LPP
Local Pensions Partnership

Local Pensions Partnership Ltd

Annual Report and Financial Statements

for the year ended 31 March 2022

Registration number: 09830002

Contents

Local Pensions Partnership Ltd
Company Information

Directors

Adrian Taylor
Alan Schofield
Chris Rule
Fiona Stark
Sally Bridgeland
Terence Jagger

Company Secretary

Greg Smith

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Registration number: 09830002

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Principal activities

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

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

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

Today LPP manages around £22.8bn of pensions assets on behalf of three LGPS clients including the committed capital of GLIL Infrastructure LLP (GLIL). We also provide pensions administration services for more than 630,000 LGPS, Police and Firefighters' pension scheme members across over 1,900 employers.

Section 172(1) statement 2021-22

LPP is required to publish a statement explaining key decisions that have been taken during the year and how the Directors have discharged their duty to promote the success of the Company. LPP's Section 172(1) statement covers all Group activity and decisions taken across LPP Ltd and its subsidiary entity Boards.

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

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

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

The key decisions taken during 2021-22 are outlined below and are important steps in the long-term success of the Company. The table describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f) when performing their duty under section 172 of the Companies Act 2006 to promote the success of the Company when making key decisions.

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

Section 172(1) statement 2021-22 (continued)

Key decisions taken across the Group	Impact on stakeholders
Capital Injection of £3m LPP Board approved and provided a capital injection of £3m to LPPI to ensure sufficient regulatory capital was in place once IFPR (Investment Funds Prudential Regime) regulations came into effect from 1 January 2022.	In providing the capital injection the LPP Board considered the impact on: LPPI as a wholly owned subsidiary entity – the provision of additional regulatory capital was a safeguard under the IFPR Regulations. LPP and LPPI comprises the LPP IFPR Group. Group Shareholders – Without the capital injection, in certain circumstances there might have been an impact on LPPI's ability to manage the assets of the Group Shareholders or other investment clients. Staff – Maintaining appropriate levels of regulatory capital is a regulatory requirement which ensures the continued viability of LPPI as an AIFM (Alternative Investment Fund Manager) Suppliers – The on-going viability of LPP and LPPI as a sustainable procurement partner is reliant on LPPI maintaining sufficient regulatory capital to continue operating.
LPPI IIGCC (Institutional Investors Group on Climate Change) Net Zero Commitment LPPI has committed to support the goal of net zero greenhouse gas (GHG) emissions by 2050, in line with global efforts to limit warming to 1.5C (net zero emissions by 2050 or sooner). LPPI has committed to: 1. Work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management ('AUM'). 2. Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner. 3. Review the businesses interim target at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included.	It is important for LPPI to take action on Net Zero to ensure the long-term success and continued operation of the Company. This action includes working in partnership with asset owner clients on decarbonisation goals with an ambition to reach net zero emissions by 2050 or sooner across all assets under management. There is a strong reputational impact of issuing a statement of commitment, expected to be well-received by suppliers, customers and other stakeholders. Making a commitment to Net Zero Carbon investing will lead to a positive impact on the environment and on communities where, for example, real estate investment projects have a clear focus on environmental factors.

Section 172(1) statement 2021-22 (continued)

LPPI Business Plan LPPI has committed to deliver the next phase in LPPI's maturity including net zero, improved client reporting and further resilience in operational activities and risk management. The business plan also focuses on several strategic goals which will drive LPPI forward.	The LPPI Business Plan provides the LPPI Board, staff and Group Shareholders with a clear medium term strategic direction which aligns to the overall Group Strategic Plan 2020-25. Importantly the LPPI Business Plan focuses on the investment business and provides staff employed by that subsidiary with clarity of medium-term objectives and priorities.
LPPA – Project PACE Project PACE is LPPA's flagship programme to deliver one single core pensions administration system for LPPA by the end of 2022 (replacing the multitude of disparate non-integrated systems currently in place).	This will benefit stakeholders by: • Improving member experience by introducing greater self-service functionality • Improve employer experience by introducing improved self-service via a new employer portal functionality • Increase core administration operational productivity • The system has the potential to deliver efficiencies to clients and Group Shareholders • Staff impacted by the new system have received full training and internal communications

Strategic plan 20-25

2021-22 was the second year of LPP's 5 Year Strategic Plan.

The Strategic Plan can be summarised in three key objectives:

- prioritise financial stability and sustainability
- deliver excellent investment performance in excess of LPPI's client targets and benchmarks, and
- focus on improving the member and employer experience

Key projects delivered during 2021-22 which align to our strategy are outlined below. The start of the year continued to be impacted by the Covid-19 pandemic, but it was pleasing to see delivery across both "business as usual" and strategic tasks during this period.

Key strategic deliverables achieved 2021-22

Robust financial performance: As standalone subsidiaries both LPPI and LPPA made a marginal (pre-tax and pre-pension liability obligation) operating profit, supporting LPP's drive for robust financial performance.

Investment cost savings against the pre-pooling position for LCPF, LPFA, and RCBPF have been published. In aggregate LPPI has achieved £113m of savings compared with the pre-pooling position.

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

Investment performance: LPPI achieved its strategic target to outperform shareholder client policy portfolio (strategic asset allocation) benchmark over the 1, 3 and 5 year periods.

Pension administration performance: The capital injections into LPPA in May 2020 and March 2021 put LPPA on a strong financial footing which has supported the investment in new Finance and Pension Administration systems during 2021-2022, with 9 of our clients transitioning to the new system (UPM) between January and April 2022 and the remaining clients due to transition between October and December 2022. Focus for the coming year is on further enhancement of the Administration system to support streamlining internal processes and ensuring LPPA are fully utilising the capability of UPM, which will support in improving both employer and member experience, LPPA will then review the associated target operating model.

Future strategic direction

2022-23 will see LPPI and LPPA move into Year 3 of the 5 Year Group Strategy. The Boards of LPPI and LPPA have re-assessed the strategic deliverables for the coming year. No significant strategic shifts are anticipated and the LPP Group will continue to deliver in line with the 5 Year Group Strategy.

LPPI has agreed a subsidiary specific Business Plan which is consistent with the Group Strategy but puts the deliverables in a LPPI specific focus and context. This includes a focus on business maturity and improvements to the operating platform in line with discussions with clients.

