

Annual Report

Hammersmith and Fulham
Pension Fund 2024/25



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1.

Preface

Report from Chair of the Pension Fund Committee

WELCOME TO THE ANNUAL REPORT OF HAMMERSMITH AND FULHAM PENSION FUND

The Pension Fund Committee is responsible for overseeing the governance and management of the London Borough of Hammersmith and Fulham Pension Fund, including investment management and pension administration responsibilities. As the current Chair of this Committee, I am pleased to introduce the Pension Fund's Annual Report for the year 2024/25.

At the 2022 actuarial valuation the London Borough of Hammersmith and Fulham Pension Fund achieved a funding level of 105%. As at 31 March 2025, the indicative funding level has risen by 15% to 120% from the triennial valuation. Returns have continued to exceed the discount rate during the period, primarily because of excellent performance across the Fund's asset classes.

The Committee agreed top ups to two investments in year. Allocating an additional £30m to Alpha Real Capital Index Linked Income Fund and £35m Quinbrook Renewable Infrastructure Fund II.

The Fund collaborates closely with its LGPS pool, the London Collective Investment Vehicle (LCIV), to enhance efficiency by pooling Pension Fund assets. This collaboration allows the Fund to benefit from reduced fees that have been negotiated and to leverage additional services offered by the LGPS asset pool, such as climate-related reporting and asset manager engagement. With 60% of its assets pooled, the London Borough of Hammersmith and Fulham Pension Fund remains a key supporter of the London CIV pool.

I would like to thank all those involved in the governance and management of the Pension Fund during the year, especially those who served on the Pension Fund Committee during this time.



Councillor Ross Melton
Chair of the Pension Fund Committee

Introduction

The London Borough of Hammersmith and Fulham Pension Fund (the Fund) is part of the national Local Government Pension Scheme (LGPS) and is administered locally by Hammersmith and Fulham Council.

It is a contributory defined benefit pension scheme established in accordance with statute, which provides for the payment of benefits to employees and former employees of the Hammersmith and Fulham Council and the admitted and scheduled bodies in the Fund.

These benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. Teachers are excluded from this scheme as they are administered under the Teachers' Pension Scheme.

The Fund is financed by contributions from employees, the Council, the admitted and scheduled bodies, and from investment returns on the Fund's investment assets. Contributions rates for employees set in accordance with the Local Government Pension Scheme Regulations 2013.

Employer contributions are set based on the triennial actuarial funding valuation. The latest valuation for the fund was carried out as at 31 March 2022, and the new contributions came into effect from 1 April 2023.

The benefits payable from the Fund in respect of service from 1 April 2014 are set out in the Local Government Pension Scheme Regulations 2013, as amended, and in summary consist of:

- Career average revalued earnings (CARE), revalued in line with the Consumer Prices Index.
- Pensionable pay to include non-contractual overtime and additional hours.
- Flexibility for member to pay 50% contributions for 50% of the pension benefit
- Normal pension age to equal the individual member's State Pension Age.
Option to trade £1 of pension for a £12 tax-free lump sum at retirement.
- Death in service lump sum of three times pensionable pay and survivor benefits
- Early payment of pensions in the event of ill health.

The benefits payable in respect of service prior to 1 April 2014 are based on an employee's final salary and the number of years eligible service.

Benefits accrued in the Scheme before 1st April 2014 are protected up to that dated based on the scheme member's final year's pay.

Introduction Continued

The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

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

The content and format of this annual report is prescribed by the LGPS Regulations 2013.

Publication of this report gives the Council the opportunity to demonstrate the high standard of governance and financial management applied to the Fund. It brings together several separate reporting strands into one comprehensive document that enables both the public and employees to see how the Fund is managed and how well it is performing.

It is in the interest of both employees and the public that the Fund is well managed and continues to provide high returns and excellent value for money

Further information about the Local Government Pension Scheme can be found at: <https://www.lbhfpensionfund.org/>

This annual report and the statement of accounts within have been prepared taking careful account of relevant Statutory Guidance.

THIS ANNUAL REPORT COMPRISES THE FOLLOWING SECTIONS:

Management and Financial Performance which explains the governance and management arrangements for the Fund, a summary of the financial position and the approach to risk management.

Investment Policy and Performance which details the Fund's investment strategy, arrangements and performance.

Scheme Administration which sets out how the Scheme's benefits and membership are administered.

Actuarial Information which includes the funding position of the Fund with a statement from the Fund's actuary.

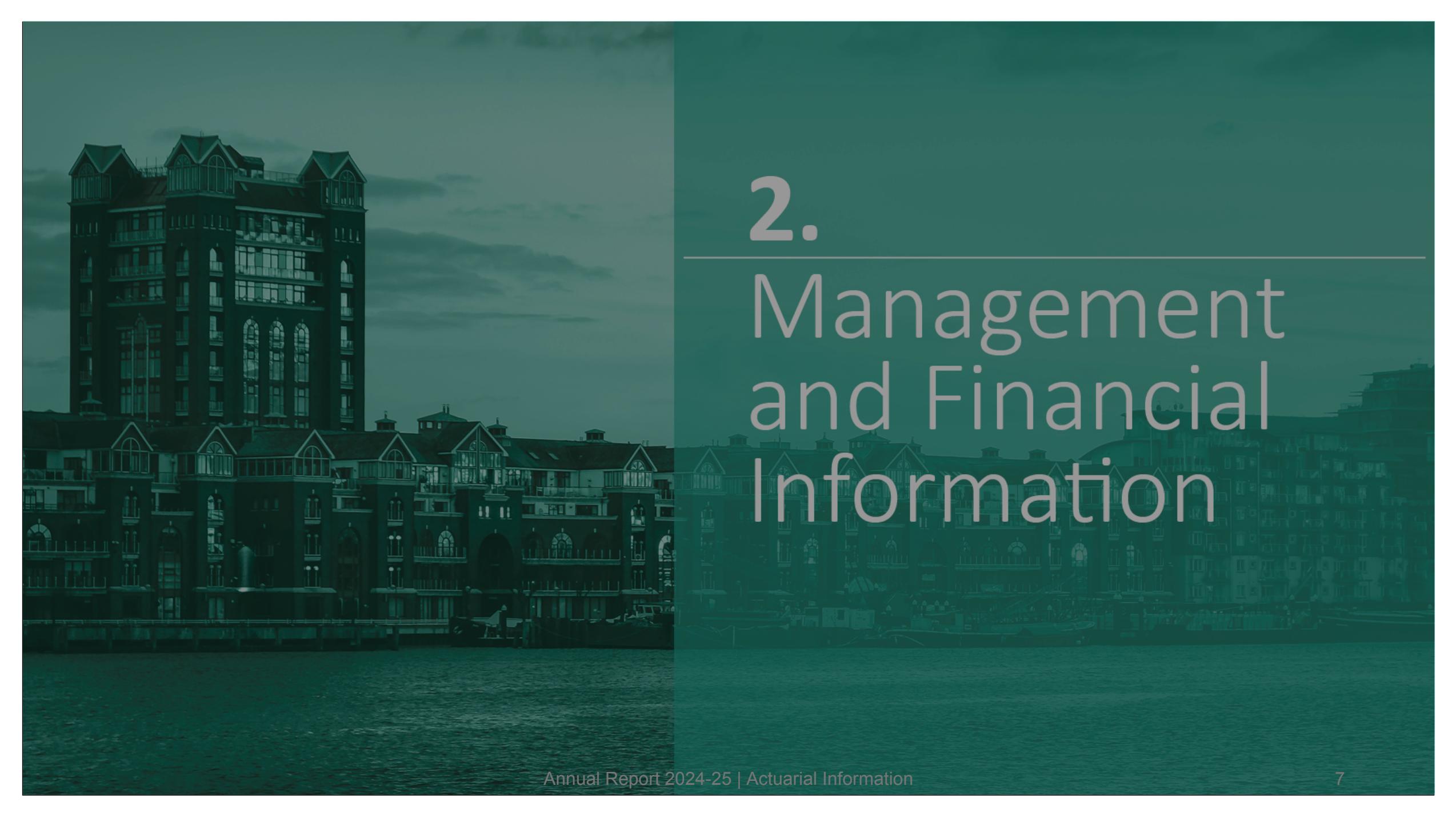
The Fund's Annual Accounts for the year ended 31 March 2025.

Asset Pools and their governance structure including costs

List of contacts and a glossary of some of the more technical terms

Appendices setting out the various regulatory policy statements of the Fund:

- Governance Compliance Statement
- Statement of Investment Principles
- Communication Policy
- Funding Strategy Statement
- Pension Administration Strategy



2.

Management and Financial Information

Governance Arrangements

PENSION FUND COMMITTEE

The London Borough of Hammersmith and Fulham Council has delegated responsibility for pension matters to the Audit, Pensions and Standards Committee.

The Committee is comprised of five elected representatives of the council – four from the administration and one opposition party representative. Members of the admitted bodies and representatives of the Trade Unions may attend the committee meetings but have no voting rights. To manage the workload of the committee, it has delegated decisions in relation to all pension matters to the Pension Fund Committee.

The Committee obtains and considers advice from the Tri-Borough Director of Treasury and Pensions, the Section 151 Officer and, as necessary, from the Fund's appointed actuary, advisors and investment managers.

Terms of reference for the Committee are:

- To agree the investment strategy and strategic asset allocation having regard to the advice of the fund managers and the investment consultant.
- To monitor performance of the Pension Fund, individual fund managers, custodians, actuary and other external advisors to ensure that they remain suitable.
- To determine the Fund's management arrangements, including the appointment and termination of fund managers, actuary, custodians and fund advisors.
- To agree the Statement of Investment Principles, the Funding Strategy Statement, the Business Plan for the Fund, the Governance Policy Statement, the Communications Policy Statement and the Governance Compliance Statement and to ensure compliance with these.
- To approve the final Statement of Accounts of the Pension Fund and to approve the Annual Report.
- To receive actuarial valuations of the Pension Fund regarding the level of employers' contributions necessary to balance the Pension Fund.
- To oversee and approve any changes to the administrative arrangements, material contracts and policies and procedures of the Council for the payment of pensions, and allowances to beneficiaries.
- To make and review an admission policy relating to admission agreements generally with any admission body.
- To ensure compliance with all relevant statutes, regulations and best practice with both the public and private sectors.
- To review the arrangements and managers for the provision of Additional Voluntary Contributions for fund members.
- To receive and consider the Auditor's report on the governance of the Pension Fund.
- To determine any other investment or Pension Fund policies that may be required from time to time to comply with Government regulations and to make any decisions in accordance with those policies.

Governance Arrangements Continued

PENSION FUND COMMITTEE

The membership throughout 2024/25 of the Pension Fund Committee is set out below.

Councillor	Committee Attendance 24/25
Ross Melton (Chair)	5/5
Adrian Pascu-Talbure (Vice)	4/5
Laura Janes	5/5
Adam Peter Lang	5/5
Florian Chevoppe-Verdier	5/5

Councillors may be contacted at Hammersmith Town Hall, King Street, London, W6 9JU.

PENSIONS BOARD

The Council has also established a Pensions Board (the Board) to assist the Pension Fund Committee as required by the Public Services Pensions 2013. The purpose of the Pensions Board is to provide oversight of the Pension Fund Committee.

The Board does not have a decision-making power in relation to management of the Fund but is able to make recommendations to the Pension Fund Committee.

The Board meets at least twice a year and is made up of two employer representatives nominated by the Council and four scheme member representatives from the Council or an admitted or scheduled body.

Terms of reference for the Pensions Board are:

- To secure compliance with the LGPS Governance regulations and any other legislation relating to the governance and administration of the Fund.
- To secure compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme
- To ensure effective and efficient governance and administration of the Scheme

The membership of the Pensions Board throughout 2024/25 is set out below.

Board Member	Employer/Employee	Attendance 2024/25
Cllr Ashok Patel (Chair)	Employer	2/2
Cllr Nikos Souslous	Employer	2/2
William O'Connell	Employee	2/2
Patsy Ishmael	Employee	2/2
Bruce Mackay	Employee	1/2
Andy Sharpe	Employee	1/2

Governance Arrangements Continued

CONFLICTS OF INTEREST

The Pension Fund is governed by elected members acting as trustees and the Code of Conduct for elected members' sets out how any conflicts of interests should be addressed. The Members Code of Conduct is in Part 5 of the Council Constitution which can be found online at www.lbhf.gov.uk

The Code includes general provisions on ethics and standards of behaviour which require elected members to treat others with respect and not to bully, intimidate or do anything to compromise the impartiality of those who work for or on behalf of the Council.

The Code also contains rules about “disclosable pecuniary interests” and sets out the action an elected member must take when they have such an interest in Council business, for instance withdrawing from the room or chamber when the matter is discussed and decided in committee, unless dispensation has been obtained from the Council’s Monitoring Officer.

GOVERNANCE COMPLIANCE STATEMENT

The LGPS Regulations 2013 require Pension Funds to prepare, publish and maintain a governance compliance statement; and to measure the governance arrangements in place against a set of best practice principles. This measurement should result in a statement of full, partial or non-compliance with a further explanation provided for any non- or partial-compliance.

The key issues covered by the best practice principles are:

- Formal committee structure;
- Committee membership and representation;
- Selection and role of lay members;
- Voting rights;
- Training, facility time and expenses.

A hyperlink to the Fund’s Governance Compliance statement can be found in the Appendices section of this report.

Governance Arrangements Continued

MEMBER AND OFFICER TRAINING

All Committee and Board members are required to have sufficient knowledge and understanding of pensions matters to undertake their roles. Board members are expected to comply with a separate policy on knowledge and understanding and maintain appropriate records.

The Tri-Borough Treasury and Pensions team host half day training sessions for all members to attend during the year.

Further relevant training is planned by officers for 2025/26 based on the needs of Committee and board members.

Training sessions during the year covered a diverse range of topics, including:

- Interpreting LGPS Pension Fund Accounting Statements;
- Government Policy on the Future of UK LGPS Pensions;
- Latest Actuarial Position in the LGPS;
- Global Updates on Natural Capital, Responsible Investment and Environmental, Social and Governance Issues;
- Market Updates of a variety of asset classes.

