed to currency risk	Value at 31 March 2024 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas unquoted securities	54,694	5,469	60,163	49,224
Overseas unit trusts	105,769	10,577	116,346	95,192
Total	160,463	16,046	176,509	144,416

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market value of investments generally reflects an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund’s financial assets and liabilities. In essence, all of the Fund’s investments are exposed to some form of credit risk which is generally mitigated by the investment managers employed by the Fund through the selection and use of high-quality counterparties, brokers and financial institutions. By their nature however, certain investments will be exposed to a greater amount of credit risk where a greater risk premium may attract higher investment returns. Level 3 investments in particular have a high credit risk, such as the Fund’s private equity and private debt investments, which is accepted by the Fund and incorporated into its Investment Strategy Statement; the Fund invests in a diversified portfolio across several assets classes with clearly defined investment limits to mitigate this risk.

There is a risk that some admitted bodies to the Fund may not fulfil their pension obligations, potentially resulting in a deficit that could impact the Fund. To mitigate this risk, the Fund regularly monitors the state of its admitted bodies and uses reasonable measures to reduce the risk of employers defaulting on their pension obligations, including seeking guarantees for new admissions; further information is set out in the Fund’s Funding Strategy Statement.

The Fund believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The Fund’s cash holding under its treasury management arrangements at 31 March 2025 was £29.4m(31 March 2024: £24.0m). This was held with the following institutions.

	Rating	31 March 2024 £000	31 March 2025 £000
Money Market Funds:			
Northern Trust - Liquidity Fund	AAA	11	12
Bank Deposits and Current Account:			
Royal Bank of Scotland	A+	24,002	29,405
Total		24,013	29,417

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure it maintains adequate cash resources to meet its commitments. This will particularly be the case for cash from the cash flow matching mandates from the main investment strategy to meet pensioner payroll costs, and cash to meet investment commitments; the Fund has immediate access to its cash holdings.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets that will take longer than three months to convert into cash. As at 31 March 2025 the

value of liquid assets was £1,452.3m, which represented 80.66% of total Fund assets (31 March 2024: £1,449.5m, which represented 80.85% of total Fund assets).

The Fund’s Investment Management team prepares periodic cash flow forecasts to understand and manage the timing of the Fund’s cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2025 are due within one year.

Refinancing risk

The key risk is that the Fund will be obligated to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

18. Funding Arrangements

In line with the LGPS Regulations 2013, the Fund’s actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The most recent valuation took place as at 31 March 2022 and the next valuation is due to take place as at 31 March 2025.

The funding policy for the Fund is set out in the Funding Strategy Statement (FSS), last updated in February 2024. In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers’ characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations

The FSS sets out how the council, as the Administering Authority of the Fund, seeks to balance the conflicting

aims of securing the solvency of the Fund and keeping employer contributions stable.

At the 31 March 2022 valuation the Fund was assessed as 96% funded (82% at the March 2019 valuation) with assets valued at £1,842m and liabilities at £1,920m, representing a deficit of £79m (£307m at March 2019).

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers’ contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund’s funding policy as set out in its FSS. The combined primary and secondary rates for the latest and prior valuations are shown in the table below.

	31 March 2019		31 March 2022	
Primary Rate	19.5%		20.7%	
Secondary Rate		£000		£000
	2020/21	£13,777	2023/24	£7,027
	2021/22	£13,776	2024/25	£7,168
	2022/23	£13,774	2025/26	£6,917

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

Method and assumptions

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial and demographic assumptions that were used for the valuation are shown below:

	31 March 2019	31 March 2022
Financial Assumptions:		
Discount rate	3.1%	3.4%
Salary increase rate	2.8%	3.2%
Benefit increase (CPI)	2.3%	2.7%
Life Expectancy at 65:		
Current pensioners		
Males	21.2	21.5
Females	24.0	24.3
Future pensioners (assumed to be aged 45 at valuation date)		
Males	22.7	23.0
Females	25.6	25.9

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund’s assets. Asset performance improved in 2024 and early 2025; however, the recent increase in US tariffs on imports has caused significant market volatility. The peak of this market volatility was experienced immediately after 31 March 2025; however, generally lower than expected asset returns were experienced in the month immediately prior to this.

High levels of inflation in the UK (compared to recent experience) have resulted in higher-than-expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, inflation has reduced towards historical levels and the Bank of England’s target (2% p.a.), with LGPS benefits increasing by 1.7% in April 2025.

There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund’s liabilities. Overall, the funding position as at 31 March 2025 is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025, and will be finalised by 31 March 2026. The FSS will also be reviewed at that time, and a revised version will come into effect from 1 April 2026.

19. Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund’s actuary also undertakes a valuation of the Fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting Fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

Calculated using assumptions in line with IAS19, the actuarial present value of promised retirement benefits at 31 March 2025 was £ 1,501m (31 March 2024: £ 1,738m).

To assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions from those used for funding purposes (set out in note 18). The assumptions adopted by the actuary differ between 31 March 2024 and 31 March 2025, with the actuary estimating that the impact of the change in financial assumptions is a decrease in the actuarial present value by £267m. The impact of the change in demographic assumptions is a decrease in the actuarial present value of £4m.

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, 0% weighting of 2021 (and

2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. Based on these assumptions, the average life expectancies at age 65 are summarised below, along with the financial assumptions.

	31 March 2024	31 March 2025
Financial Assumptions:		
Discount rate	4.8%	5.8%
Salary increase rate	3.3%	3.3%
Benefit increase (CPI)	2.8%	2.8%
Life Expectancy at 65:		
Current pensioners		
Males	21.0	21.0
Females	23.8	23.8
Future pensioners (assumed to be aged 45 at valuation date)		
Males	22.5	22.3
Females	25.4	25.3

All other demographic assumptions are unchanged from last year and are as per the latest valuation of the Fund.

20. Current Assets

	*Restated 31 March 2024 £000	31 March 2025 £000
Sundry debtors	36,189	0
Cash balances	28,060	33,549
Total	64,249	33,549

* Current assets at 31 March 2024 have been restated as set out in the prior period adjustment in Note 27.

21. Current Liabilities

	*Restated 31 March 2024 £000	31 March 2025 £000
Sundry creditors	(799)	(1,347)
Total	(799)	(1,347)

* Current liabilities at 31 March 2024 have been restated as set out in the prior period adjustment in Note 27.

22. Additional Voluntary Contributions

	31 March 2024 £000	31 March 2025 £000
Prudential	3,589	4,966
Utmost Life & Pensions	454	423
Clerical Medical	184	183
Total	4,228	5,572

In 2024/25 the Transfer In value includes £0.375m (£0.191m in 2023/24) of member's in-house AVC that they have used to purchase additional LGPS pension.

23. Related Party Transactions

Lambeth council administers the Lambeth Pension Fund. Consequently, there is a strong relationship between the council and the pension fund.

No senior officers responsible for the administration of the Fund have entered into any contract, other than their contract of employment with Lambeth council, for the supply of goods or services to the Fund.

The designated key management posts relating to the Fund and their costs to the Fund are disclosed in Note 26.

During the reporting period, the council incurred costs of £2.14m (2023/24 £1.64m) in relation to the administration of the fund and these costs were recharged to the Fund. The Council is also the single largest employer of members of the pension fund and contributed £44.48m to the Fund in 2024/25 (2023/24: £41.30m). At 31 March 2025 the council owed the Fund £0.0m in loans advanced for cash flow purposes (£30.0m as at 31 March 2024).

Governance

There are no elected Members of the Pensions Committee in receipt of pension benefits from the Lambeth Pension Fund; the pensioner representative was in receipt of pension benefits from the Lambeth Pension Fund during the year. In addition, the Pensions Committee employee representative is an active member of the Pension Fund.

Members of the Pensions Committee are required to declare interests at each meeting.

London LGPS CIV Limited (LCIV)

The Council is a shareholder in the London CIV asset pool (the organisation set up to run pooled LGPS investments in London) and holds unquoted equities carried at cost, i.e. transaction price of £150,000, and recorded as an investment in the Net Asset Statement. The Fund's investments in the LCIV are disclosed in Note 14c and as at 31 March 2025 totalled £1,071.1m (£991.2m at 31 March 2024). During the year the Fund made purchases or investments into the LCIV of £149.9m (£21.8m in 2023/24) and redemptions or sales from the LCIV of £133.8m (£74.3m in 2023/24). The Fund paid the LCIV £4.1m in investment management expenses in 2024/25 (£4.0m in 2023/24).

24. Contingent Liabilities and Contractual Commitments

The total investment commitments as at 31 March 2025 are £405.85m and the outstanding undrawn commitments are £94.06m (31 March 2024: total commitment £410.50m and outstanding was £119.35m).

These commitments relate to outstanding capital calls due on the Private Equity and Private Debt mandates of the portfolio, as well the LCIV UK Housing Fund. The amounts 'called' by the Private Equity and Private Debt fund managers are irregular in both size and timing over a period of between four and six years from the date of each original commitment. The UK Housing Fund commitment is expected to be drawn over a shorter timeframe.