LPPA will continue to focus on the phased implementation of the new pension administration system and will then review the associated target operating model.

Principal risks

LPP's risk framework aims to:

- Establish and operate an effective risk management / internal control environment including risk identification, assessment, monitoring and the development of actions arising
- Establish, operate and report a regular program of Group-wide risk analysis, stress testing, scenario development, thematic review and reverse stress testing
- Integrate risk management into the culture of the Group

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

During 2021-22 the main risks across the Group which were managed were in relation to:

- Covid-19 and the impact on subsidiary operations
- The implementation of Project PACE - the new pensions administration system, UPM
- The war in Ukraine and the associated impact on global markets, resulting in a short-term fall in income for LPPI and short-term challenges with client investment performance, and
- LPPI's regulatory capital position and the impact of staff LGPS pensions on the Group and specifically LPPI.

Looking forward LPP will continue to monitor the legislative landscape in relation to asset pooling in the UK and respond accordingly to government guidance.

Staff engagement

Communication and engagement surveys have been issued periodically and have demonstrated overall high levels of staff engagement. Wellness and diversity initiatives have been progressed.

- LPPA and LPPI engagement scores were 7.3 out of 10 on the Peakon Scale.
- Diversity & Inclusion surveys returned 7.9 (LPPI) and 8.3 (LPPA) out of 10 on the Peakon Score.
- LPPA and LPPI participated in initiatives to improve diversity across the Group such as LPPI's participation in the 10,000 Black Interns programme. Further information can be found in the subsidiary entities' annual report and accounts.

Executive remuneration across the Group

LPP is committed to reporting the total remuneration of its Directors and higher earners. The remuneration disclosure goes beyond what legislation requires and reflects LPP's commitment to transparency. The table below shows total remuneration (base salary plus incentives plus pension or cash alternative) of 'higher earners' (employees earning over £100,000) across the LPP Group.

Range	No. of Employees
£100,001 – £150,000	23
£150,001 – £200,000	10
£200,001 – £250,000	3
£250,001 – £300,000	2
£300,001 – £350,000	2
£350,001 – £400,000	3
£400,001 – £450,000	0
£450,001 – £500,000	0
£500,001 – £550,000	1

Environmental initiatives

LPP has signed up to the Planet Mark initiative and has been awarded its accreditation for its second year. During 2021-22 LPP has been collecting data from across the Group to produce our business operations carbon emissions report. LPPI and LPPA will review their individual entities emission results during the 2022 calendar year and then determine a CO2 reduction plan and commitment.

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

Corporate governance statement

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

Conflicts of interest and independence

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

This report was approved by the Board of Directors on 26 September 2022 and signed on their behalf.

Chris Rule
Director
27 September 2022

The Directors present their report and financial statements for the year ended 31 March 2022.

Directors

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

Adrian Taylor
Alan Schofield
Chris Rule
Fiona Stark (appointed 1 August 2022)
Michael O'Higgins (resigned 1 July 2021)
Sally Bridgeland
Sir Peter Rogers (resigned 31 July 2022)
Terence Jagger

Directors' Responsibilities

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

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

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

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

Statement of Corporate Governance Arrangements

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

Results and dividends

Excluding the impact of the FRS102 defined benefit charge, LPP Group made a profit after tax of £1,305k (2021 – loss of £2,470k) and LPP entity a loss after tax of £844k (2021 – profit of £5,290k). Including the FRS102 defined benefit charge, LPP Group made a loss after tax of £1,945k (2021 – loss of £5,161k) and LPP entity a loss after tax of £1,000k (2021 – profit of £15,505).

No dividends were paid during the year (2021 - £nil) and no recommendation is made to pay a final dividend.

Capital

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

Going concern

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

Expected future developments

Expected future developments are set out in the strategic report.

Political or charitable donations

As part of LPP's environmental strategy to reduce its carbon emissions relating to its business operations, a small contribution of 5% of our external supplier's fee of £7,250 is donated to support The Eden Project which funds their education program to visit schools around the UK and help engage students in the importance of the environment and nature.

Research and Development

No research and development expenditure was made during the year (2021 - £nil).

Financial Instrument Risk

The Group does not use hedging or financial risk management instruments and all cash is held within bank accounts with highly rated financial institutions.

Business relationships

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

Employee engagement and representation

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

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

Disabled employees

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

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

Of LPP Group's employees, 8% have reported some form of disability. As a Group, the aim is to ensure fairness and equality towards all applicants through objective based recruitment practices and family friendly policies to support staff during changing circumstances. This includes flexible working arrangements to support participation in religious and/or cultural events, to care for dependents or where reasonable adjustments are required to roles/working patterns to support declared disabilities. Training methods and environments are tailored to support staff with declared disabilities including delivering the training with the support of sign language.

Post balance sheet events

None.

Disclosure of information to auditors

Each of the persons who is a Director at the date of the approval of this report confirms that:

1. So far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware; and

2. The Directors have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Grant Thornton UK LLP was reappointed as auditor of the Company, in accordance with s487 of the Companies Act 2006 by a written shareholder resolution via LPP AGM (Annual General Meeting) on 29 October 2021.

This report was approved by the Board of Directors on 26 September 2022 and signed on their behalf.

Chris Rule
Director
27 September 2022

Opinion

We have audited the financial statements of Local Pensions Partnership Ltd (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 31 March 2022, which comprise the consolidated income statement, the consolidated and the company statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 March 2022 and of the group’s loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

In our evaluation of the directors’ conclusions, we considered the inherent risks associated with the group’s and the parent company’s business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group’s and the parent company’s financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the directors with respect to going concern are described in the ‘Responsibilities of directors for the financial statements’ section of this report.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and the parent company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and management. We determined that the most significant laws and regulations were United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

- We enquired of the directors and management to obtain an understanding of how the group and the parent company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the minutes of the group and the parent company company's board and audit and risk committee meetings.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
  - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
  - testing journal entries, including manual journal entries processed at the year-end for financial statements preparation; and
  - challenging the assumptions and judgements made by management in its significant accounting estimates.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - knowledge of the industry in which the group and the parent company operates; and
  - understanding of the legal and regulatory frameworks applicable to the group and the parent company.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the group and the parent company's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the rules and interpretative guidance issued by the Financial Conduct Authority applicable to the group and the scope of its authorisation; and
  - the group and the parent company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the group and the parent company's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