FREEDOM OF INFORMATION REQUESTS

The public have the right to ask to see recorded information held by public authorities, as set out in the Freedom of Information Act 2000. During the year, the Fund received 17 Freedom of Information requests (FOIs), 16 were responded to within the statutory deadline of 20 working days. The remaining request was responded to shortly after it's deadline, due to a delay in information requested from third parties

Scheme Management and Advisors 2024/25

EXTERNAL

Investment Advisor	Isio		
Independent Investment Advisors	Sam Gervaise-Jones	Marian George	
Investment Managers	Global Equities (Passive) Legal & General Investment Management Morgan Stanley Investment Management Private Multi-Asset Credit Partners Group Aberdeen Standard Infrastructure Aviva Investors Partners Group Quinbrook	Absolute Return Ruffer Fixed Income Oakhill Advisors Long Lease Property Aberdeen Standard Private Equity Unigestion	Ground Rents Alpha Real Illiquid Alternatives Darwin Affordable Housing Man Group Bonds Allspring Global Insight
Custodian	Northern Trust		
Banker	NatWest Bank		
Actuary	Hymans Robertson LLP		
Auditor	Grant Thornton LLP		
Legal Adviser	Eversheds Sutherland		
Scheme Administrator	LPPA		
AVC Providers	Scottish Widows Workplace Pensions	Utmost Life and Pensions	

Scheme Management and Advisors 24-25 Continued

OFFICERS

Strategic Director of Finance and Governance (S151 Officer)

Sukvinder Kalsi

Tri-Borough Treasury Pensions Team

Phil Triggs

Julia Stevens

Alastair Paton

Mathew Dawson

Billie Emery

Ruby Vuong

Patrick Rowe

Siân Cogley

Sukdev Singh

LBHF Pensions Manager

Eleanor Dennis

Contact details are provided in Section 7 of this report

Risk Management

The Fund’s primary long-term risk is that its assets fall short of its liabilities such that there are insufficient assets to pay promised benefits to members. The investment objectives have been set with the aim of maximising investment returns over the long term within specified risk tolerances. This aims to optimise the likelihood that the promises made regarding members’ pensions and other benefits will be fulfilled.

The responsibility for the Fund’s risk management strategy rests with the Pension Fund Committee. To manage the risks a Pension Fund Risk Register is maintained, focusing on investment risks and on administration risk. This document is reviewed quarterly. For the key risks which have been identified, appropriate planned actions have been introduced to minimise their impact. The risk register is managed by the Tri-Borough Director of Treasury and Pensions and risks have been assigned to the appropriate “risk owners”.

Risks arising from financial instruments are outlined in the notes to the Pension Fund Accounts (Note 16).

The Funding Strategy Statement (Link included in the appendices section of this report) sets out the key risks, including demographic, regulatory, governance, to not achieving full funding in line with the strategy. The actuary reports on these risks at each triennial valuation or more frequently as and when required.

The key risks identified within the Pension Fund Risk Register are:

Objective Area at Risk	Risk	Risk Rating	Responsible Officer	Mitigating Actions
Investment	Significant volatility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainty, including with Russia and Ukraine and conflicts in the Middle East.	High	Tri-Borough Director of Treasury and Pensions	The Fund’s officers are in regular dialogue with investment managers with regards to their management of political risk. The Fund holds a well-diversified portfolio, and the investment strategy is reviewed regularly.
Administration	Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.	Medium	Head of Pensions	The Fund’s officers continue to monitor the staffing changes, contract and KPIs of third-party provider.

Risk Management Continued

Objective Area at Risk	Risk	Risk Rating	Responsible Officer	Mitigating Actions
Funding	There is insufficient cash available to the Fund to meet pension payments due to reduced income generated from underlying investments, leading to investment assets being sold at sub-optimal prices to meet pension obligations.	Medium	Director of Finance	The Fund's officers maintain a regularly monitored cashflow forecast. The Fund's cash position is reported to Committee quarterly. The Fund continually reviews the income it receives from underlying investments
Governance	The asset pool disbands, or the partnership fails to produce proposals/solutions deemed sufficiently ambitious.	Medium	Tri-Borough Director of Treasury and Pensions	The Fund's officers frequently engage with the pool and partner funds Ongoing fund and pool proposals are monitored regularly
Funding	Scheme members live longer than expected leading to higher-than-expected liabilities.	Medium	Tri-Borough Director of Treasury and Pensions	The scheme's pension liabilities are reviewed on a quarterly basis and revalued every three years.
Investment	Volatility caused by Brexit factors, including ongoing supply chain issues and reduced trade and economic activity, as well as diminished UK financial and investment market activity.	Medium	Tri-Borough Director of Treasury and Pensions	Officers regularly consult and engage with advisors and independent managers.

Risk Management Continued

THIRD PARTY RISKS

The Council has outsourced the following functions of the Fund:

- Investment management;
- Custodianship of assets;
- Pensions administration.

As these functions are outsourced, the Council is exposed to third party risk. A range of investment managers are used to diversify manager risk.

To mitigate the risks regarding investment management and custodianship of assets, the Council obtains independent internal controls assurance reports from the reporting accountants to the relevant service providers. These independent reports are prepared in accordance with international standards. Any weaknesses in internal controls highlighted by the control's assurance reports are reviewed and reported as necessary to the Pension Committee.

The Council's internal audit service undertakes planned programmes of audits of all the Councils' financial systems on a phased basis, all payments and income/contributions are covered by this process as and when the audits take place.

The results of these reviews are summarised in the table and cover 99.5% of investment holdings at 31 March 2025.

	Type of Assurance	Control Framework	Compliance with Controls	Reporting Accountant
Fund Manager				
Aberdeen Standard	ISAE 3402	Reasonable assurance	Reasonable assurance	KPMG LLP
Legal & General	ISAE 3402	Reasonable assurance	Reasonable assurance	KPMG LLP
Morgan Stanley	ISAE 3402	Reasonable assurance	Reasonable assurance	Deloitte
Oak Hill Advisors	SOC10	Reasonable assurance	Reasonable assurance	RSM US LLP
Partners Group	ISAE 3402	Reasonable assurance	Reasonable assurance	PWC LLP
Ruffer LLP	ISAE 3402	Reasonable assurance	Reasonable assurance	Ernst Young LLP
Darwin	ISAE 3402	Reasonable assurance	Reasonable assurance	BDO Limited
Alpha Real Capital	AAF 01/20	Reasonable assurance	Reasonable assurance	BDO Limited
Man Group	ISAE 3402	Reasonable assurance	Reasonable assurance	Ernst Young LLP
Allspring Global	SOC10	Reasonable assurance	Reasonable assurance	KPMG LLP
Insight	ISAE 3402	Reasonable assurance	Reasonable assurance	KPMG LLP
Quinbrook	ISAE 3402	Reasonable assurance	Reasonable assurance	BDO Limited
Custodian				
Northern Trust	ISAE 3402	Reasonable assurance	Reasonable assurance	KPMG LLP

Financial Performance

The Fund asset value increased by £36m during 2024/25, to £1,413m as at 31 March 2025, this was largely because of positive performance within the global equity mandate and fixed income portfolios.

A triennial revaluation was completed in 2022/23 showing an improvement in the overall funding level to 105% compared to 97% in 2019. However, funding levels for different employers vary significantly. To improve funding levels, the Council's medium-term financial plan already assumes an increase in employer contributions, which in combination with other employers, will improve the overall funding level over the medium term. The latest triennial revaluation took place in 2022 and set employer contribution rates from 1 April 2023 onwards. The next triennial valuation will take place in 2025 and set rates from 1 April 2026 onwards.

Over the five-year period, pensions paid have exceeded contributions received by £57m in total. This reflects the maturity of the Fund membership in that there are fewer contributors than beneficiaries.

Both officers and the Pension Fund Committee monitor investment performance closely and refer to independent investment advisers as necessary to ensure the Fund's investments are being managed effectively.

Fund Account Analytical Review	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Dealings with members					
Contributions	(41,534)	(42,920)	(43,807)	(49,925)	(52,146)
Pensions	52,088	54,096	54,869	60,845	65,115
Net (additions)/withdrawals from dealings with members	10,554	11,176	11,062	10,920	12,969
Management expenses	8,903	9,915	8,283	10,857	8,260
Investment Income	(12,327)	(11,170)	(24,694)	(19,531)	(21,426)
Change in market value	(215,444)	(115,585)	39,819	(89,367)	(35,670)
Net (increase)/decrease in the Fund	(208,337)	(105,690)	34,470	(87,121)	(35,867)

Financial Performance Continued

The points to note are:

44.6% of pooled investment vehicles comprise of global equity shareholdings (43.5% in 23/24), 25.3% within dynamic assets (25.9% in 23/14), 17.7% is invested in secure income (18.6% in 23/24), while the remaining 12.4% is invested in inflation protection (11.7% in 23/24).

The overall value of pooled investment vehicles increased by £27m (3%) during the year, largely due to positive performance within the equity, and fixed income asset classes.

Further details are given in the Investment Policy and Performance Section.

Net Asset Statement Analytical Review

	2020/21	2021/22	2022/23	2023/24	2024/25
Net Asset Statement	£'000	£'000	£'000	£'000	£'000
Bonds	-	-	-	-	-
Equities	150	150	150	150	150
Investment vehicles	1,214,810	1,287,378	1,260,241	1,353,274	1,380,705
Cash deposits	8	32,104	20,245	7,456	27,459
Other	13	7	39	18	92
Total Investment Assets	1,214,981	1,319,639	1,280,675	1,360,898	1,408,406
Current assets	3,664	4,525	3,911	3,929	4,002
Current Liabilities	(1,100)	(2,118)	(1,979)	(2,905)	(2,219)
Cash Balances Held Directly by the Fund	1,678	2,867	7,836	15,642	3,242
Closing Net Assets of the Scheme	1,219,223	1,324,913	1,290,443	1,377,564	1,413,431

Financial Performance Continued

The key variances were due to the following:

Lump sums increased due to more members retiring than in the prior year.

Transfers in were lower, reflecting less new starters joining the scheme and choosing to transfer in benefits on commencement of employment, than last year.

Transfers out were lower, reflecting less people leaving the scheme and choosing to transfer out their benefits than the last year.

Pension payments increased during 2024/25, primarily due to the increases in pension payments, which are linked to CPI

Dealings with Scheme Members Analytical Review

	2020/21	2021/22	2022/23	2023/24	2024/25
Contributions Receivable	£'000	£'000	£'000	£'000	£'000
Members	(8,004)	(8,735)	(9,539)	(10,303)	(10,768)
Employers	(24,180)	(25,568)	(27,421)	(31,323)	(33,255)
Transfers In	(9,350)	(8,617)	(6,847)	(8,299)	(8,123)
Other					
Total Income	(41,534)	(42,920)	(43,807)	(49,925)	(52,146)
Benefits Payable					
Pensions	36,363	37,839	40,045	44,317	48,851
Lump Sums	8,672	10,368	8,002	9,439	9,813
Transfers Out	7,013	5,737	6,738	6,980	6,370
Refunds	40	152	84	109	81
Total Expenditure	52,088	54,096	54,869	60,845	65,115
Net Dealings with Members	10,514	11,176	11,062	10,920	12,969

Financial Performance Continued

Analysis of Operational Expenses

The costs of running the pension fund are shown below. During 2024/25, the administration costs decreased by 14% to £1,137k, largely due to the stabilisation of the pension administration contract and associated project costs.

The Fund's investment management expenses decreased by 27% during the year. There were three main driver of this decrease in cost, firstly due to less favourable performance in 2024/25 than 2023/24, only one fund manager hit their threshold for performance related fees. Secondly, fees from managers are calculated from the NAV, a lower NAV results in less fees. Finally, in 2023/24 the fund made four new investments, and topped up an investment, whereas in 2024/25 the fund only topped up two investments so, the transaction fees are much lower the prior year

	Investment Management Expenses	
	2024/25	2023/24
	£000	£000
Management fees	(5,569)	(5,580)
Performance fees	(65)	(672)
Transaction costs	(1,033)	(2,864)
Custody fees	(72)	(68)
Total	(6,739)	(9,184)

Financial Performance Continued

Employer and Employee Contribution Rates

Employer contribution rates are set triennially as part of the actuarial valuation, with the most recent valuation taking place on 31 March 2022. Employer contributions need to be set at a level which ensures the Fund has enough money to pay member benefits. Employee contribution rates are based on employee salaries, with rates currently between 5.5% and 12.5% of pensionable pay. The employer and average employee contribution rates for each active employer as a percentage of pensionable pay, for 2024/25, are shown in the table below.