In October 2024 the Fund's Pensions Committee agreed to commit a further £85-100m to Private Equity via the Fund's existing manager Adams Street. As at 31 March 2025 none of this commitment had been formally accepted by the manager; however, on 2 April 2025 a commitment of \$70m USD was accepted to Adams Street's 2025 Global Fund and on 14 April 2025 a commitment of €50m EURO was accepted to Adams Street's 2023 European Venture Fund.

Note 25: Contingent Assets

Admitted body employers in the Lambeth Pension Fund hold bonds to guard against the possibility of being unable to meet their pension obligations.

One admitted body employer in the Fund held an appropriate bond to guard against the possibility of being unable to meet their pension obligation; the value of this bond at 31 March 2025 was £0.078m (£0.084m at 31 March 2024). These bonds are drawn in favour of the Fund and payment will only be triggered in the event of employer default.

26. Key Management Personnel

	2023/24 £000	2024/25 £000
Short-term benefits	183	189
Post-employment benefits	258	(42)
Total	441	147

The key management personnel for the Pension Fund are the Section 151 Officer, the Director of Finance, the Assistant Director of Payroll and Pensions, and the Head of Treasury and Pensions at the London Borough of Lambeth. Their costs have been reasonably apportioned between the Pension Fund Accounts and the Authority’s Accounts and are disclosed in the table above. The short-term benefits disclosed above are also included within administration expenses in Note 11. The disclosed post-employment benefits represent the movement in valuation between years, with the latest valuation included in the calculation of the actuarial fair value of promised retirement benefits in Note 19. The post-employment benefits for 2023/24 have been restated to amend the incorrect disclosure of the total value of those benefits as at 31 March 2024 instead of the movement in value over the year; they were originally reported as £1,318k. The total for 2023/24 was originally reported as £1,501k.

27. Prior Year Adjustments

The balance of current assets and current liabilities as shown in the Net Assets Statement and associated notes in 2023/24 have been reviewed and restated to correct prior-year balances from 2018/19 onwards. Due to the material nature of the required adjustments, the opening and closing balances of current assets and liabilities in the previous reporting period have been restated as set out in the below tables. These adjustments mainly relate to:

- Intercompany balances relating to loans and interest payable from the council to the Fund (approximately £15.1m);
- Cash in transit journal corrections (approximately £3.0m); and
- Miscellaneous coding corrections to intercompany balances (approximately £1.54m).

The adjustments to correct historical balances have been processed between current assets and current liabilities; the underlying value of net current assets remains unchanged.

Effect on Net Assets Statement 1 April 2023	1 April 2023 Balance as Previously Stated £000	Impact of Prior Period Adjustments £000	1 April 2023 Balance Restated £000
Investment Assets	1,637,048	0	1,637,048
Investment Liabilities	0	0	0
Total Investment Assets	1,637,048	0	1,637,048
Current Assets	61,267	1,543	62,810
Current Liabilities	0	(1,543)	(1,543)
Net assets of the fund available to fund benefits at the period end	1,698,315	0	1,698,315

Effect on Net Assets Statement 31 March 2024	31 March 2024 Balance as Previously Stated £000	Impact of Prior Period Adjustments £000	31 March 2024 Balance Restated £000
Investment Assets	1,736,166	0	1,736,166
Investment Liabilities	(26)	0	(26)
Total Investment Assets	1,736,140	0	1,736,140
Current Assets	77,850	(13,600)	64,249
Current Liabilities	(14,400)	13,600	(799)
Net assets of the fund available to fund benefits at the period end	1,799,590	0	1,799,590



9. Funding Strategy Statement



Funding Strategy Statement

The Funding Strategy Statement (FSS) of the London Borough of Lambeth Pension Fund is a statutory document and has been prepared by the administering authority in collaboration with the Fund's actuary, Hymans Robertson LLP, and after consultation with the Fund's employers and investment advisor.

Employees' benefits are guaranteed by LGPS Regulations, and do not change with market values or employer contributions. Investment returns will help pay for some of the benefits, but likely not all, and certainly with no guarantee. Employees' contributions are fixed in those Regulations also, at a level which covers only part of the cost of the benefits.

Therefore, employers need to pay the balance of the cost of delivering the benefits to members and their dependants.

The FSS is a summary of the Fund's approach to funding its liabilities, and focuses on how employer liabilities are measured, the pace at which these liabilities are funded, and how employers pay for their own liabilities. It sets out how the administering authority has balanced the conflicting aims of:

- Affordability of employer contributions;
- Transparency of processes;
- Stability of employers' contributions; and
- Prudence in the funding basis.