Use of our report

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

Grant Thornton UK LLP

Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
27 September 2022

Local Pensions Partnership Ltd
Consolidated Income Statement
for the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Turnover	6	41,404	36,567
Administrative expenses		(44,298)	(41,372)
Other operating income		599	878
Operating loss	**7**	**(2,295)**	**(3,927)**
Interest receivable	9	3	14
Loss before taxation		**(2,292)**	**(3,913)**
Taxation	10	347	(1,248)
Loss for the financial year		**(1,945)**	**(5,161)**

Local Pensions Partnership Ltd
Consolidated and Company Statement of Comprehensive Income
for the year ended 31 March 2022

Group

	Notes	2022 £'000	2021 £'000
Loss for the financial year		**(1,945)**	**(5,161)**
Other comprehensive income			
Remeasurement of defined benefit obligation	17	8,793	(12,444)
Total tax on components of other comprehensive income	10	(384)	610
Other comprehensive income for the year, net of tax		**8,409**	**(11,834)**
Total comprehensive income for the year		**6,464**	**(16,995)**

Company

		2022 £'000	2021 £'000
(Loss)/Profit for the financial year		**(1,000)**	**15,505**
Other comprehensive income			
Remeasurement of defined benefit obligation	17	2,203	(8,970)
Other comprehensive income for the year, net of tax		**2,203**	**(8,970)**
Total comprehensive income for the year		**1,203**	**6,535**

Local Pensions Partnership Ltd
Consolidated Statement of Financial Position
as at 31 March 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	11	3,423	1,324
Tangible assets	12	456	767
		3,879	**2,091**
Current assets			
Debtors	14	12,227	10,711
Cash at bank and in hand		28,668	28,943
		40,895	**39,654**
Creditors: amounts falling due within one year	15	(6,653)	(6,122)
Net current assets		**34,243**	**33,532**
Total assets less current liabilities		**38,122**	**35,623**
Creditors: amounts falling due after more than one year	16	(493)	(297)
Post-employment benefits	17	(32,601)	(36,762)
Net assets/(liabilities)		**5,028**	**(1,436)**
Capital and reserves			
Share capital	18	25,000	25,000
Profit and loss account		(19,972)	(26,436)
Total equity		**5,028**	**(1,436)**

The notes on pages 23 to 48 form part of these financial statements.

The financial statements were approved by the Board of Directors on 26 September 2022 and signed on their behalf.

Adrian Taylor
Director
27 September 2022

Local Pensions Partnership Ltd
Company Statement of Financial Position
as at 31 March 2022

LPP
Local Pensions Partnership

	Notes	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	11	119	251
Tangible assets	12	165	517
Investments	13	19,450	17,000
		19,734	**17,768**
Current assets			
Debtors	14	984	974
Cash at bank and in hand		3,867	6,787
		4,851	**7,761**
Creditors: amounts falling due within one year	15	(271)	(423)
Net current assets		**4,580**	**7,338**
Total assets less current liabilities		**24,314**	**25,106**
Post-employment benefits	17	(6,829)	(8,824)
Net assets		**17,485**	**16,282**
Capital and reserves			
Share capital	18	25,000	25,000
Profit and loss account		(7,515)	(8,718)
Total equity		**17,485**	**16,282**

The notes on pages 23 to 48 form part of these financial statements.

The financial statements were approved by the Board of Directors on 26 September 2022 and signed on their behalf.

Adrian Taylor
Director
27 September 2022

Local Pensions Partnership Ltd
Consolidated Statement of Changes in Equity
for the year ended 31 March 2022

	Share capital	Profit and Loss Account	Total
	£'000	£'000	£'000
At 1 April 2020	**25,000**	**(8,113)**	**16,887**
Loss for the year	-	(5,161)	**(5,161)**
Other comprehensive income for the year	-	(11,834)	**(11,834)**
Total comprehensive income for the year	**-**	**(16,995)**	**(16,995)**
Deferred tax movement	-	(1,328)	**(1,328)**
At 31 March 2021	**25,000**	**(26,436)**	**(1,436)**
At 1 April 2021	**25,000**	**(26,436)**	**(1,436)**
Loss for the year	-	(1,945)	**(1,945)**
Other comprehensive income for the year	-	8,409	**8,409**
Total comprehensive income for the year	**-**	**6,464**	**6,464**
At 31 March 2022	**25,000**	**(19,972)**	**5,028**

Local Pensions Partnership Ltd
Company Statement of Changes in Equity
for the year ended 31 March 2022

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 April 2020	**25,000**	**(13,925)**	**11,075**
Profit for the year	-	15,505	**15,505**
Other comprehensive income for the year	-	(8,970)	**(8,970)**
Total comprehensive income for the year	**-**	**6,535**	**6,535**
Deferred tax movement	-	(1,328)	**(1,328)**
At 31 March 2021	**25,000**	**(8,718)**	**16,282**
At 1 April 2021	**25,000**	**(8,718)**	**16,282**
Profit for the year	-	(1,000)	**(1,000)**
Other comprehensive income for the year	-	2,203	**2,203**
Total comprehensive income for the year	**-**	**1,203**	**1,203**
At 31 March 2022	**25,000**	**(7,515)**	**17,485**

Local Pensions Partnership Ltd
Consolidated Statement of Cash Flows
for the year ended 31 March 2022

	2022 £'000	2021 £'000
Operating activities		
Loss for the financial year	**(1,945)**	**(5,161)**
Adjustments for:		
Tax on loss on ordinary activities	(347)	1,248
Depreciation	456	478
Amortisation of intangible assets	409	251
Loss on disposal of fixed assets	72	72
Pensions movement in the year	4,335	3,322
(Increase)/decrease in debtors	(1,737)	1,856
Increase in creditors	1,023	1,380
Cash generated from operating activities	**2,266**	**3,446**
Corporation tax recovered/(paid)	202	(574)
Net cash generated from operating activities	**2,468**	**2,872**
Investing activities		
Payments to acquire intangible fixed assets	(2,512)	(501)
Payments to acquire tangible fixed assets	(231)	(566)
Cash used in investing activities	**(2,743)**	**(1,067)**
Net movement in cash and cash equivalents		
Cash generated from operating activities	2,468	2,872
Cash used in investing activities	(2,743)	(1,067)
	(275)	**1,805**
Cash and cash equivalents at 1 April	**28,943**	**27,138**
Cash and cash equivalents at 31 March	**28,668**	**28,943**
Cash and cash equivalents comprise:		
Cash at bank	**28,668**	**28,943**

1 General information

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

2 Basis of measurement and preparation of financial statements

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

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

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

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

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

3 Going concern

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

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

Potential implications of the macroeconomic climate on the Group

The Directors, together with their advisors, have been actively monitoring the potential impacts arising from macroeconomic uncertainties such as Brexit, Covid-19, and the conflict between Ukraine and Russia on the Group.