Administering Bodies	Employer rate %	Employee avg. rate %
London Borough of Hammersmith & Fulham	21.7%	7.5%
Addison Primary School	21.7%	5.9%
All Saints Primary School	21.7%	5.9%
Avonmore Primary School	21.7%	5.5%
Bayonne Nursery School	21.7%	6.0%
Brackenbury Primary School	21.7%	6.1%
Cambridge School (Special)	21.7%	6.4%
Flora Gardens Primary School	21.7%	6.3%
Holy Cross RC Primary School	21.7%	6.1%
Jack Tizard School (Special)	21.7%	6.1%
James Lee Nursery School	21.7%	6.2%
John Betts Primary School	21.7%	6.0%

Kenmont Primary	21.7%	6.2%
Larmenier & Sacred Heart Primary	21.7%	5.9%
Melcombe Primary School	21.7%	5.9%
Miles Coverdale Primary School	21.7%	6.0%
Normand Croft Community School	21.7%	5.9%
Old Oak Primary School	21.7%	6.0%
Randolph Beresford Early Years	21.7%	5.9%
Sir John Lillie Primary School	21.7%	5.9%
St Johns CE Primary School	21.7%	6.1%
St Mary's Primary School	21.7%	6.0%
St Paul's Primary School	21.7%	6.1%
St Peter's Church of England Primary School	21.7%	5.9%
St Stephens CoE Primary School	21.7%	6.0%
St. Thomas of Canterbury Primary	21.7%	5.9%
The Good Shepherd Primary School	21.7%	5.9%
Vanessa Nursery School	21.7%	6.1%
Wendall Park Primary School	21.7%	6.3%
William Morris Sixth Form School	21.7%	6.2%
Wood Lane High School	21.7%	6.3%
Wormholt Park Primary School	21.7%	6.4%

Financial Performance Continued

Scheduled Bodies

Scheduled bodies are organisations which have a statutory right to be a member of the Local Government Pension Scheme under the regulations e.g. academy schools

Scheduled Bodies	Employer Contribution Rate %	Employee Contribution Avg. Rate %
Mortlake Crematorium Board	21.9%	6.8%
London Oratory School	15.2%	6.3%
Ark Burlington Danes Academy	13.5%	6.0%
Hammersmith Academy	23.0%	6.8%
Sacred Heart Academy	23.0%	6.7%
Ark Conway Primary Academy	23.0%	5.7%
Knowledge West London Free School	23.0%	7.0%
Ark Bentworth Primary Academy	23.0%	5.6%
Lady Margaret Academy	23.0%	7.3%
Ark Swift Primary Academy	23.0%	5.8%
Fulham College Academy Trust (Girls)	23.0%	6.5%
Hurlingham and Chelsea Academy	21.9%	6.8%

Fulham Boys Free School	23.0%	6.6%
Fulham College Academy Trust (Boys)	23.0%	6.6%
Greenside Academy	23.0%	6.0%
Thomas' Academy	23.0%	6.2%
Langford Academy	23.0%	6.9%
Futures (Phoenix) Academy	23.0%	6.3%
The Bride AP Academy	23.0%	6.6%
Knowledge Earl's Court Free Primary School	23.0%	5.7%
Fulham Primary School	23.0%	5.9%
Queens Manor Primary School	23.0%	5.9%
Sullivan Primary School	23.0%	6.1%
Queensmill Academy	23.0%	6.2%
St Augustine's Primary Academy	23.0%	6.0%
St John XXIII Catholic Primary Academy	23.0%	5.8%

Financial Performance Continued

Admitted Bodies

Admitted bodies participate in the pension scheme via an admission agreement made between the Council and the employing organisation.

Admitted Bodies	Employer Contribution Rate %	Employee Contribution Avg. Rate %
Mitie Catering Services Ltd	22.7%	6.2%
FM Conway	20.3%	6.4%
Pinnacle PSG Ltd - Estates Services	30.9%	6.5%
Urban Partnership Group	24.5%	6.6%
Caterlink (Main Contract)	32.6%	5.9%
BT - IT services	21.4%	6.8%
Abelian-UK Ltd - Wormholt Park Primary	35.8%	5.5%
Birkin Clean	35.9%	5.5%
F M Conway (2017)	23.8%	5.5%
Peabody	28.2%	5.5%
Morgan Sindall Group - Contract 1 -	34.3%	6.7%
Morgan Sindall Group - Contract 2 -	29.3%	6.5%

Bee Services - Randolph Beresford -	32.8%	5.5%
Bee Services - Vanessa Nursery -	35.6%	5.5%
Churchill Catering	33.9%	5.5%
The Pantry (UK) Ltd (St John XXIII)	25.2%	5.7%
The Pantry (UK) Ltd (St Marys)	23.1%	5.5%
Morgan Sindall Group - Contract 3 -	26.2%	6.5%
HATS Group Ltd	29.7%	5.5%
Veolia	20.4%	6.5%

Financial Performance Continued

Late and Overdue Contributions

As part of the Fund's Pensions Administration Strategy (PAS), LBHF officers monitor employer performance including payment of contributions and submission of monthly returns. As part of this monitoring process, the Fund can charge employers, as per the PAS, a link to which can be found in the appendices section of this report. The following table details the number of late contribution payments made during the financial year 2024/25. There was a total of 13 late payments during the year, in relation to employer and employee contributions, however the option to levy interest on overdue contributions was not exercised.

Month	Number of Late Payments
April	2
May	1
June	1
July	2
August	1
September	-
October	1
November	1
December	-
January	-
February	1
March	3
Total	13

The Fund's administrator, LPPA, monitors pension overpayments throughout the year. Due to time constraints and excess costs in relation to recovery, any pension payments valued at £250 or less are automatically written off. It is broadly estimated that Fund writes off approximately £20,000 - £30,000 in overpaid pension each year. The Pension Fund does however attempt to pursue those overpayments above the £250 threshold. The LBHF pensions team continues to work with the LPPA and the LBHF debt recovery teams to try and recover further outstanding overpayment fund.

Actions Taken Against Fraud

Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss due to fraud is minimised. Strong governance arrangements and internal control are in place in respect of the Pension Fund. Internal Audit assist in the implementation of strong internal controls. Fund Managers have to provide annual SSAE16 and ISAE3402 or similar documentation (statement of internal controls). Officers are not aware of any instances of fraud, credit losses, provisions, contingent liabilities, or impairments during the year.



3.

Investment Policy and Performance

Investment Policy

The Pension Fund Committee has set out a broad statement of the principles it has employed in establishing its investment and funding strategy in the Investment Strategy Statement (ISS).

The ISS sets out responsibilities relating to the overall investment policy of the Fund including:

- asset allocations
- restrictions on investment types
- methods of investment management
- performance monitoring

The ISS also sets out the Fund's approach to responsible investment and corporate governance issues, and how the Fund demonstrates compliance with the "Myners Principles." These Principles are a set of recommendations relating to the investment of pension funds originally prepared by Lord Myners in 2001 and subsequently endorsed by Government.

The current version of the Myners Principles covers the following areas:

- effective decision making
- clear objectives
- risk & liabilities
- performance measurement
- responsible ownership
- transparency and reporting

A link to the Fund's ISS has been included in the appendices section of this report.

The LGPS (Management and Investment of Funds) Regulations 2016, require the Fund to publish an ISS. The ISS addresses each of the objectives included in the 2016 Regulations, namely:

- The administering requirement to invest fund money in a wide range of instruments.
- The administering authority's assessment of the suitability of investments and types of investment.
- The administering authority's approach to risk, including the ways in which risks are to be measured and managed.
- The administering authority's approach to pooling investments, including the use of collective investment vehicles.
- The administering authority's policy on how environmental, social and corporate governance considerations are considered in the selection, non-selection, retention and realisation of investments.

Any queries relating to the Fund's investment policy should be addressed to:

Tri-Borough Pensions Team
16th Floor
64 Victoria Street
London
SW1E 6QP

Email: pensionfund@lbhf.gov.uk

Asset Allocation

The strategic asset allocation is agreed by the Pension Fund Committee and the Fund’s advisers. The allocation during the year ended 31 March 2025 was as follows:

Asset Class	Actual Allocation	Target Allocation
Global Equities	44.6%	40.0%
Dynamic Asset Allocation	25.3%	25.0%
Secure Income	19.1%	20.0%
Total Inflation Protection	11.0%	15.0%
Total	100%	100.0%

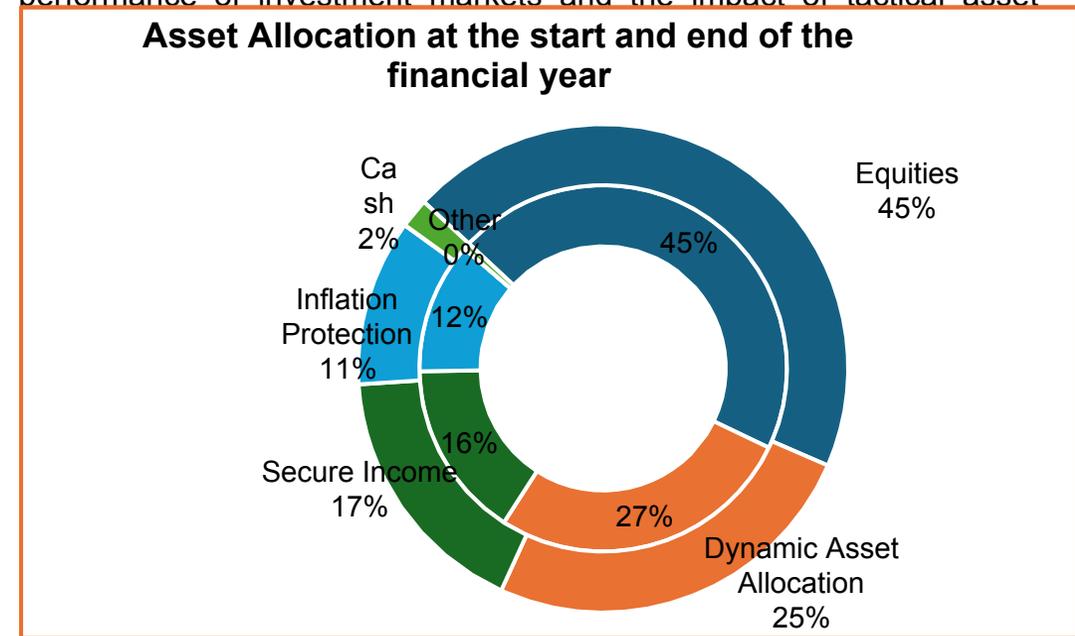
The Pension Fund Committee holds Fund Managers accountable for decisions on asset allocation within the Fund mandate that they operate under. To follow the Myners’ Committee recommendation, Fund Managers are challenged deliberately and formally about asset allocation decisions.

Investment portfolios are reviewed at each Committee meeting in discussion with the Investment Adviser and Officers, and Fund Managers are called to a committee meeting if there are issues that need to be addressed. Officers meet Fund Managers regularly and advice is taken from the Investment Advisor on matters relating to fund

manager arrangement and performance.

Fund managers provide a rationale for asset allocation decisions based upon their research resource to ensure that they are not simply tracking the peer group or relevant benchmark index. The Fund’s asset allocation strategy can be found in the ISS. The asset allocation of the Pension Fund at the start and end of the financial year are set out in the chart below.

These figures are based on market value and reflect the relative performance of investment markets and the impact of tactical asset

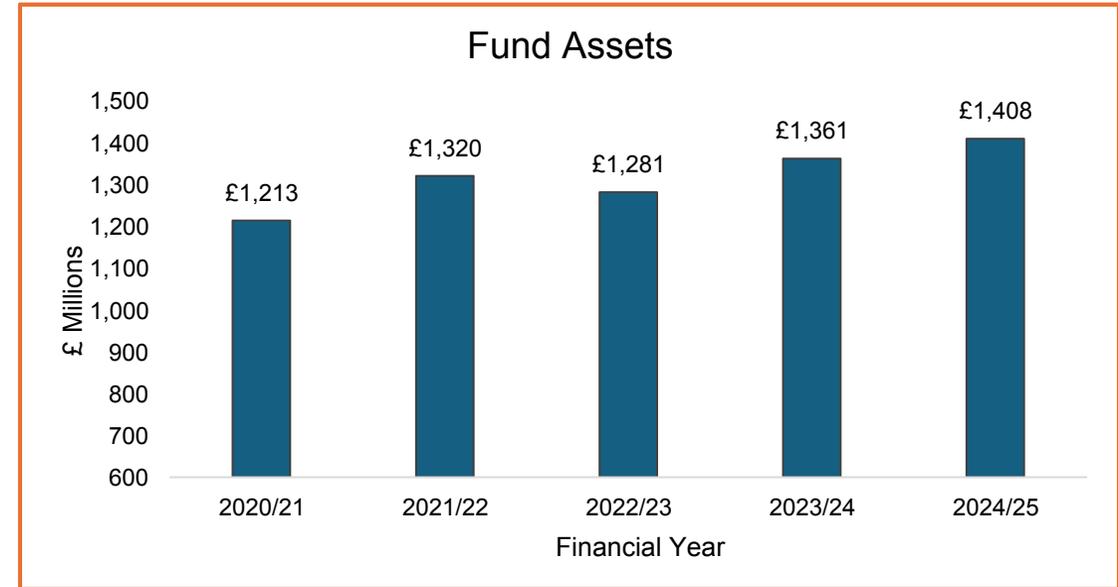


Asset Allocation Continued

Fund Value

The net asset value of the Fund has almost doubled over the past ten years with 16% of this growth occurring over the last five years. In 2024/25, the fund's net asset value increased by 3% to £1.41bn.

The Fund is invested to meet liabilities over the medium to long-term and therefore its performance should be judged over a corresponding period. Annual returns can be volatile and do not necessarily indicate the underlying health of the Fund

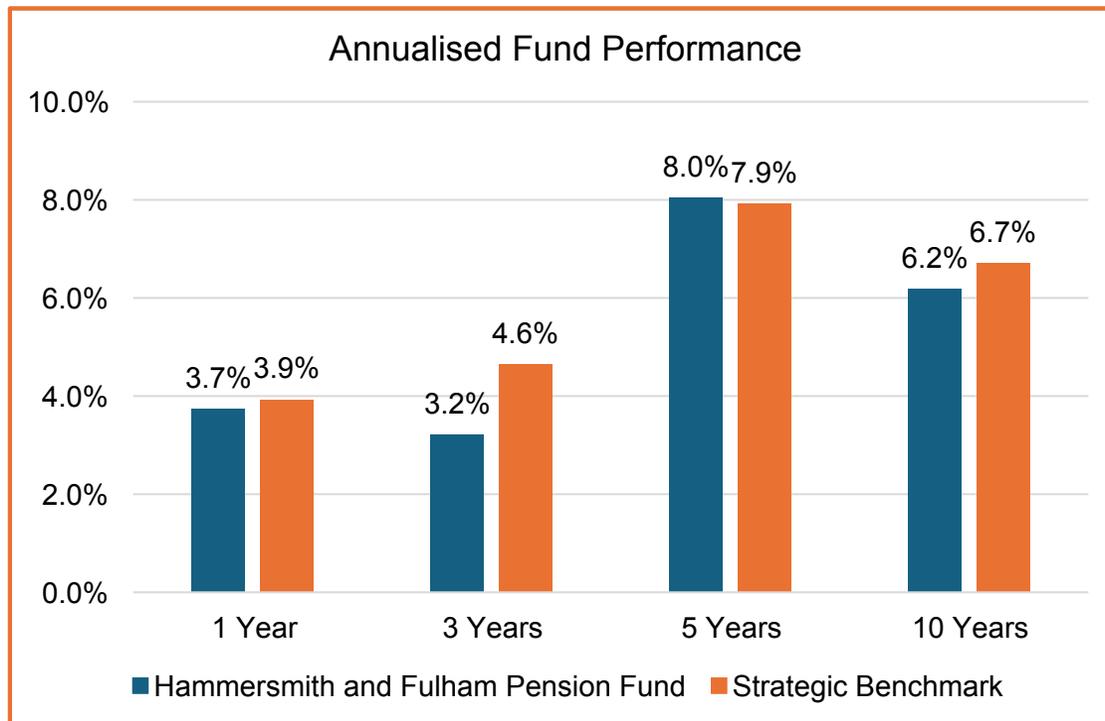


Investment Performance

In 2024/25, the Fund's investment performance was 3.7% (7.9% in 2023/14) to £1.41bn. This was below the average LGPS return by -0.2%. Performance of the Fund is measured against an overall strategic benchmark.