Following the 2022 triennial valuation the FSS was reviewed and updated on two occasions; the most recent version was prepared as at February 2024.

The full version of the FSS is available on the Fund's website at the following link :

<https://www.lgpslambeth.org/resources/>



10.

Investment Strategy Statement

Investment Strategy Statement

Regulation 7(1) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 requires administering authorities to formulate an Investment Strategy Statement (ISS) which must be in accordance with guidance issued by the Secretary of State.

The ISS is a document that replaces, and largely replicates, the Statement of Investment Principles. Administering Authorities will be required to prepare and maintain an ISS documenting how the investment strategy for the Fund is determined and implemented. The ISS must include:

- A requirement to invest money in a wide variety of investments;
- The authority's assessment of the suitability of particular investments and types of investments;
- The authority's approach to risk, including the ways in which risks are to be assessed and managed;
- The authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
- The authority's policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and
- The authority's policy on the exercise of the rights (including voting rights) attaching to investments.


Lambeth published its most recent ISS in November 2023. The document will be regularly reviewed and updated at least every three years;

The ISS should be read in conjunction with the following statutory documents:

- Funding Strategy Statement
- Governance Policy and Compliance Statement
- Communications Policy Statement
- The Pension Fund Annual Report and Accounts
- Actuarial Valuation

The full version of the ISS is available on the Fund's website at the following link:

<https://www.lgpslambeth.org/resources/>



London Borough of Lambeth

LAMBETH

11.

Communications Policy Statement

Communications Policy Statement

Regulation 61 of the Local Government Pension Scheme Regulations 2013 requires the council, as the administering authority, to prepare, maintain, and publish a written statement setting out its policy concerning communications with members, representatives of members, prospective members and scheme employers.

It must also set out the authority's policy on:

- a) *The provision of information and publicity about the scheme to members, representatives of members and scheme employers;*
- b) *The format, frequency, and method of distributing such information or publicity; and*
- c) *The promotion of the scheme to prospective members and their employers.*

The Fund's Communications Policy Statement sets out the processes by which these objectives are achieved. The most accurate and up-to-date information is usually communicated in one of two ways;

1. The Fund's dedicated website; this contains all relevant information on joining the scheme, who runs the scheme, and the latest policies and procedures that govern it. The website can be found at the following link:
<https://www.lgpslambeth.org>.

2. Annual Benefit Statements; these are sent out to all active and deferred members and provide details of accrued pension benefits and prospective benefits at retirement. The Fund will continue to improve and update the statements to ensure the information provided is accurate, clear and understandable.

The full version of the statement is available on the Fund's website at the following link:

<https://www.lgpslambeth.org/resources/>

FUND CONTACT DETAILS:

Pension Administration

Lambeth Pension Services
2nd Floor, Lambeth Town Hall
1 Brixton Hill
Brixton
London SW2 1RW

Telephone: 0207 926 3333

Email: pensions@lambeth.gov.uk

Investment Management

Treasury and Pensions
2nd Floor, Lambeth Town Hall
1 Brixton Hill
Brixton
London SW2 1RW