Some specific measures have been taken during this time including remote working and re-validation of business continuity plans implemented by the Group.

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

The Directors have considered the inherent risks mentioned above and do not believe that any material uncertainties relating to these events, individually or collectively, will impact the Group's ability to continue as a going concern.

4 Summary of significant accounting policies

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

(a) Basis of Preparation

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

(b) Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings' results made up to 31 March 2022. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

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

(c) Investment in subsidiaries and associates

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

(d) Intangible fixed assets

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

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

- Software costs - length of licence or 3 years

(e) Tangible fixed assets

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

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

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

(f) Debtors

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

4 Summary of significant accounting policies (continued)

(g) Cash at bank and in hand

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

(h) Creditors

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

(i) Leases

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

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

(j) Provisions for liabilities

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

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

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

(k) Taxation

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

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

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

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

(l) Turnover

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

4 Summary of significant accounting policies (continued)

(m) Share Capital

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

(n) Inter and intra company debtors and creditors

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

(o) Employee benefits

Short term benefits

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

Defined benefit pension plan

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

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

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

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

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

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

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

- the increase in pension benefit liability arising from employee service during the period; and
- the cost of plan introductions, benefit changes, curtailments, and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as an expense.

Annual bonus Plan

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

5 Significant judgements and estimates

(a) Sources of estimation uncertainty

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

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

(b) Sources of estimation uncertainty

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

(i) Taxation

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

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

(ii) Pensions liability

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

(iii) Useful economic life

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

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

5 Significant judgements and estimates (continued)

(iv) Impairment in subsidiaries

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

In establishing the recoverable amount, both the value in use and fair value less costs to sell methods were considered, with the value in use method being deemed appropriate. Following value in use calculations performed using third-party support, and following an internal review process, an impairment was deemed appropriate of £850,000, which reduced the carrying value of the investment in LPPA from £7,300,000 to £6,450,000 at year-end.

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

6 Analysis of turnover

	2022 £'000	2021 £'000
Investment management fees	26,155	23,125
Pension administration fees	14,716	12,918
Asset and liability management fees	533	524
Total	**41,404**	**36,567**
Geographical analysis		
UK	**41,404**	**36,567**

7 Operating profit

	2022 £'000	2021 £'000
Operating Profit is stated after charging:		
Wages and salaries	22,228	19,290
Social security costs	2,343	2,218
Defined benefit pension costs	6,266	5,479
Other pension costs	498	129
Staff costs charged to profit and loss	**31,335**	**27,116**
Reorganisation expense	806	52
Loss on disposal of tangible assets	68	72
Loss on disposal of intangible assets	4	-
Impairment of trade receivables	15	(13)
Operating lease charges	1,568	1,882

7 Operating profit (continued)

	2022 £'000	2021 £'000
Included within administration expenses are:		
Audit services:		
Fees payable for the audit of the Company and the Group's consolidated financial statements	33	35
Audit of the Company's subsidiaries	81	73
Non-audit services:		
Audit-related assurance services	8	8
Total	**122**	**116**

8 Directors and employees

	2022 £'000	2021 £'000
The emoluments for Group Directors were as follows:		
Aggregate remuneration	**2,191**	**2,139**
The number of Group Directors who are members of a defined benefit pension scheme	1	3

	2022 £'000	2021 £'000
Highest paid Group Director (included in the above figures)		
Total amount of emoluments	518	509
Other pension costs	31	31
Total	**549**	**540**

The average Group headcount (including Directors) during the year was 395 (2021: 361).

The Group headcount as at 31 March 2022 was 415 (2021: 382).

9 Interest receivable and similar income

	2022 £'000	2021 £'000
Bank interest received	**3**	**14**

10 Taxation

Analysis of charge in year	2022 £'000	2021 £'000
Current tax:		
UK Corporation tax charge on profits for the year	333	59
Adjustments in respect of previous years	(151)	(2)
Total current tax charge	**182**	**57**
Deferred tax:		
Origination and reversal of timing differences	(446)	1,191
Adjustments in respect of previous years	196	-
Impact of change in tax rate	(279)	-
Total deferred tax:	**(529)**	**1,191**
Total tax (credit)/charge in the income statement	**(347)**	**1,248**

Tax included in statement of comprehensive income

	2022 £'000	2021 £'000
Deferred tax:		
Origination and reversal of timing differences	675	(596)
Impact of change in tax rate	(291)	(14)
Total tax charge/(credit) in statement of comprehensive income	**384**	**(610)**

Reconciliation of tax charge

	2022 £'000	2021 £'000
The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:		
Loss before tax	**(2,292)**	**(3,913)**
Profit multiplied by the standard rate of tax in the UK of 19% (2020: 19%)	(436)	(744)
Effects of:		
- Unrecognised deferred tax	337	1,956
- Expenses not deductible for tax purposes	93	20
- Adjustments to tax charge in respect of prior years	(151)	17
- Adjustments to tax charge in respect of prior years: deferred tax	196	-
- Re-measurement of deferred tax - change in UK tax rate	(279)	-
- Tax rate differential on deferred tax	(107)	-
- Loss brought forward from prior years	-	(1)
Tax (credit)/charge for the year	**(347)**	**1,248**

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

11 Intangible assets

Group	**Assets under Construction**	**Software**	**Total**
	£'000	**£'000**	**£'000**
Cost			
At 1 April 2021	**320**	**1,567**	**1,887**
Transfers	(2,012)	2,012	-
Additions	1,779	733	2,512
Disposals	-	(28)	(28)
At 31 March 2022	**87**	**4,284**	**4,371**
Accumulated amortisation			
At 1 April 2021	**-**	**563**	**563**
Amortisation during the year	-	409	409
On disposals	-	(24)	(24)
At 31 March 2022	**-**	**948**	**948**
Net book value at 1 April 2021	**320**	**1,004**	**1,324**
Net book value at 31 March 2022	**87**	**3,336**	**3,423**