Each fund manager is assigned individual performance targets which are linked to index returns for the assets they manage, e.g. FTSE All Share for UK equities. Details of these targets can be found in the Statement of Investment Principles.

The chart below shows the annualised fund performance over different time periods. Overall, the Fund has underperformed its strategic benchmark across the 10-year period with an underperformance of 0.5% in 2024/25.



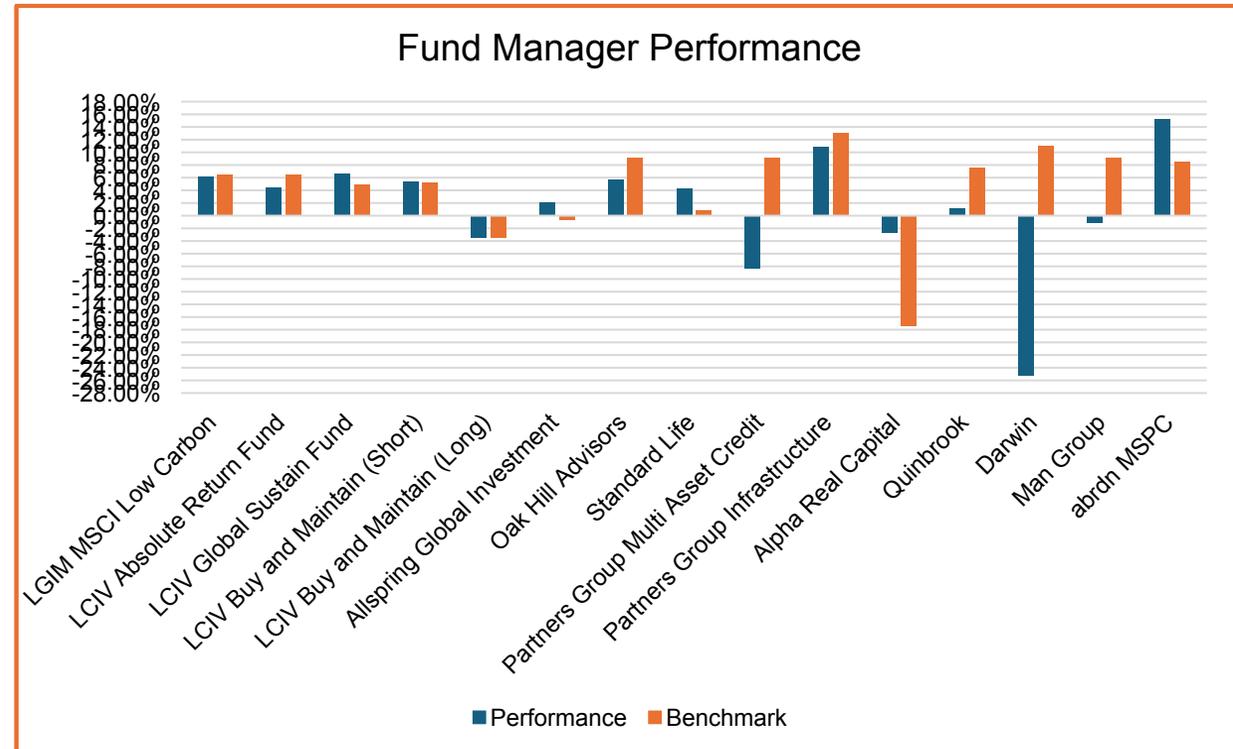
Investment Performance Continued

Active	Passive
London LGPS CIV Ltd LCIV Absolute Return Fund (Ruffer) LCIV Buy and Maintain Bonds (Insight) LCIV Global Core (MSIM)	Legal & General Investment Management MSCI Low Carbon Tracker Fund
Partners Group Private Multi Asset Credit Infrastructure	
Oak Hill Advisors Multi Asset Credit	
Aberdeen Long Lease Property Fund Multi-sector Private Credit	
Man Group Affordable Housing	
Darwin Alternatives Illiquid Alternatives	
Quinbrook Renewable Infrastructure	
Allspring Global Investors Buy and Maintain Bonds	
Alpha Real Capital Ground Rents	

The portfolio is a mixture of active and passively managed asset classes:

- Targets for active fund mandates are set to outperform the benchmark by a set percentage through active stock selection and asset allocation.
- Targets for passive funds are set to achieve the benchmark through investment in a stable portfolio.

The table below shows the portfolio mixture of the fund. The overall performance of each manager is measured over rolling three-year or five-year periods as there will inevitably there be short-term fluctuations in performance.



Corporate Governance

RESPONSIBLE INVESTMENT POLICY

The Council has a paramount fiduciary duty to obtain the best possible financial return on Fund investments without exposing assets to unnecessary risk. It believes that following the best practice in terms of environmental, social and ethical issues has a positive effect on the long-term financial performance of a company and will improve investment returns to its shareholders.

The Fund investment managers, acting in the best financial interests of the Fund, are expected to consider, amongst other factors, the effects of environmental, social and ethical issues on the performance of a company when undertaking the acquisition, retention or realisation of investments for the Fund.

In 2019/20 the Fund drafted its first Responsible Investment Statement which was approved later in 2020. This has since been updated and approved by Committee in March 2025. A link to the current responsible investment strategy can be found in the appendices section of this report.

The Fund's investment managers have adopted socially responsible investment policies which are subject to regular review both by officers and by the Council's Pension Fund Committee.

The Council is a member of the CIPFA Pensions Network which provides a central coordination point for all LGPS funds and local authority members.

CIPFA staff and the network more generally can advise subscribers on all aspects of pensions and related legislation. Relevant training and seminars are also available to officers and members of participating funds.

While the Fund is a member of the Pensions Lifetime and Savings Association (formerly the National Association of Pension Funds), it does not subscribe to nor is it a member of the Local Authority Pension Fund Forum, UK Sustainable Investment & Finance Association or the Institutional Investors Group on Climate change or any other bodies.

VOTING

Fund Managers have the delegated authority to vote at shareholder meetings in accordance with their own guidelines, which have been discussed and agreed with the Pension Fund Committee. The Committee keeps under close review the various voting reports that it receives from Fund managers.

COLLABORATIVE VENTURES

The Fund has been working closely with other London LGPS funds in the London Collective Investment Vehicle set up to enable greater buying power, reduced fees and enhanced governance arrangements. The Hammersmith and Fulham Pension Fund is a shareholder in London LGPS CIV Limited and had 60.1% of assets invested with the pool as at 31 March 2025.

Corporate Governance Continued

SEPARATION OF RESPONSIBILITIES

The Fund has appointed Northern Trust as its global custodian, which is independent to the investment managers and responsible for the safekeeping of all the Fund's investments. Northern Trust are also responsible for the settlement of all investment transactions and the collection of income.

The Fund's bank account is held with NatWest Bank. This is used for the operation functions of the Fund which include receiving contributions from employers and paying out benefits to members.

The actuary is responsible for assessing the long-term financial position of the pension fund and issues a Rates and Adjustments statement following their triennial valuation of the Pension Fund, which sets out the minimum contributions which each employer in the Scheme is obliged to pay over the following three years.

FUNDING STRATEGY STATEMENT

The Funding Strategy Statement (link in appendices section of this report) sets out the aims and purpose of the pension fund and the responsibilities of the administering authority regarding funding the scheme.

Its purpose is:

- To establish a clear and transparent fund-specific strategy to identify how employers' pension liabilities are best met going forward;
- To support the regulatory requirement to maintain as nearly constant employer contribution rates as possible;
- To take a prudent longer-term view of funding those liabilities.

STEWARDSHIP CODE

The Pension Fund Committee believes that investor stewardship is a key component of good governance and is committed to exercising this responsibility with the support of its investment managers. In line with this approach, all the Fund's equity investment managers are signatories to the UK Stewardship Code.

The Pension Fund Committee believes that companies should be accountable to shareholders and should be structured with appropriate checks and balances to safeguard shareholders' interests and deliver long-term returns.

The Pension Fund Committee encourages Fund Managers to consider a range of factors before making investment decisions, such as the company's historical financial performance, governance structures, risk management approach, the degree to which strategic objectives have been met and environmental and social issues. Such considerations may also be linked to voting choices at company AGMs.

The Pension Fund Committee's role is not to micro-manage companies but provide perspective and share with boards and management our priorities for investment and approach to corporate governance. The aim is to work with management, shareholders and stakeholders to bring about changes that enhance long-term performance.

Asset Pool Background and Governance

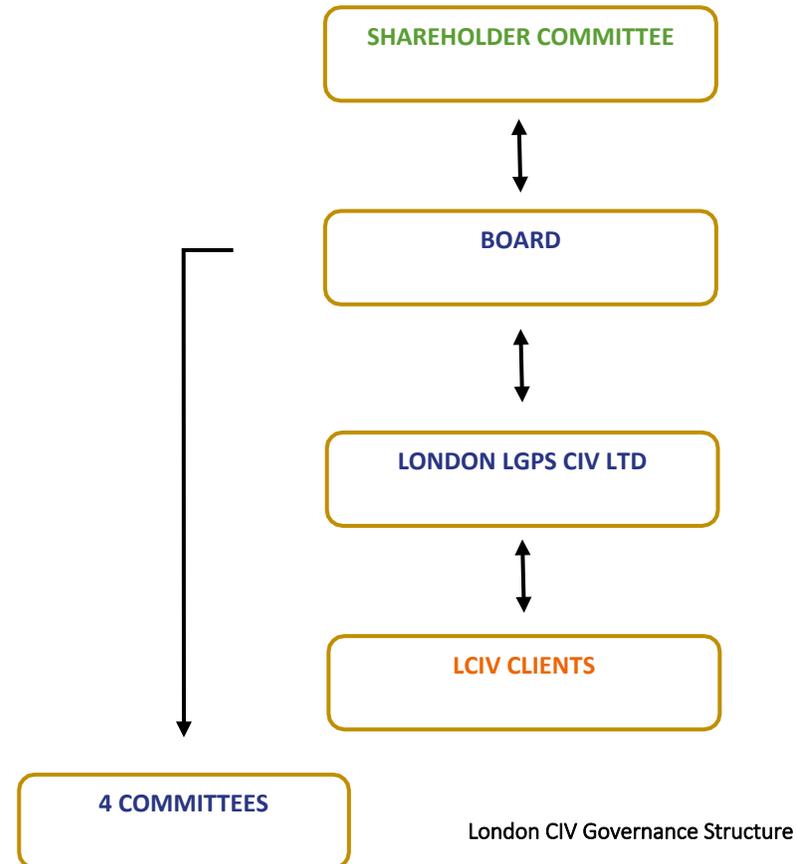
BACKGROUND

During 2015 the Department for Levelling Up, Housing and Communities (DLUHC) issued guidance on LGPS asset pooling (LGPS: Investment Reform Criteria and Guidance), which sets out how the government expected funds to establish asset pooling arrangements. In January 2019, the DLUHC issued a consultation and draft guidance on asset pooling within the LGPS, setting out changes to the pooling framework. This guidance will set out the requirements on administering authorities, replacing previous guidance, and build on previous ministerial communications and guidance on investment strategies.

The Fund recognises the Government's requirement for LGPS funds to pool their investments and is committed to pursuing a pooling solution that ensures maximum cost effectiveness for the Fund, both in terms of return and management cost.

The pension funds across England and Wales have come together to form eight asset pools. This has been reduced to six pools in 2025. The Hammersmith Fund joined the London Collective Investment Vehicle (LCIV) in December 2015, the pool comprises of the 32 local authorities within London and has £34.2 billion under management as at 31 March 2025, with 20 public-market and 8 private-market funds launched.

transitioned assets into the London CIV with a value of £0.846bn or 60% as at the 31 March 2025. Going forward the Fund will be transitioning further assets as part of the now mandated minimum standards for pooling.



Asset Pool Background and Governance Continued

GOVERNANCE

Under the May 29, 2025 DLUHC response to the "Fit for the Future" consultation, minimum standards for LGPS asset pools are now mandated—aimed at enhancing governance, consolidating scale, and ensuring consistency in line with international best practices. The government has reaffirmed the March 31, 2026 deadline for pools to obtain regulatory authorization and offer strategic investment services.

In this strengthened framework, administering authorities must clearly distinguish their dual roles—as shareholders of pool companies and clients of their services—with governance models that reflect these responsibilities.

The London CIV Shareholder Committee, still comprising 12 members (Councillors and Treasurers from the LLAs), now operates with an enhanced statutory mandate to ensure full transparency, strategic alignment, and accountability under national pooling standards.

The Corporate Governance & Controls Framework, last updated in 2024, has been further revised to incorporate the new pooling mandates—clarifying processes for budget and business plan approval, appointments, and public transparency required under the reform.