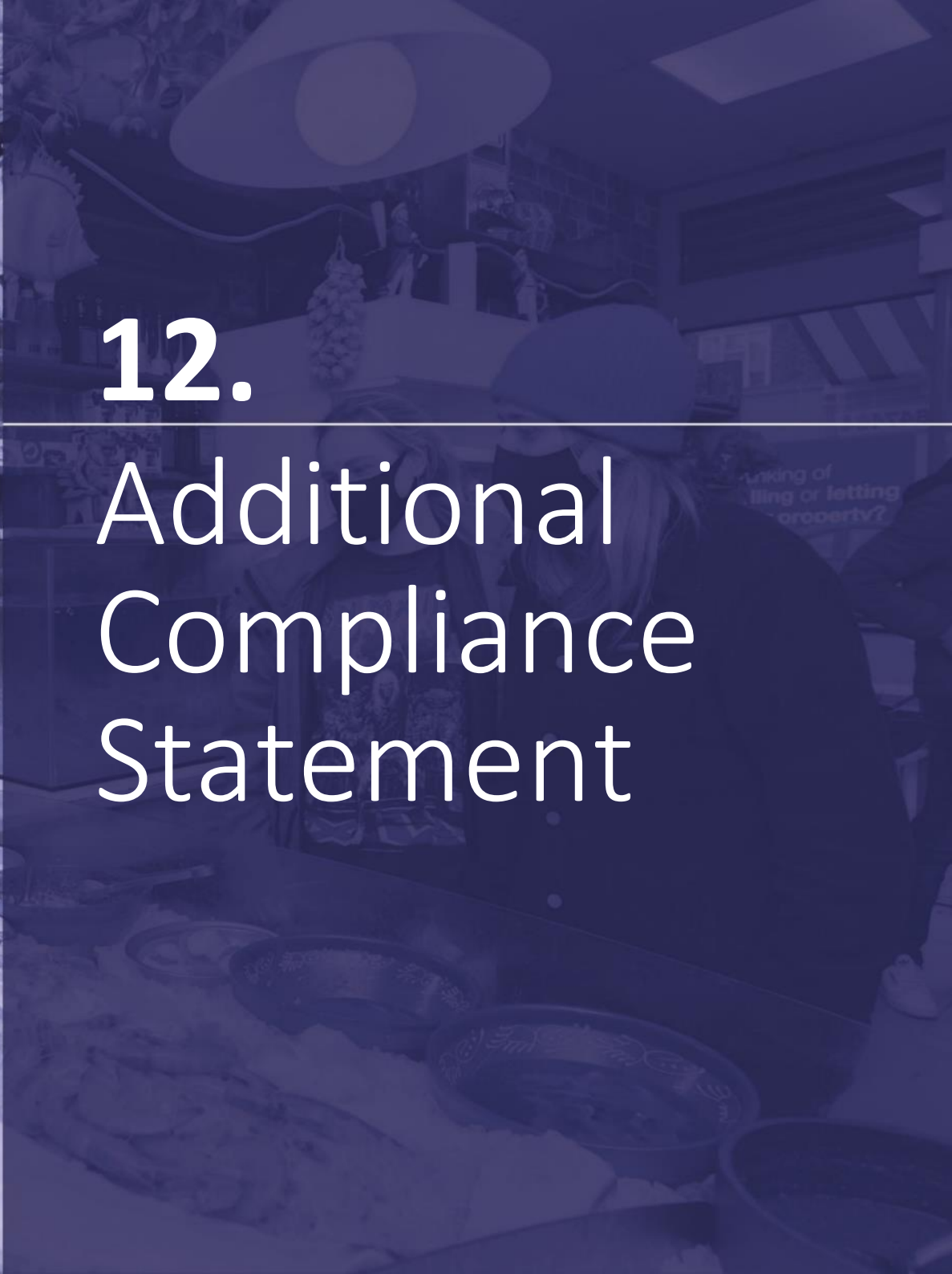
Telephone: 0207 926 0576

Email: XFRPensionfund@lambeth.gov.uk



12.

Additional Compliance Statement



Additional Compliance Statement

The purpose of this Compliance Statement is to disclose additional information required by legislation, but which is not considered to be of such significance to members.

TAXATION

The Fund is approved under the Income and Corporation Taxes Act 1988. Although exempt from UK income and capital gains taxes, the Fund is unable to recover the tax credit on UK dividends.

TRANSFER VALUES

Transfer values for Members leaving pensionable service during the year were calculated in accordance with the Pension Schemes Act 1993. No transfer values were reduced because of under-funding. The rules of the Fund have always provided that deferred pensioners may transfer the value of their benefits to another approved scheme at any time before any benefits have been paid from the Fund.

PENSION INCREASES

Pensions payable for the year commencing 10 April 2024 were increased in accordance with the Pensions Increase (Review) Order 2024, Statutory Instrument 2024 No 331.



13.

Statement of Responsibilities

Statement of Responsibilities

LAMBETH COUNCIL'S RESPONSIBILITIES

The council is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the statement of accounts.

THE CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

The Chief Financial Officer is responsible for the preparation of the Fund's statement of accounts in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

I became the Council's Section 151 Officer on 02 December 2024. As part of their audit of the 2023/24 financial year, which was significantly delayed due to the national backlog of unpublished audited accounts and covers the period I was not the Council's Section 151 Officer, the external auditors qualified their opinion on the Pension Fund Accounts.

Based on the detailed work undertaken since my appointment in December 2024, the Pension Fund statement of accounts for 2024/25 have been updated with material transactions and balances either confirmed or restated as necessary. Whilst I cannot comment on the quality of the financial processes in operation prior to my appointment, I am satisfied that sufficient evidence has been obtained to support the overall year-end position.

In preparing this statement of accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;

- Maintained proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

DECLARATION

I confirm, in the context of the above, that the Pension Fund statement of accounts present a true and fair view of the financial position of the London Borough of Lambeth Pension Fund for the year ended 31 March 2025.

Zena Cooke

Corporate Director of Finance
Section 151 Officer
London Borough of Lambeth



14.

Independent Auditor's Statement

Independent Auditor's Statement

AVAILABLE UPON COMPLETION OF THE AUDIT