Company	**Assets under Construction**	**Software**	**Total**
	£'000	**£'000**	**£'000**
Cost			
At 1 April 2021	**-**	**678**	**678**
Transfers	**-**	**-**	-
Additions	**-**	**-**	-
Disposals	-	(28)	(28)
At 31 March 2022	**-**	**650**	**650**
Accumulated amortisation			
At 1 April 2021	**-**	**427**	**427**
Amortisation during the year	-	128	128
On disposals	-	(24)	(24)
At 31 March 2022	**-**	**531**	**531**
Net book value at 1 April 2021	**-**	**251**	**251**
Net book value at 31 March 2022	**-**	**119**	**119**

12 Tangible assets

Group	Leasehold improvements	Fixtures, fittings, & office equipment	IT equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2021	**267**	**211**	**1,394**	**1,872**
Additions	-	2	229	231
Disposals	-	(1)	(238)	(239)
At 31 March 2022	**267**	**212**	**1,385**	**1,864**
Accumulated depreciation				
At 1 April 2021	**166**	**88**	**851**	**1,105**
Depreciation for the year	58	74	324	456
On disposals	-	(1)	(152)	(153)
At 31 March 2022	**224**	**161**	**1,023**	**1,408**
Net book value at 1 April 2021	**101**	**123**	**543**	**767**
Net book value at 31 March 2022	**43**	**51**	**362**	**456**

Company	Leasehold improvements	Fixtures, fittings, & office equipment	IT equipment	Total
		£'000	£'000	£'000
Cost				
At 1 April 2021	**267**	**160**	**1,140**	**1,567**
Additions	-	-	7	7
Disposals	-	(2)	(216)	(218)
At 31 March 2022	**267**	**158**	**931**	**1,356**
Accumulated depreciation				
At 1 April 2021	**166**	**77**	**807**	**1,050**
Depreciation for the year	58	47	178	283
On disposals	-	(1)	(141)	(142)
At 31 March 2022	**224**	**123**	**844**	**1,191**
Net book value at 1 April 2021	**101**	**83**	**333**	**517**
Net book value at 31 March 2022	**43**	**35**	**87**	**165**

13 Investment in Group undertakings

	Company 2022 £'000	2021 £'000
Cost		
At 1 April 2021	**17,000**	**10,000**
Investment during the year	3,300	7,000
Impairment	(850)	-
At 31 March 2022	**19,450**	**17,000**

	Type of Capital held	Proportion held	Nature of business
Subsidiaries - direct			
Local Pensions Partnership Administration Ltd	Equity	100%	Administration Services
Local Pensions Partnership Investments Ltd	Equity	100%	Investments
Subsidiaries - indirect			
LPPI Scotland (No.1) Ltd	Equity	100%	Investments
LPPI Scotland (No.2) Ltd	Equity	100%	Investments
LPPI Diversifying Strategies GP Limited	Equity	100%	General Partner
LPPI PE GP (No.1) LLP	Debt	100%	General Partner
LPPI PE GP (No.2) LLP	Debt	100%	General Partner
LPPI PE GP (No.3) LLP	Debt	100%	General Partner
LPPI Infrastructure GP LLP	Debt	100%	General Partner
LPPI Credit GP Limited	Equity	100%	General Partner
Associate - indirect			
The London Fund GP LLP	Debt	49%	General Partner

Country of incorporation for all entities is United Kingdom.

14 Debtors

	Company		Group	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Trade debtors less than one year	3	69	4,534	3,086
Amounts owed by Group undertakings	391	307	-	-
Corporation tax	34	399	-	366
Deferred taxation (Note 20)	-	-	2,143	1,998
Other taxes and social security costs	498	35	-	-
Other debtors	-	-	216	215
Prepayments and accrued income	58	164	5,334	5,046
Total	**984**	**974**	**12,227**	**10,711**

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

Group trade debtors are stated after provisions for impairment of £31,782 (2021: £16,685).

Company trade debtors are stated after provisions for impairment of £7,884 (2021: £7,125).

15 Creditors: amounts falling due within one year

	Company		Group	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Trade creditors	54	5	832	477
Amounts owed to Group undertakings	78	-	-	-
Corporation tax	-	-	18	-
Other taxation and social security	-	-	86	494
Other creditors	1	5	269	291
Accruals and deferred income	138	370	4,970	4,520
Provisions	-	43	479	43
Total	**271**	**423**	**6,653**	**5,825**

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

16 Creditors: amounts falling due after more than one year

	Company		Group	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Deferred remuneration	**-**	**-**	**493**	**297**

17 Post-employment benefits

On 1 June 2020 and 1 July 2020, some current employees of LPP, who were members of the London Pensions Fund Authority ("LPFA") and Lancashire County Pension Fund ("LCPF"), were transferred to Local Pensions Partnership Investments Ltd ("LPPI") and Local Pensions Partnership Administration Ltd ("LPPA") under the Transfer of Undertakings (Protection of Employment) Regulations ("TUPE").

The transferring employees were all members of the Local Government Pension Scheme ("LGPS") through participation in either LPFA or LCPF. The transfer from LPP to LPPI was carried out on a fully funded basis, and the transfer from LPP to LPPA was carried out on a share of funds basis. The liabilities were calculated on the ongoing basis appropriate for funding, using either the LPFA or LCPF 2019 Triennial valuation basis assumptions depending on the Fund from which employees' liabilities were transferred. LPPI and LPPA acquired their share of assets and liabilities based upon members transferred. The net liability acquired at the time of transfer was £2.1m and £15.8m for LPPI and LPPA respectively. The transaction was accounted for in LPP's financial statements by crediting the settlement gain to the profit and loss and debiting the pension liability. The corresponding introduction expense was accounted for in the profit and loss of LPPI and LPPA. This was accounted for on an FRS 102 valuation basis.

It has subsequently been identified that there was a deficit in relation to the funding of LCPF of £0.3m based on the latest available triennial valuation. LPP have invested an additional £0.3m in LPPA to compensate for this shortfall which was calculated on an ongoing basis.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS website and the Fund's membership booklet. There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgements and the 2016 cost cap process. Currently, each member contributes a proportion of their salary to the scheme, between 5.5% to 12.5% per annum depending on their rate of pay. LPP and its subsidiaries, as the employing bodies, also contribute to the scheme as determined by each Fund's respective Fund actuary on the employee's behalf, currently between 12.0% and 14.9% of salary p.a. The liabilities of the LGPS attributable to the Group are included in the Consolidated Statement of Financial Position.