Following a 2023 review, the London CIV Company Board—composed of an independent Chair, three Independent NEDs, two shareholder-nominated NEDs, and two Executive Directors—is now required to explicitly balance its fiduciary duty to scheme members with shareholders' interests, while executing strategic oversight, financial controls, risk management, and compliance.

London CIV's four standing committees (covering investment oversight, audit and risk, remuneration and nominations, and operations) now report against the statutory pooling metrics and standards set by DLUHC. External oversight continues via the FCA, depositary, external auditors, and DLUHC, now with added compliance obligations tied to the strengthened governance regime.

Finally, a statutory Annual General Meeting is held, inviting all 32 Partner Funds to approve budgets, exercise shareholder rights, and hold the Board to account under the new governance model.

Pool Set Up Costs

POOL SET UP AND TRANSITION COSTS

The set up and transition costs incurred by the Fund in relation to pooling are detailed in the following table

	2024/25			
	Direct	Indirect	Total	Cumulative
	£'000	£'000	£'000	£'000
Set up costs				
Other costs	-	57	57	857
Total set up costs	-	57	57	857
Transition costs				
Taxation			-	-
TOTAL EXPECTED COSTS AND SAVINGS			-	-
Other transition costs	162	-	162	938
Total transition costs	162	-	162	938

The Pension Fund has five mandates held with the London CIV pool company; Morgan Stanley Global Quality Equities, LGIM MSCI Low Carbon Equities, Ruffer Absolute Return, Insight Buy and Maintain Bonds (Short Duration) and Insight Buy and Maintain Bonds (Long Duration). The following table details actual costs and savings to 2024/25 by pooling these funds.

£000	Set Up Costs	Transition Costs	Fee Savings/ (costs)	Net savings/ (Costs)
2015/16	(5)	(29)	56	22
2016/17	(93)	(84)	328	151
2018/19	(65)	(90)	465	309
2019/20	(138)	(95)	766	554
2020/21	(259)	(118)	936	559
2021/22	(400)	(135)	1,437	902
2022/23	(331)	(131)	1,436	974
2023/24	(103)	(74)	1,197	1,020
2024/25	(57)	(162)	1,170	951

Other Investment Management Costs

The table below splits investment management costs between pooled and non-pooled. An analysis of operational expenses including variances to prior years can be found within section 2 of this report.

	Asset Pool			Non-asset pool			Fund Total
	Direct	Indirect	Total	Direct	Indirect	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Management fees	2,461	-	2,461	3,107	65	3,172	5,634
Asset pool shared costs	-	-	-	-	-	-	-
Transaction costs	-	454	454	-	579	579	1,033
Custody	-	-	-	72	-	72	72
Total	2,461	454	2,915	3,179	645	3,824	6,739

Asset Allocations

Asset values as at 31 March 2025	Pooled	Under pool mgmt.	Not Pooled	Total
	£'000	£'000	£'000	£'000
Equities	189,598	438,128		627,726
Bonds	63,613		138,146	201,759
Property			51,808	51,808
Hedge funds				
Diversified Growth Funds				
Private equity	150			150
Private debt				
Infrastructure			91,187	91,187
Derivatives				
Cash and net current assets			27,551	27,551
Other	154,813		253,412	408,225
Total	408,174	438,128	562,104	1,408,406

The following table splits out the Fund's assets by UK investment. This data covers some, but not all the assets included in the asset classes in the net asset statement, and it is not expected that it sums to 100% of assets.

Asset values as at 31 March 2025	Pooled	Under pool mgmt.	Not Pooled	Total
	£'000	£'000	£'000	£'000
UK Listed Equities	23,370	14,458	0	37,828
UK Government Bonds	26,852	0	47,384	74,236
UK Infrastructure	0	0	56,269	56,269
UK Property	0		173,036	173,036
UK Private Markets	0	0	41,681	41,681

Local Investment

As part of the government’s Local Investment plans, funds are required to publish plans for increasing investment in line with an ambition of up to 5% of assets to be invested in projects which support Local Investment.

Local Investment refers to assets which make a measurable contribution to one of the missions set out in the Government’s Statement of Local Investment Missions 11 (which is made under Section 1 of the Local Investment and Regeneration Act 2023) and support any local area within the United Kingdom.

The following table details the amount and type of UK Local Investment investments that have been made through the Fund’s LGPS pool, London CIV, and outside the pool. Local Investment assets outside the pool include infrastructure and affordable housing assets, given the illiquid nature of these asset classes it would not be beneficial for the Fund to transition these into the pool.

Asset values as at 31 March 2025	Pooled	Under pool management	Not Pooled	Total
	£'000	£'000	£'000	£'000
Additional memorandum: UK Local Investment			81,966	81,966

As shown in the following table, the Fund has 6.0% of investments within the strategic asset allocation allocated to UK Local Investment initiatives, including affordable housing (2.5%) and renewable infrastructure (3.5%)

As at 31 March 2025, the Fund had 5.8% of assets physically invested within Local Investment assets, up from 5.2% in 2023/24, with the Fund on track to be fully drawn in the coming years.

	Assets committed	Previous Year Actual Allocation	Current Year Actual Allocation
	%	%	%
UK Local Investment	6.0	5.2	5.8



**HAMMERSMITH
BRIDGE**

4.

Scheme Administration

Administration Management Performance

The administration of the Fund is managed by Hammersmith and Fulham Council but undertaken by LPPA under a not-for-profit contractual arrangement which has been operational since 26 January 2022. Officers monitor the contract via monthly meetings with the LPPA and monitoring of KPIs and membership data statistics, which are reported to the Pension Fund Committee on a quarterly basis. Our administrators, LPPA use a mortality tracing firm to help identify deaths of UK pensioners both abroad and in the UK.

Summary of activities undertaken by the administration function during the year

LPPA has focussed and made considerable progress in ensuring that monthly casework performance was consistently delivered above the 95% target during 24/25. The annual SLA performance was 98.0%.

LPPA's ongoing Efficiency and Service Improvement Programme has delivered automation and enhanced online digital capability and improved experience for members with deferred statements for leavers, active member retirement quotes and online retirement forms. Further automation is planned for 25/26 including automation of retirement payment process and bank account name verification, and the programme will deliver improvements to the monthly returns process and member and employer portals.

McCloud has been a significant project in the year. LPPA have been calculating benefits and applying the underpin where we can. System releases that provide McCloud functionality have been applied to the

system in phases as focus increases on the inclusion of remedial service statements being included on Annual Benefit Statements for those members who are eligible.

LPPA continued work towards Pensions Dashboard connectivity and remain on track to meet the connection date of 31 October 2025 for public sector schemes. Statutory deadlines, including those for P60s, Pensions Increases, Annual Benefit Statements and Pensions Savings Statements were met.

Report on value for money achieved by the administration function

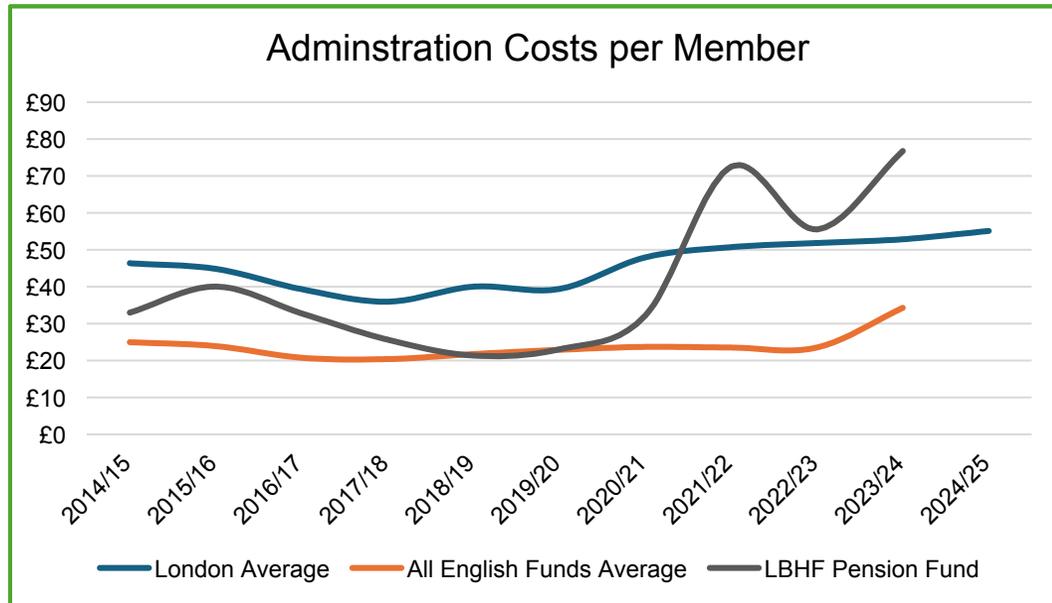
LPPA recognises our responsibility to achieve value for money in service delivery. We seek to incorporate value for money principles in delivering services by taking account of costs, quality of services and the context that the partners we provide administration services to. LPPA operates a shared service, cost recovery basis for core pensions administration. We do not make profit on core administration services.

LPPA takes part in external and independent annual benchmarking to compare the cost and service of LPPA against other pension administrators. The latest results endorse that LPP's administration services provide value for money."

Administration Management Performance Continued

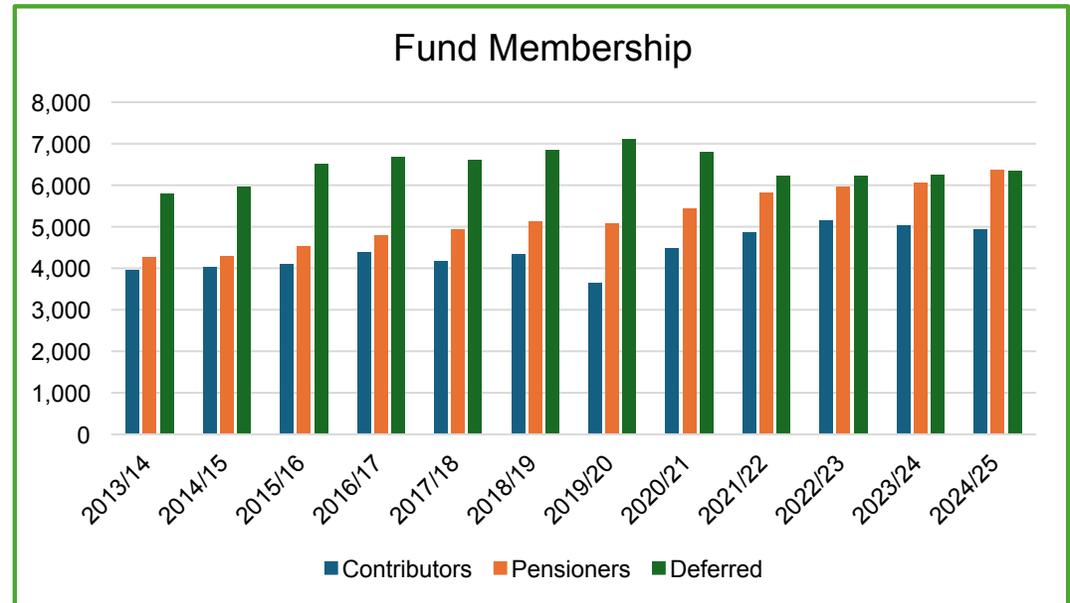
Administration Costs Per Member

As shown in the chart, the Pension Fund's cost of administration per member costs has remained higher than the average London Borough Pension Fund since 2021-22, which is primarily due to rising compliance and administrative demands—such as McCloud remedy implementation and preparing for the pensions' dashboard.



Membership Numbers and Trends

Overall membership has increased by approximately 6% over the past 5 years from 16,676 to 17,623. The introduction of auto-enrolment in 2013 and the increase in admitted employers has led to an increase in members contributing towards the Scheme. Nonetheless, the number of pensioners has been stable over the last several years in common with other local government pension funds, reflecting the maturity of the Fund.



Administration Management Performance Continued

Contributing Employers and Contributions Received

The list below contains a list of the current active contributing employers and the contributions received in 2024/25. The employer's contributions figures include early retirement and deficit funding contributions.

Administering Authority Employer	Contributions £000		
	Employee	Employer	Total
London Borough of Hammersmith & Fulham	8,102	23,925	32,027
Addison Primary School	23	84	107
All Saints Primary School	14	52	66
Avonmore Primary School	27	103	130
Bayonne Nursery School	22	81	103
Brackenbury Primary School	33	114	147
Cambridge School (Special)	81	272	353
Flora Gardens Primary School	21	71	92
Holy Cross RC Primary School	50	174	224
Jack Tizard School (Special)	79	285	364
James Lee Nursery School	14	48	62
John Betts Primary School	17	63	80
Kenmont Primary School	10	30	40

Larmenier & Sacred Heart Primary	39	151	190
Melcombe Primary School	29	105	134
Miles Coverdale Primary School	41	149	190
Normand Croft Community School	32	109	141
Old Oak Primary School	29	110	139
Randolph Beresford Early Years	48	154	202
Sir John Lillie Primary School	28	102	130
St Johns CE Primary School	36	131	167
St Mary's Primary School	30	111	141
St Paul's Primary School	23	87	110
St Peter's Church of England Primary School	26	97	123
St Stephens CoE Primary School	51	186	237
St. Thomas of Canterbury Primary	7	24	31
The Good Shepherd Primary School	25	92	117
Vanessa Nursery School	19	68	87
Wendall Park Primary School	25	88	113
William Morris Sixth Form School	74	255	329
Wood Lane High School	40	137	177
Wormholt Park Primary School	56	192	248

Administration Management Performance Continued

Scheduled Bodies

The Fund provides pensions not only for employees of Hammersmith and Fulham Council, but also for the employees of several scheduled and admitted bodies.

Scheduled bodies are organisations which have a statutory right to be a member of the Local Government Pension Scheme under the regulations e.g., academy schools.

Scheduled Body Employer	Contributions £000		
	Employee	Employer	Total
Mortlake Crematorium Board	24	78	102
London Oratory School	81	183	264
Ark Burlington Danes Academy	65	144	209
Hammersmith Academy	75	262	337
Sacred Heart Academy	72	245	317
Ark Conway Primary Academy	20	87	107
Knowledge West London Free School	139	464	603
Ark Bentworth Primary Academy	13	50	63
Lady Margaret Academy	76	243	319
Ark Swift Primary Academy	23	88	111

Fulham College Academy Trust (Girls)	59	211	270
Hurlingham and Chelsea Academy	58	208	266
Fulham Boys Free School	59	220	279
Fulham College Academy Trust (Boys)	59	206	265
Greenside Academy	19	67	86
Thomas' Academy	30	110	140
Langford Academy	20	65	85
Futures (Phoenix) Academy	40	141	181
The Bride AP Academy	38	130	168
Knowledge Earl's Court Free Primary School	12	49	61
Fulham Primary School	17	68	85
Queens Manor Primary School	22	87	109
Sullivan Primary School	18	69	87
Queensmill Academy	240	887	1,127
St Augustine's Primary Academy	23	91	114
St John XXIII Catholic Primary Academy	34	137	171
Total Contributions from Scheduled Bodies	1,336	4,590	5,926

Administration Management Performance Continued

Admitted Bodies

Admitted bodies participate in the pension scheme via an admission agreement made between the Council and the employing organisation. Examples of admitted bodies are not-for-profit organisations linked to the Council and contractors who have taken on delivery of services with Council staff also transferred to third parties

Admitted Body Employer	Contributions £000		
	Employee2	Employer	Total
Alliance in Partnership	4	16	20
Bee Services - Randolph Beresford	1	8	9
Churchill Catering	-	(32)	(32)
HATS Group Ltd	6	32	38
FM Conway (2009)	4	11	15
Pinnacle PSG Ltd (Estate Services)	47	223	270
Urban Partnership Group	6	23	29
Caterlink (2016 Schools)	3	16	19
Caterlink (Hurlingham)	-	(38)	(38)

Abelian UK (Wormholt)	-	2	2
Birkin Clean	2	13	15
FM Conway (2012)	3	12	15
Peabody Trust	6	26	32
Idverde	23	125	148
Morgan Sindall	6	28	34
NRS Healthcare	3	11	14
Stir Foods	4	16	20
Taylor Shaw Ltd	4	15	19
The Pantry	7	29	36
Veolia	144	446	590
Total Admitted Body Contributions	273	982	1,255

Administration Management Performance Continued

Employer Analysis

The following table summarises the number of employers in the fund analysed by schedule bodies and admitted bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities)

	Active	Ceased	Total
Administering Authority	1	-	1
Scheduled Bodies	27	4	31
Admitted Bodies	22	52	74
Total No. of Bodies	50	56	106

Enhanced Benefits

The total number of pensioners in receipt of enhanced benefits due to ill-health or early retirement on the grounds of redundancy or efficiency of the service is given in the table below as at each year on the 31st March.

Reason for leaving	2020/21	2021/22	2022/23	2023/24	2024-25
Ill health	6	9	7	11	6
Early Retirement	29	37	10	13	49
Total	35	46	17	24	55

Total Number of Casework

Category	Total No. of Cases Open as at 31 March 2024	Total No. of New Cases Created (1/04/24-31/3/25)	Total No. Cases Completed in Year	Total % of Cases Completed in Year
Deaths	175	237	236	57.3%
New dependant member benefits				
Retirements - Deferred - Actual	18	266	279	98.2%
Retirements - Deferred - Quote	130	486	502	81.5%
Retirements - Active - Actual	3	128	126	96.2%
Retirements - Active - Quote	100	346	338	75.8%
Deferred Benefits	358	1102	1173	80.3%
Transfers In	216	541	493	65.1%
Transfers Out	221	633	585	68.5%
Refunds	102	567	585	87.4%
Divorces Quote	1	18	13	68.4%
Divorce Settlement	1	1	1	50.0%
Estimates	34	261	251	85.1%
New Starters	15	63	73	93.6%
Aggregation	191	608	590	73.8%
Correspondence	79	585	595	89.6%
Other	86	1904	1933	97.1%

Time Taken to Process Casework

Category	Target Days	Achieved SLA (%)
Deaths	5	93.9%
Dependants		
Retirements - Deferred - Quote	5	99.0%
Retirements - Active - Quote	5	96.5%
Retirements - Deferred - Actual	5	95.0%
Retirements - Active - Actual	5	98.3%
Payment of lump sum (Active and Deferred)		
Deferred Benefits	15	97.0%
Transfers In	10	98.9%
Transfers Out	10	97.9%
Refunds	5	96.8%
Divorces Quote	5	70.0%
Divorce Settlement	5	100.0%
New Starters	10	100.0%
Estimates	10	98.6%
Correspondence	10	100.0%
Aggregation	10	95.5%
Other		99.4%

Communications and Engagement

Engagement	Value
% of active members registered	41.4%
% of deferred member registered	24.6%
% of pensioner and survivor members	37.7%
% total of all scheme members registered for self-service	33.6%
% of all registered users that have logged onto the service in the last 12 months	53.8%
Communication	
Total number of telephone calls received in year	4,559
Total number of email and online channel queries received	1,571
Number of scheme member events held in year (total of in-person and online)	24
Number of employer engagement events held in year (in-person and online)	40
Number of active members who received a one-to-one (in-person and online)	0
Number of times a communication (i.e newsletter) issued to:	
a) Active members	9
b) Deferred members	9
c) Pensioners	9

Resourcing

Description	Value
Total number of all administration staff (FTE)	264.5
Average service length of all administration staff	5.3
Staff vacancy rate as %	2.20%
Ratio of all administration staff to total number of scheme members (all staff including management)	2,672
Ratio of administration staff (excluding management) to total number of scheme members	2,713

Data Quality

Description	Value
Annual Benefit Statements	
Percentage of annual benefit statements issued as at 31 August	97.20%
Short commentary if less than 100%	Remainder were either due to files not received from the employer or outstanding queries that prevented ABS production
Data Category	
Common data score	93.9%
Scheme specific data score	84.7%
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	2.6%
Percentage of active, deferred and pensioner members with an email address held on file	65.6%
Employer Performance	
Percentage of employers set up to make monthly data submissions	100%
Percentage of employers who submitted monthly data on time during the reporting year	54%

Service Delivery

PENSIONPOINT

The PensionPoint online pension system is a secure portal which enables members to:

- Update personal details
- Check membership records and calculate pension projections
- View payslips and P60s
- Nominate beneficiaries

Scheme employers can use the system to:

- Submit starter and leaver details and other changes online
- View and update employee details
- Run benefit calculations e.g. early retirements

INTERNAL DISPUTE RESOLUTION PROCEDURE

Members of pension schemes have statutory rights to ensure that complaints, queries and problems concerning pension rights are properly resolved. To facilitate this process, an Internal Disputes Resolution Procedure (IDRP) has been established. While any complaint is progressing, fund members are entitled to contact The Pensions Advisory Service (TPAS), who can provide free advice.

IDRP Stage 1 involves making a formal complaint in writing. This would normally be considered by the body that made the decision in question. If the fund member is not satisfied with actions taken at Stage 1 the complaint will progress to Stage 2.

IDRP Stage 2 involves a referral to the administering authority, London Borough of Hammersmith and Fulham to take an independent view.

Further information on the formal complaint procedure can be found at [Internal Dispute Resolution Procedure \(IDRP\) | Hammersmith and Fulham Pension Fund](#)

IDRP Stage 3 is a referral of the complaint to the Pension Ombudsman.

Both TPAS and the Pensions Ombudsman can be contacted at:

10 South Colonnade

Canary Wharf

E14 4PU

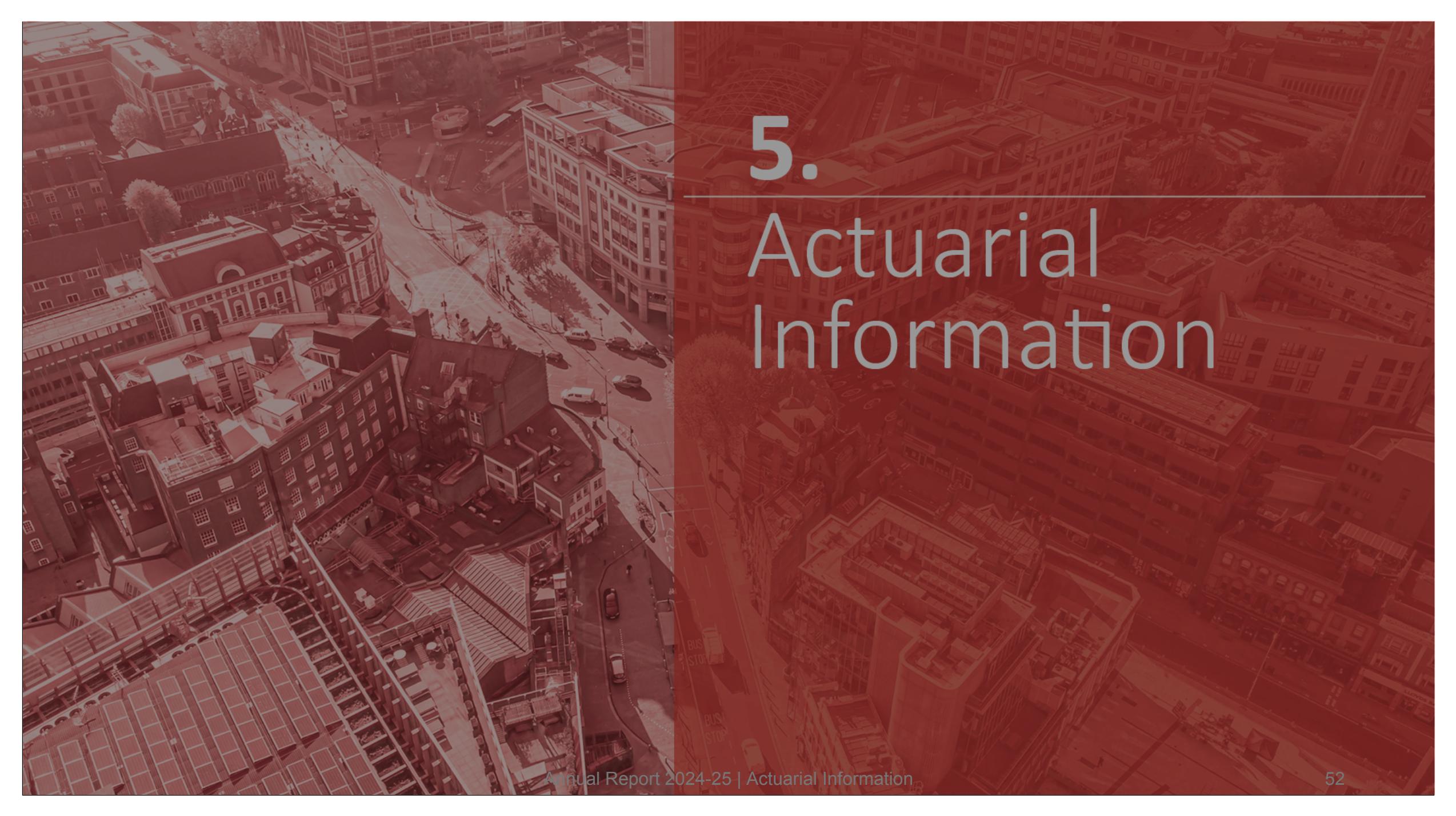
Tel: 0800 917 4487

Member Complaints

The pension administrators occasionally deal with members of the Fund who dispute an aspect of their pension benefits. These cases are dealt with by the Internal Dispute Resolution Procedure (IDRP).

The number of complaints for 2024-25 is 40. The number of complaints as a percentage of workload now stands at 0.52% compared to 0.75% last year.

	2024-25
Number of complaints received	40
Number of complaints categorised as Pension Ombudsman cases	2
Number of Internal Dispute Resolution Procedure cases (IDRP**)	5

An aerial photograph of a city street grid, overlaid with a semi-transparent red filter. The image shows a dense urban environment with various building styles, including older brick structures and modern multi-story buildings. A prominent street intersection is visible in the center-left. The overall tone is monochromatic due to the red overlay.

5.

Actuarial Information

Report by the Actuary

INTRODUCTION

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the regulation.

DESCRIPTION OF FUNDING POLICY

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS). 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 minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- 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 Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are

FSS, there is at least a 67% likelihood that the Fund will achieve the funding target over 20 years.

FUNDING POSITION AS AT THE LAST FORMAL FUNDING VALUATION

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £1,325 million, were sufficient to meet 105% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £58 million. 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.

PRINCIPAL ACTUARIAL ASSUMPTIONS AND METHOD USED TO VALUE THE LIABILITIES

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

METHOD

The liabilities were assessed using an accrued benefits method which considers 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.

Report by the Actuary Continued

ASSUMPTIONS

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 assumptions adopted for the 2022 valuation were as follows:

Financial Assumptions	31 March 2022
Discount Rate	4.4% pa
Salary Increase Assumption	3.7% pa
Benefit increase assumption CPI	2.7% pa

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.1 years	24.7 years
Future Pensioners*	23.2 years	26.1 years

**Aged 45 at the 2022 Valuation. Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.*

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% pa), 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 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.

Adrian Loughlin FFA C.Act

9 May 2025

For and on behalf of Hymans Robertson LLP



6.

Pension Fund Accounts

Statement of Responsibilities

Responsibility for the Financial Statements, which form part of this Annual Report, is set out in the following declaration.

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Arrange for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In line with statute, this is the Director of Finance;
- manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

RESPONSIBILITIES OF THE DIRECTOR OF FINANCE

The Director of Finance is responsible for the preparation of the Pension Fund Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing these Statements of Accounts, the Director of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting.