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

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

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

17 Post-employment benefits (continued)

Post-employment benefits summary

	31 March 2022			
	LPP £'000	**LPPA £'000**	**LPPI £'000**	**Total £'000**
Fair value of plan assets	8,840	25,906	12,791	**47,537**
Defined benefit obligation	(15,669)	(42,051)	(22,418)	**(80,138)**
Net defined benefit liability	**(6,829)**	**(16,145)**	**(9,627)**	**(32,601)**

	31 March 2021			
	LPP £'000	**LPPA £'000**	**LPPI £'000**	**Total £'000**
Fair value of plan assets	7,704	20,586	10,170	**38,460**
Defined benefit obligation	(16,528)	(38,272)	(20,719)	**(75,519)**
Net defined benefit liability	**(8,824)**	**(17,686)**	**(10,549)**	**(37,059)**
Charge to income statement	(2,203)	(3,887)	(2,703)	**(8,793)**
Credit to statement of comprehensive income	208	2,346	1,781	**4,335**

Management considers the significant actuarial assumptions with regards to the determination of the defined benefit obligation to be the discount rate, inflation, the rate of salary increases and mortality. Sensitivity analysis is provided below, based on reasonably possible changes of the assumptions occurring at the end of the reporting period, assuming all other assumptions are held constant.

The sensitivities have been derived in the same manner as the defined benefit obligation as at 31 March 2022 where the defined benefit obligation is estimated using the Projected Unit Credit method. Under this method each participant's benefits are attributed to years of service, taking into consideration future salary increases and the scheme's benefit allocation formula. Thus, the estimated total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

The defined benefit obligation as at 31 March 2022 is calculated on the actuarial assumptions agreed as at that date. The sensitivities are calculated by changing each assumption in turn following the methodology above with all other things held constant. The change in the defined benefit obligation from updating the single assumption represents the impact of that assumption on the calculation of the defined benefit obligation.

17 Post-employment benefits (continued)

LPP	LPFA 2022 %	LPFA 2021 %
The principal actuarial assumptions used were as follows:		
Discount rate	2.6	2.1
Future salary increases	4.2	3.9
Future pension increases (CPI)	3.2	2.9
Inflation assumption (RPI)	3.7	3.4

	LPFA 2022	LPFA 2021
Longevity at age 65 for current pensioners		
- Men	21.1	21.0
- Women	24.4	24.4
Longevity at age 65 for future pensioners		
- Men	23.3	23.2
- Women	26.1	26.0

	LPFA 2022 £'000	LPFA 2021 £'000
Post-employment benefits summary		
Fair value of plan assets	8,840	7,704
Defined benefit obligation	(15,669)	(16,528)
Net defined benefit liability	**(6,829)**	**(8,824)**

17 Post-employment benefits (continued)

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

	LPFA		LCPF	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Reconciliation of defined benefit obligation				
Defined benefit obligation at start of year	**16,528**	**24,579**	**-**	**17,919**
Current service cost	42	544	-	212
Past service cost	72	-	-	-
Benefits paid	(150)	(333)	-	(12)
Contributions by employees	7	143	-	49
Interest cost	337	352	-	70
Scheme settlements	(66)	(16,398)	-	(21,559)
Remeasurements				
Effect of changes in financial assumptions	(1,134)	7,967	-	3,321
Effect of changes in demographic assumptions	-	(154)	-	-
Effect of experience adjustments	33	(172)	-	-
Defined benefit obligation at end of year	**15,669**	**16,528**	**-**	**-**

	LPFA		LCPF	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Reconciliation of fair value of plan assets				
Fair value of plan assets at beginning of year	**7,704**	**13,159**	**-**	**12,031**
Benefits paid	(150)	(333)	-	(12)
Interest income on scheme assets - employer	157	174	-	47
Administrative expenses and taxes	(10)	(17)	-	(4)
Employer contributions	47	214	-	112
Contributions by employees	7	143	-	49
Scheme settlements	(17)	(7,006)	-	(12,845)
Remeasurements				
Return on scheme assets less interest income	1,102	1,370	-	622
Fair value of plan assets at end of year	**8,840**	**7,704**	**-**	**-**

17 Post-employment benefits (continued)

	LPFA	
	2022	**2021**
	£'000	**£'000**
Analysis of assets		
Equities	4,237	3,537
Private equity	794	649
Diversifying strategies	939	854
Real Estate	793	701
Infrastructure	901	653
Fixed income	245	325
Credit	720	634
Cash and other	211	351
Total assets	**8,840**	**7,704**

	LPFA		LCPF	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Defined benefit costs recognised in income statement				
Current service cost	42	544	-	212
Past service cost	72	-	-	-
Net interest on defined liability	180	178	-	23
Administrative expenses and taxes	10	17	-	4
Scheme settlements	(49)	(9,392)	-	(8,714)
Total defined benefit costs recognised in income statement	**255**	**(8,653)**	**-**	**(8,475)**

	LPFA		LCPF	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Defined benefit (gain)/loss recognised in other comprehensive income				
Return on scheme assets less interest income	(1,102)	(1,370)	-	(622)
Effect of changes in financial assumptions	(1,134)	7,967	-	3,321
Effect of changes in demographic assumptions	-	(154)	-	-
Effect of experience adjustments	33	(172)	-	-
Total defined benefit (gain)/loss recognised in other comprehensive income	**(2,203)**	**6,271**	**-**	**2,699**

17 Post-employment benefits (continued)

Sensitivity analysis

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

Approximate increase to defined benefit obligation

	LPFA	
	%	**£'000**
0.10% decrease in discount rate	2.50%	392
0.10% increase in long-term salary increases	0.23%	36
0.10% increase in pension increases	2.26%	354
+1.00 year in life expectancy assumption	3.80%	595

Reconciliation of funded position:

	LPFA
	£'000
Net defined benefit liability at start of the year	**(8,824)**
Expense recognised in profit and loss	(304)
Gain recognised in other comprehensive income	2,203
Transfer of assets and liabilities	49
Employer contributions	47
Net defined benefit liability at end of the year	**(6,829)**

No amounts were included in the cost of assets. (2021: £Nil).