The Director of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Used the going concern basis of accounting on assumption that the functions of the authority will continue in operational existence for the foreseeable future;
- Maintained such internal control as they determine as necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

CERTIFICATE OF THE STRATEGIC DIRECTOR OF FINANCE

I certify that the Statement of Accounts (set out below) present a true and fair view of the financial position of the London Borough of Hammersmith and Fulham Pension Fund as at 31 March 2025 and income and expenditure for the year for the financial year 2024/25.

Sukvinder Kalsi
Director of Finance
Section 151 Officer

Date:

Independent Auditors Report

Independent auditor's report to the members of the London Borough of Hammersmith and Fulham on the consistency of the pension fund financial statements of Hammersmith and Fulham Pension Fund included in the Pension Fund Annual Report

USE OF THIS AUDITOR'S STATEMENT

OPINION

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR OF FINANCE AND THE AUDITOR

Independent Auditors Report Continued

Continued

Pension Fund Accounts and Explanatory Notes

Fund Account

	Note	2024/25		2023/24	
		£000	£000	£000	£000
Dealings with members, employers and others directly involved in the scheme					
Contributions					
From Employers	7	33,255		31,323	
From Members	7	10,768	44,023	10,303	41,626
Transfers In from other Pension Funds			8,123		8,299
Benefits					
Pensions	8	(48,851)		(44,317)	
Commutation & Lump Sum Retirement Benefits	8	(9,768)		(8,966)	
Payment in respect of tax		(45)	(58,664)	(473)	(53,756)
Payments to and on account of leavers					
Transfers Out to other Pension Funds			(6,370)		(6,980)
Refunds to members leaving service			(81)		(109)
Net Additions (Withdrawals) from dealings with members			(12,969)		(10,920)

Pension Fund Accounts and Explanatory Notes Continued

Fund Account Continued

	Note	2024/25		2023/24	
		£000	£000	£000	£000
Management expenses	9		(8,260)		(10,857)
Returns on Investments					
Investment Income	10		21,140		19,531
Other Income	10		286		-
Profit and losses on disposal of investments and changes in value of investments	12		35,670		89,367
Net Return on Investments			57,096		108,898
Net Increase (Decrease) in the net assets available for benefits during the year			35,867		87,121
Opening Net Assets of the Scheme			1,377,564		1,290,443
Closing Net Assets of the Scheme			1,413,431		1,377,564

Pension Fund Accounts and Explanatory Notes Continued

Net Asset Statement

	Note	2024/25	2023/24
		£000	£000
Investment Assets			
Equities	11	150	150
Pooled property Vehicles	11	77,505	73,256
Pooled Investment Vehicles	11	1,212,013	1,183,983
Private Equity / Infrastructure	11	91,187	96,035
Cash Deposits	11	27,459	7,456
Other Investment Balances	11		
Investment Income Due	11	92	18
Net Investment Assets	11	1,408,406	1,360,898
Current Assets	19	4,002	3,929
Current Liabilities	20	(2,219)	(2,905)
Cash Balances (held directly by Fund)		3,242	15,642
Net assets of the Fund available to fund benefits at the period end		1,413,431	1,377,564

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.
The actuarial present value of promised retirement benefits is disclosed in Note 18a.

Note 1 Description of Hammersmith and Fulham Pension Fund

(a) General

The Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Hammersmith and Fulham Council (the Council). It is a contributory defined benefits scheme established in accordance with statute, which provides for the payment of benefits to employees and former employees of Hammersmith and Fulham Council and the admitted and scheduled bodies in the Fund. These benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. Teachers are excluded from this scheme as they are administered under the Teachers' Pension Scheme.

The benefits payable in respect of service from 1 April 2014 are based on an employee's career average revalued earnings (CARE) and the number of years of eligible service. The benefits payable in respect of service prior to 1 April 2014 are based on an employee's final salary and the number of years eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

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

The Fund is financed by contributions from employees, the Council, the admitted and scheduled bodies and from investment returns on the Fund's investment assets.

Contributions from employees are made in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employer contributions are set based on the triennial actuarial funding valuation, as detailed in Note 18.

(b) Pension Fund Committee

The Council has delegated the investment arrangements of the scheme to the Audit and Pensions Committee, which in December 2014 formed a Pension Fund Committee (the Committee) and delegated all pensions responsibilities to it. The Committee decides on the investment strategy most suitable to meet the liabilities of the Fund and has responsibility for the investment strategy. The Committee is made up of seven members, five of whom are elected representatives of the Council with voting rights, one employer representative and one co-opted members. Members of the admitted bodies and representatives of the Trade Unions may attend the Committee meetings but have no voting rights. The Committee reports annually to the Audit and Pensions Committee and has full delegated authority to make investment decisions. The Committee obtains and considers advice from the Director of Finance, and as necessary from the Fund's appointed actuary, investment managers and adviser.

(c) Pensions Board

In line with the provisions of the Public Service Pensions Act 2013, the Council has set up a Local Pensions Board to oversee the governance arrangements of the Pension Fund. The Board meets twice a year and has its own Terms of Reference. Board members are independent of the Pension Fund Committee.

Note 1 Description of Hammersmith and Fulham Pension Fund Continued

(d) Investment Principles

In accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 the Committee approved an Investment Strategy Statement on 15 November 2023 (available on the Council's website). The Statement shows the Council's compliance with the Myner's principles of investment management.

The Committee has delegated the management of the Fund's investments to regulated investment managers (see note 11), appointed in accordance with the regulations, and whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

e) Membership

Membership of the LGPS is voluntary, and whilst employees are auto-enrolled into the scheme, they are free to choose whether to stay in or leave the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Hammersmith & Fulham Pension Fund include:

- Scheduled bodies, which are local academies 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 under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies and private contractors undertaking a local authority function following outsourcing to the private sector.

The deferred member numbers include 905 undecided leavers, who are no longer paying contributions or in receipt of benefits.

	31 March 2025	31 March 2024
Number of Active Employers	50	51
Contributing Employees	4,921	5,016
Pensioners Receiving Benefit	6,367	6,046
Deferred Members	6,335	6,243
Total Members	17,623	17,305

Details of the scheduled and admitted bodies are included in the scheme administration section of this annual report.

Note 2 Basis of Preparation of Financial Statements

The Statement of Accounts summarise the Fund's transactions for 2024/25 and its position at year end 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) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts have been prepared on an accruals basis, apart from transfer values which have been accounted for on a cash basis. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they consider the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Asset Statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Council has opted to disclose this information in a note to the accounts (Note 18).

The Hammersmith & Fulham Pension Fund is a statutory, state back Local Government Pension Scheme (LGPS) that, as at 31 March 2022, is 105% funded on a conservative basis and backed by an administering authority with tax raising powers. As such, the Pension Fund Accounts have been prepared on a going concern basis.

It is recognised that the current environment gives rise to a risk of uncertainty and volatility in investment markets, and the Fund has reviewed fund manager assessments, and no material uncertainty has been identified. The Fund continues to monitor cashflows and invests in a diverse range of investment vehicles including availability to liquid assets.

Note 3 Summary of Significant Accounting Policies

Fund Account – Revenue Recognition

(a) Contribution Income

Normal contributions from active members are accounted for on an accruals basis in accordance with the rates specified under the Local Government Pension Scheme (LGPS) Regulations for the relevant pay period. Employer contributions are also accounted for on an accruals basis and are set in line with the rates determined by the actuary as part of the Fund's triennial actuarial funding valuation. Employer deficit funding contributions are accounted for on the due dates set out in the schedule of contributions, or on receipt if earlier.

(b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

(c) Investment Income

Investment income arising from the underlying investments of the Pooled Investment Vehicles is either reinvested within the Pooled Investment Vehicles and reflected in the unit price or taken as a cash dividend to support the Fund's outgoing cash flow requirements.

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

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 financial asset. Where the amount of an income distribution has not been received from an investment manager by the balance sheet date, an estimate based upon the market value of their mandate at the end of the year is used.

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

Note 3 Summary of Significant Accounting Policies Continued

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. Lump sums are accounted for in the period in which the member becomes a pensioner. 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. As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. Where tax can be reclaimed, investment income in the accounts is shown gross of UK tax. 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) Voluntary Scheme Pays, Mandatory Scheme Pays and lifetime allowance

Members are entitled to request that the Pension Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC, it is treated as an expense in the year in which the payment occurs.

(g) Management Expenses

The fund discloses its pension fund management expenses in accordance with the CIPFA guidance “Accounting for Local Government Pension Scheme Management Expenses 2016”.

Administrative expenses – All staff costs of the pension administration team are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight and governance – All staff costs associated with governance and oversight are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. The cost of obtaining investment advice from the external advisor is included in oversight and governance costs.

Investment management expenses – The Committee has appointed external investment managers to manage the investments of the Fund. Managers are paid a fee based on the market value of the investments they manage, and/or a fee based on performance.

Where an investment manager’s fee note has not been received by the Balance Sheet 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.

Note 3 Summary of Significant Accounting Policies Continued

Net Assets Statement

(h) Financial Assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Asset 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 value of the asset are recognised in the Fund account. The values of investments as shown in the Net Asset Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 14a).

(i) 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 the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

(j) Cash and Cash Equivalents

Cash comprises cash in hand and deposits with financial institutions which are repayable on demand without penalty. Cash equivalents are short-term, highly 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 liabilities relating to investment trading at fair value as at the reporting date, 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 costs are carried at amortised cost i.e., the amount carried in the Net Asset Statement is the outstanding principal repayable plus accrued interest. Any interest charged 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 International Accounting Standard (IAS) 26 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial present value of retirement benefits by way of a note to the Net Assets Statement (Note 18a).

Note 3 Summary of Significant Accounting Policies Continued

Net Assets Statement

(m) Additional Voluntary Contributions (AVCs)

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information in Note 21. There are also some residual policies with Scottish Widows, which are disclosed in Note 21, but it is not open for new members.

(n) Recharges from the General Fund

The LGPS (Management and Investment of Funds) Regulations 2016 permit the Council to charge administration costs to the Fund. A proportion of the relevant Council costs have been charged to the Fund based on actual time spent on Pension Fund business. Costs incurred in the administration and the oversight and governance of the Fund are set out separately in Note 9.

Note 4 Critical Judgements

The accounts contain certain estimated figures that are based on assumptions made by the Council and other bodies about the future or that are otherwise uncertain. Estimates are made because they are required to satisfy relevant standards or regulations and are based on best judgement at the time, derived from historical experience, current trends and other relevant factors. As a result, actual results may differ materially from those assumptions.

There were no such critical judgements made during 2024/25

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

Preparing financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year. Estimates and assumptions are made considering historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates.

Description of asset	Uncertainties	Basis of valuation
Actuarial present value of promised retirement benefits (Note 18a)	Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. Hymans Robertson are engaged to provide the fund with expert advice about the assumptions to be applied.	For instance: <ul style="list-style-type: none"> • 0.1% decrease in the discount rate assumption would result in an increase in promised retirement benefits of £19m • 0.1% increase in assumed earnings would increase the value of the liabilities by approximately £1m • 0.1% increase in pension increases would increase the liability by approximately £18m • A one-year increase in life expectancy would increase the liability by approximately £47m

Note 5 Assumptions Made About the Future and Other Major Sources of Uncertainty Continued

The items for which there is a significant risk of material adjustment are:

(a) Pension Fund Liability

The Pension Fund liability is calculated every three years by the appointed actuary with annual updates in the intervening years. The methodology used follows generally agreed guidelines and is in accordance with IAS 19. These assumptions are summarised in Note 18a. The estimates of the net liability to pay pensions depends on several judgements and assumptions. In particular, those relating to the discount rate, the rate at which salaries are projected to increase, change in retirement ages, mortality rates and expected returns on the Fund's assets. Management has agreed a reasonable set of actuarial assumptions in consultation with the actuary which derives the total pension fund liability

(b) Private debt/Infrastructure investments/Other Illiquid Investments

The fair value of the Partners Group Multi Asset Credit fund and Infrastructure fund is also subject to some valuation uncertainty. Several of the underlying assets are traded in private markets only and therefore judgement needs to be made about value, using factors such as the enterprise value and net debt. As at 31 March 2025, the assets invested with Partners Group were valued at £37.6m (£39.7m in 2023/24).

The same applies to the Quinbrook Infrastructure investment, as at 31 March 2025, the value of the investment was £56.3m (£47.6m in 2023/24). The impact of the uncertainty surrounding these investments has also been included in the sensitivity analysis in Note 14d.

The fair value of several illiquid assets in the portfolio are also subject to some valuation uncertainty as their carrying value is dependent on the latest available fair value provided by the manager, adjusted for cash movements subsequent to that date as required. As at the 31 March 2025, these assets and their values are Darwin Alternatives (£22m), Alpha Real Capital (£74m), Man Group (£26m) and Aberdeen Multi-Sector Private Credit (£52m). Regarding Darwin Alternatives, Alpha Real Capital and Man Group assets, the values for these assets are not based on recently observed market prices. For Aberdeen Multi-Sector Private Credit, several of the underlying assets are traded in private markets only and therefore judgement needs to be made about value, using factors such as the enterprise value and net debt. The impact of the uncertainty surrounding these investments has also been included in the sensitivity analysis in Note 14d.

Note 5 Assumptions Made About the Future and Other Major Sources of Uncertainty Continued

(c) Virgin Media Case

The Fund is aware of the ‘Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)’ case and considers that there is potential for the outcome of this case to have an impact on the Pension Fund. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case, the judge ruled that alterations to the scheme rules were void and ineffective due to the absence of this written actuarial confirmation. The case was taken to the Court of Appeal, and the original ruling was upheld in July 2024.

As a result, there may be a further liability to the Employer’s share of the Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid. The Government Actuary’s Department is currently undertaking a review to confirm whether such changes occurred in Local Government Pension Schemes (LGPS). Their most recent bulletin in November 2024 states that HM Treasury does not believe the Virgin Media case expressly addresses whether confirmation is required for public service pension schemes. Their view is that the relevant amendments in the LGPS would have been made by legislation and therefore would remain valid until revoked or repealed by subsequent legislation or declared void by a court. At this point, it is therefore not possible to estimate the potential impact, if any, on Pension Fund.