No amounts included in assets relate to property leased by the Company (2021: £Nil).

LPPA	**LPFA**		**LCPF**	
	2022	**2021**	**2022**	**2021**
	%	**%**	**%**	**%**
The principal actuarial assumptions used were as follows:				
Discount rate	2.6	2.1	2.8	2.2
Future salary increases	4.1	3.8	4.7	4.2
Future pension increases (CPI)	3.1	2.8	3.3	2.7
Inflation assumption (RPI)	3.6	3.4	4.0	3.4

	LPFA		**LCPF**	
	2022	**2021**	**2022**	**2021**
Longevity at age 65 for current pensioners				
- Men	21.6	21.5	22.3	21.9
- Women	23.8	23.7	25.0	24.6
Longevity at age 65 for future pensioners				
- Men	22.9	22.8	23.0	22.7
- Women	25.3	25.2	26.8	25.8

17 Post-employment benefits (continued)

	LPFA 2022 £'000	LPFA 2021 £'000	LCPF 2022 £'000	LCPF 2021 £'000
Post-employment benefits summary				
Fair value of plan assets	7,621	6,302	18,285	14,284
Defined benefit obligation	(15,063)	(15,082)	(26,988)	(23,190)
Net defined benefit liability	**(7,442)**	**(8,780)**	**(8,703)**	**(8,906)**

	LPFA 2022 £'000	LPFA 2021 £'000	LCPF 2022 £'000	LCPF 2021 £'000
Reconciliation of defined benefit obligation				
Defined benefit obligation at start of year	**15,082**	**-**	**23,190**	**-**
Current service cost	825	667	2,266	1,417
Past service cost	-	-	-	61
Benefits (paid) / received	(45)	(5)	480	(120)
Contributions by employees	115	105	427	264
Interest cost	310	175	519	289
Scheme introductions	-	12,687	-	21,559
Remeasurements				
Effect of changes in financial assumptions	(1,246)	1,725	(667)	(280)
Effect of changes in demographic assumptions	-	(184)	713	-
Effect of experience adjustments	22	(88)	60	-
Defined benefit obligation at end of year	**15,063**	**15,082**	**26,988**	**23,190**

	LPFA 2022 £'000	LPFA 2021 £'000	LCPF 2022 £'000	LCPF 2021 £'000
Reconciliation of fair value of plan assets				
Fair value of plan assets at beginning of year	**6,302**	**-**	**14,284**	**-**
Benefits (paid) / received	(45)	(5)	480	(120)
Interest income on scheme assets - employer	132	79	335	177
Administrative expenses and taxes	(8)	(6)	(37)	(23)
Employer contributions	196	179	956	648
Contributions by employees	115	105	427	264
Scheme introductions	-	5,609	-	12,845
Remeasurements				
Return on scheme assets less interest income	929	341	1,840	493
Fair value of plan assets at end of year	**7,621**	**6,302**	**18,285**	**14,284**

17 Post-employment benefits (continued)

	LPFA		LCPF	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Analysis of assets				
Equities	3,653	2,894	8,791	6,700
Private equity	685	531	1,507	1,143
Diversifying strategies	809	699	172	-
Real Estate	684	573	1,887	2,028
Infrastructure	776	534	2,083	1,714
Fixed income	211	266	795	471
Credit	621	518	2,447	1,914
Cash and other	182	287	603	314
Total assets	**7,621**	**6,302**	**18,285**	**14,284**

	LPFA		LCPF	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Defined benefit costs recognised in income statement				
Current service cost	825	667	2,266	1,417
Past service cost	-	-	-	61
Net interest on defined liability	178	96	184	112
Administrative expenses and taxes	8	6	37	23
Scheme introductions	-	7,078	-	8,714
Total defined benefit costs recognised in income statement	**1,011**	**7,847**	**2,487**	**10,327**

	LPFA		LCPF	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Defined benefit (gain)/loss recognised in other comprehensive income				
Return on scheme assets less interest income	(929)	(341)	(1,840)	(493)
Effect of changes in financial assumptions	(1,246)	1,725	(667)	(280)
Effect of changes in demographic assumptions	-	(184)	713	-
Effect of experience adjustments	22	(88)	60	-
Total defined benefit (gain)/loss recognised in other comprehensive income	**(2,153)**	**1,112**	**(1,734)**	**(773)**

17 Post-employment benefits (continued)

Sensitivity analysis

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

Approximate increase to defined benefit obligation

	LPFA		LCPF	
	%	£'000	%	£'000
0.10% decrease in discount rate	3.16%	476	2.41%	651
0.10% increase in long-term salary increases	0.67%	101	0.50%	134
0.10% increase in pension increases	2.48%	373	2.47%	667
+1.00 year in life expectancy assumption	3.67%	553	2.85%	770

Reconciliation of funded position:

	LPFA	LCPF	Total
	£'000	£'000	£'000
Net defined benefit liability at start of the year	**(8,780)**	**(8,906)**	**(17,686)**
Expense recognised in profit and loss	(1,011)	(2,487)	(3,498)
Gain recognised in other comprehensive income	2,153	1,734	3,887
Transfer of assets and liabilities	-	-	-
Employer contributions	196	956	1,152
Net defined benefit liability at end of the year	**(7,442)**	**(8,703)**	**(16,145)**

No amounts were included in the cost of assets. (2021: £Nil).

No amounts included in assets relate to property leased by LPPA (2021: £Nil).

Total Post-employment benefits position

	2022	2021
	£'000	£'000
Fair value of plan assets	25,906	20,586
Defined benefit obligation	(42,051)	(38,272)
Net defined benefit liability	**(16,145)**	**(17,686)**

17 Post-employment benefits (continued)

LPPI

	LPFA 2022 %	LPFA 2021 %	LCPF 2022 %	LCPF 2021 %
The principal actuarial assumptions used were as follows:				
Discount rate	2.6	2.1	2.8	2.2
Future salary increases	4.1	3.8	4.7	4.2
Future pension increases (CPI)	3.1	2.8	3.3	2.8
Inflation assumption (RPI)	3.6	3.4	4.0	3.4

	LPFA 2022	LPFA 2021	LCPF 2022	LCPF 2021
Longevity at age 65 for current pensioners				
- Men	23.0	22.9	22.3	21.9
- Women	24.4	24.3	25.0	24.6
Longevity at age 65 for future pensioners				
- Men	24.3	24.2	23.7	22.7
- Women	25.8	25.7	26.8	25.8

	LPFA 2022 £'000	LPFA 2021 £'000	LCPF 2022 £'000	LCPF 2021 £'000
Post-employment benefits summary				
Fair value of plan assets	8,549	6,675	4,242	3,495
Defined benefit obligation	(15,656)	(14,522)	(6,762)	(6,197)
Net defined benefit liability	**(7,107)**	**(7,847)**	**(2,520)**	**(2,702)**

	LPFA 2022 £'000	LPFA 2021 £'000	LCPF 2022 £'000	LCPF 2021 £'000
Reconciliation of defined benefit obligation				
Defined benefit obligation at start of year	**14,522**	**5,178**	**6,197**	**4,768**
Current service cost	2,404	1,683	309	275
Benefits (paid) / received	(1)	229	-	47
Contributions by employees	482	548	77	89
Interest cost	294	180	137	111
Scheme (settlements)/introductions	(770)	3,637	-	-
Remeasurements				
Effect of changes in financial assumptions	(1,321)	3,356	(168)	907
Effect of changes in demographic assumptions	-	(127)	196	-
Effect of experience adjustments	46	(162)	14	-
Defined benefit obligation at end of year	**15,656**	**14,522**	**6,762**	**6,197**

17 Post-employment benefits (continued)

	LPFA		LCPF	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Reconciliation of fair value of plan assets				
Fair value of plan assets at beginning of year	**6,675**	**3,097**	**3,495**	**2,864**
Benefits (paid) / received	(1)	229	-	47
Interest income on scheme assets - employer	143	117	79	69
Administrative expenses and taxes	(9)	(4)	(5)	(6)
Employer contributions	648	729	159	172
Contributions by employees	482	548	77	89
Scheme (settlements)/introductions	(422)	1,380	-	-
Remeasurements				
Return on scheme assets less interest income	1,033	579	437	260
Fair value of plan assets at end of year	**8,549**	**6,675**	**4,242**	**3,495**

	LPFA		LCPF	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Analysis of assets				
Equities	4,098	3,064	2,037	1,639
Private equity	768	563	348	280
Diversifying strategies	908	740	38	-
Real Estate	767	607	369	496
Infrastructure	871	566	484	420
Fixed income	237	282	182	115
Credit	696	549	568	468
Cash and other	204	304	216	77
Total assets	**8,549**	**6,675**	**4,242**	**3,495**

	LPFA		LCPF	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Defined benefit costs recognised in income statement				
Current service cost	2,404	1,683	309	275
Net interest on defined liability	151	63	58	42
Administrative expenses and taxes	9	4	5	6
Scheme (settlements)/introductions	(348)	2,257	-	-
Total defined benefit costs recognised in income statement	**2,216**	**4,007**	**372**	**323**

17 Post-employment benefits (continued)

	LPFA 2022 £'000	LPFA 2021 £'000	LCPF 2022 £'000	LCPF 2021 £'000
Defined benefit (gain)/loss recognised in other comprehensive income				
Return on scheme assets less interest income	(1,033)	(579)	(437)	(260)
Effect of changes in financial assumptions	(1,321)	3,356	(168)	907
Effect of changes in demographic assumptions	-	(127)	196	-
Effect of experience adjustments	46	(162)	14	-
Total defined benefit (gain)/loss recognised in other comprehensive income	**(2,308)**	**2,488**	**(395)**	**647**

Sensitivity analysis

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

Approximate increase to defined benefit obligation

	LPFA %	LPFA £'000	LCPF %	LCPF £'000
0.10% decrease in discount rate	3.35%	525	2.43%	164
0.10% increase in long-term salary increases	0.13%	21	0.58%	39
0.10% increase in pension increases	3.20%	501	2.48%	168
+1.00 year in life expectancy assumption	3.63%	569	2.77%	187

Reconciliation of funded position:

	LPFA £'000	LCPF £'000	Total £'000
Net defined benefit liability at start of the year	**(7,847)**	**(2,702)**	**(10,549)**
Expense recognised in profit and loss	(2,216)	(372)	(2,588)
Gain recognised in other comprehensive income	1,960	395	2,355
Transfer of assets and liabilities	348	-	348
Employer contributions	648	159	807
Net defined benefit liability at end of the year	**(7,107)**	**(2,520)**	**(9,627)**

No amounts were included in the cost of assets. (2021: £Nil).

No amounts included in assets relate to property leased by LPPI (2021: £Nil).

Total Post-employment benefits position

	2022 £'000	2021 £'000
Fair value of plan assets	12,791	10,170
Defined benefit obligation	(22,418)	(20,719)
Net defined benefit liability	**(9,627)**	**(10,549)**

18 Share Capital

	Number	£'000
Ordinary shares of £1 each allotted and fully paid		
At 1 April 2021	**25,000,002**	**25,000**
Issued during the year	-	-
At 31 March 2022	**25,000,002**	**25,000**

During the year no ordinary shares were issued.

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

19 Reserves

Presented separately in previous years, the retirement benefit obligation reserve has been subsumed by the profit and loss account. This reclassification has been done to aid users in the understanding of the financial statements. The retirement benefit obligation reserve amount reclassified was negative £19,572,000 (net of deferred tax), based on the balance as of 1 April 2021.

20 Deferred taxation

	2022 £'000	2021 £'000
The provision for deferred tax consists of the following deferred tax assets:		
Accelerated capital allowances	(143)	16
Post-employment benefits	2,286	1,981
Total asset	**2,143**	**1,998**

21 Capital and other commitments

	2022 £'000	2021 £'000
Contracts for future capital expenditure not provided in the financial statements	**822**	**1,597**

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

Payment due	2022 £'000	2021 £'000
Not later than one year	1,592	1,485
Later than one year and not later than five years	2,291	798
Total	**3,883**	**2,283**

22 Related party transactions

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

The Key Management Personnel emoluments paid by the Group total £3,945,481 (2021 - £3,510,285) for the year.

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

23 Contingent liabilities

There are no contingent assets or liabilities. (2021: £Nil).

24 Controlling party

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

25 Events after the end of the reporting period

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