On 2nd September 2025, the Government published amendments to the Pension Schemes Bill to allow the retrospective validation of amendments which may have otherwise been invalid, this followed the Court of Appeal’s decision in the Virgin Media case.

Note 6 Events After the Balance Sheet

There are no events after the balance sheet date.

Note 7 Contributions Receivable

Employees' contributions are calculated on a sliding scale based on a percentage of their gross pay. The administering body, scheduled bodies, and admitted bodies are required to make contributions determined by the Fund's actuary to maintain the solvency of the fund.

The table below shows a breakdown of the total amount of employers' and employees' contributions.

	Employer Contributions				Employee Contributions	
	Normal		Deficit Recovery		2024/25	2023/24
	2024/25	2023/24	2024/25	2023/24		
	£000	£000	£000	£000	£000	£000
Administering Authority	26,471	24,609	1,212	1,121	9,159	8,694
Scheduled Bodies	4,590	4,163	-	-	1,336	1,232
Admitted Bodies	984	1,449	(2)	(19)	273	377
Total	32,045	30,221	1,210	1,102	10,768	10,303
Total Contributions			33,255	31,323	10,768	10,303

Note 8 Benefits Payable

The table below shows a breakdown of the total amount of benefits payable.

	Pensions		Lump Sum Retirement Benefits		Lump Sum Death Benefits	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000	£000	£000
Administering Authority	(43,996)	(40,186)	(6,396)	(5,915)	(923)	(909)
Scheduled Bodies	(867)	(771)	(336)	(238)	(145)	(451)
Admitted Bodies	(3,988)	(3,360)	(1,849)	(1,328)	(119)	(125)
Total	(48,851)	(44,317)	(8,581)	(7,481)	(1,187)	(1,485)

Total Lump Sum Benefits

(9,768)	(8,966)
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Note 9 Management Expenses

The table below shows a breakdown of the management expenses incurred during the year.

	Management Expenses	
	2024/25	2023/24
	£000	£000
Administering Costs	(1,137)	(1,329)
Investment Management Expenses	(6,739)	(9,184)
Oversight and Governance Costs	(384)	(344)
Total	(8,260)	(10,857)

Note 9 Management Expenses Continued

The table below provides a breakdown of the Investment Management Expenses. The fund transitioned assets between managers in the previous year which resulted in increased transaction costs in 2023/24, and these have reduced for the current year.

	Investment Management Expenses	
	2024/25	2023/24
	£000	£000
Management fees	(5,569)	(5,580)
Performance fees	(65)	(672)
Transaction costs	(1,033)	(2,864)
Custody fees	(72)	(68)
Total	(6,739)	(9,184)

The table to the right shows a breakdown of the investment management expenses incurred during the year by Investment Manager. Please note this table excludes fees paid to the Custodian.

	2024/25	2023/24
	£000	£000
Legal and General	489	372
Ruffer	1,376	3,149
Morgan Stanley	945	1,137
Insight	140	26
Allspring Global	236	251
Oak Hill Advisers	876	836
Alpha Real Capital	524	692
Quinbrook	692	322
Aberdeen	403	439
Partners Group	635	1,181
Man Group	168	171
Darwin Alternatives	184	228
Aviva	-	157
PIMCO	-	156
Total	6,666	9,116

Note 10 Investment Income

The table below shows a breakdown of investment income. . To ensure consistency with the Code of Practice and alignment with the investment classifications presented in Note 12, the disclosure of investment income in Note 10 has been reorganised. The revised categories — Pooled Investment Vehicles, Pooled Property Vehicles, Private Equity/Infrastructure, Interest on Cash Deposits, and Other Investment Income (HMRC Refunds) — provide clearer linkage to the underlying investment types and enhance comparability across the financial statements.

	Investment Income	
	2024/25	2023/24
	£000	£000
Pooled Investment Vehicles	14,068	8,745
Pooled Property Vehicles	3,040	2,718
Private Equity/ Infrastructure	3,123	7,301
Interest on Cash Deposits	909	766
Other Investment Income (HMRC Refunds)	286	
Total	21,426	19,531

Note 11 Investment Strategy

During 2024/25 the Fund's investment strategy had the following developments:

- In November 2024, the Pension Fund committee agreed a top up of 2.5% (£35m) into Quinbrook Renewable Infrastructure Fund II. The first drawdown to this commitment was made in January 2025.
- In March 2025, the Pension Fund Committee agreed to a 2% (£30m) top up into the Alpha Real Capital Income Linked Index Fund (Commercial Ground Rents). This commitment was fully funded in April 2025.
- In order to fund the new investments, the Fund received its redemption from Aviva Infrastructure in September 2024 and made a partial redemption from the LCIV Ruffer – Absolute Return Fund.

In August 2015, the Fund made a commitment to the Partners Group Direct Infrastructure fund. As at 31 March 2025 €8.3m (£6.9m) remained unfunded.

As shareholders of London LGPS CIV Ltd, (the organisation set up to run pooled LGPS investments in London) the Fund has funded £150,000 of regulatory capital. This is in the form of unlisted UK equity shares. The Fund has been active in the transfer of assets under management to the London Collective Investment Vehicle (LCIV) to gain efficiencies and fee reductions. As at 31 March 2025, the Fund had £846m invested with the London CIV, which accounts for 60.1% of the fund's total assets.

The market value and proportion of investments managed by each fund manager at 31 March 2025 was as follows:

	31 March 2025		31 March 2024	
	Market Value	Total	Market Value	Total
	£000	%	£000	%
Investments Managed by the London CIV Asset Pool				
LGIM - MSCI Low Carbon (Passive)	438,128	31.1%	412,468	30.3%
Morgan Stanley - Global Equity Quality Fund	189,598	13.5%	179,216	13.2%
Ruffer - Absolute Return (Active)	154,813	11.0%	151,199	11.1%
Insight - Buy and Maintain (Short Duration)	33,056	2.3%	33,056	2.4%
Insight - Buy and Maintain (Long Duration)	30,557	2.2%	33,508	2.5%
Total Under Pool Management	846,152	60.08%	809,447	59.48%

Note 11 Investment Strategy Continued

	31 March 2025		31 March 2024	
	Market Value	Total	Market Value	Total
	£000	%	£000	%
Investments Managed Outside the London CIV Asset Pool				
Allspring Global - Buy and Maintain Bonds	138,146	9.8%	135,290	9.9%
Oak Hill Advisers - Secured Income (Active)	77,780	5.5%	73,581	5.4%
Alpha Real Capital - Ground Rents	73,877	5.2%	78,962	5.8%
Quinbrook - UK Renewable Infrastructure	56,269	4.0%	47,633	3.5%
Aberdeen - Long Lease Property	51,808	3.7%	49,613	3.6%
Aberdeen MSPC	51,734	3.7%	51,221	3.8%

Partners Group - Infrastructure	34,918	2.5%	33,163	2.4%
Inhouse Cash - Cash	27,551	2.0%	7,474	0.5%
Man Group - Affordable Housing	25,697	1.8%	23,643	1.7%
Darwin Alternatives - Leisure Fund	21,654	1.5%	28,995	2.1%
Partners Group - Multi Asset Private Credit	2,670	0.2%	6,487	0.5%
London CIV Ltd	150	0.0%	150	0.0%
Aviva - Private Infrastructure	-	0.0%	15,209	1.1%
Unigestion - Private Equity	-	0.0%	30	0.0%
	562,254	39.9%	551,451	40.5%
	1,408,406	100.0%	1,360,898	100.0%

Note 11 Investment Strategy Continued

The table below shows the Fund investments which exceed 5% of net assets. These are all pooled investment vehicles, which are made up of underlying investments, each of which represent substantially less than 5%.

	31 March 2025		31 March 2024	
	Market Value	Total	Market Value	Total
	£000	%	£000	%
LGIM - MSCI Low Carbon (Passive)	438,128	31.1%	412,468	30.3%
Ruffer - Absolute Return (Active)	154,813	11.0%	151,199	11.1%
Allspring Global - Buy and Maintain Bonds	138,146	9.8%	135,290	9.9%
Oak Hill Advisers - Secured Income (Active)	77,780	5.5%	73,581	5.4%
Alpha Real Capital - Ground Rents	73,877	5.2%	78,962	5.8%
Morgan Stanley - Global Equity Quality Fund	189,598	13.5%	179,216	13.2%

Note 12 Reconciliation of Movement in Investments

The table below shows a reconciliation of the movement in the total investment assets of the Fund by asset class during 2024/25:

	Value at 1 April 2024	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Value at 31 March 2025
Fund Managed	£000	£000	£000	£000	£000
Equities	150	-	-	-	150
Pooled Investment Vehicles	-	-	-	-	-
<i>Pooled Investment Vehicles - Equities</i>	591,684	-	-	36,042	627,726
<i>Pooled Investment Vehicles- Bonds</i>	275,435	7,399	-	(3,295)	279,539
<i>Pooled Investment Vehicles - Other</i>	316,864	-	(11,539)	(3,103)	304,748
Pooled Property Vehicles	73,256	2,444	168	1,637	77,505
Private Equity / Infrastructure	96,035	13,892	(20,613)	4,399	91,187
Sub-total	1,353,424	23,735	(31,984)	35,680	1,380,855
Cash Deposits	7,456	-	-	(10)	27,459
Investment income due	18	-	-	-	92
Spot FX contracts	-	-	-	-	-
Totals	1,360,898	23,735	(31,984)	35,670	1,408,406

Note 12 Reconciliation of Movement in Investments Continued

The equivalent analysis for 2023/24 is provided below

	Value at 1 April 2023	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Value at 31 March 2024
Fund Managed	£000	£000	£000	£000	£000
Equities	150	-	-	-	150
Pooled Investment Vehicles	1,118,138	-	-	-	1,183,983
<i>Pooled Investment Vehicles - Equities</i>	585,682	-	(104,379)	110,381	591,684
<i>Pooled Investment Vehicles- Bonds</i>	155,257	195,617	(86,775)	11,336	275,435
<i>Pooled Investment Vehicles - Other</i>	377,199	37,000	(76,000)	(21,335)	316,864
Pooled Property Vehicles*	78,572	1,881	171	(7,368)	73,256
Private Equity / Infrastructure*	63,531	50,304	(14,197)	(3,603)	96,035
Sub-total	1,260,391	284,802	(281,180)	89,411	1,353,424
Cash Deposits	20,245	-	-	(31)	7,456
Investment income due	39	-	-	-	18
Spot FX contracts	-	-	-	(13)	-
Totals	1,280,675	284,802	(281,180)	89,367	1,360,898

Note 13 Fair Value Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year:

Description of asset	Investment Manager	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Investments - Equity funds UK and Overseas Managed Funds	LGIM – MSCI Low Carbon Ruffer – Absolute Return Fund Morgan Stanley – Global Sustain Fund	Level 2	The NAV for each share class is calculated based on the market value of the underlying equity assets	Evaluated price feeds	Not required
Unquoted bonds and unit trusts	Oak Hill Advisors Allspring Global Bonds LCIV Insight Buy and Maintain Bonds (Short Duration) LCIV Insight Buy and Maintain Bonds (Long Duration)	Level 2	Fixed income securities are priced based on evaluated prices provided by independent pricing services	Evaluated price feeds	Not required
Pooled Long Lease Property Fund	Aberdeen - Long Lease Property	Level 2	The Aberdeen Standard Long Lease Property Fund is priced on a Single Swinging Price	In house evaluation of market data	Not required

Note 13 Fair Value Basis of Valuation Continued

Description of asset	Investment Manager	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Infrastructure funds	Partners Group – Infrastructure Quinbrook Renewable Infrastructure	Level 3	Valued by Fund Managers at the lower of cost and fair value.	Managers use their judgement having regard to the Equity and Venture Capital Valuation Guidelines 2012 guidelines noted above	Upward valuations are only considered where there is validation of the investment objectives, and such progress can be demonstrated. Downward valuations are enacted where the manager considers there is an impairment to the underlying investment
Illiquid Alternatives	Darwin Alternatives Man Group Alpha Real Aberdeen – MSPC Partners – MSPC	Level 3	Valued by Fund Managers at the lower of cost and fair value.	In house evaluation of market data	Valuations could be affected by changes to expected cashflows, cost of replacing key business assets, or by any differences between the audited and unaudited accounts
Cash Classification					

For the Fund, cash at custodian is simply a sweep from the custodian into a nominated Money Market Fund and an overnight rate paid. The full cash amount needs to be available for potential investment/withdrawal the next morning and is purely there to service investment and payment of pensions. It is therefore understood that this cash should be amortised cost. It is however not correct to assume cash would always be amortised cost. When an investment committee has taken an active decision to hold cash as part of its asset allocation and invests in a liquidity fund there would almost certainly be duration and variable NAV, in this circumstance we would expect the IFRS9 treatment to be Fair Value at Profit and Loss.

Note 14A Valuation of Financial Instruments Carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values. The definitions of the levels are detailed below.

Level 1 – Fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Examples are quoted equities, quoted index linked securities and unit trusts. All level 1 investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2 – Quoted prices are not available for financial instruments at this level. The valuation techniques used to determine fair value use inputs that are based significantly on observable market data.

Level 3 – Financial instruments 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 e.g., private equity investments.

The values of the private equity investments are based on valuations provided by the General Partners to the private equity funds. The Partners Group Multi Asset Credit and Infrastructure funds are closed ended and therefore not tradable. The valuation is based on market prices where available for some underlying assets and on estimates of prices in secondary markets for others.

Note 14A Valuation of Financial Instruments Carried at Fair Value Continued

	31 March 2025			31 March 2024		
	Quoted Market Price	Using observable inputs	With significant unobservable inputs	Quoted Market Price	Using observable inputs	With significant unobservable inputs
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets	£000	£000	£000	£000	£000	£000
Pooled Investments - Equity funds UK and Overseas Managed Funds		782,539	-		742,883	-
Unquoted bonds and unit trusts		279,539	-		275,435	-
Pooled Long Lease Property Fund		51,808	-		49,613	-
Infrastructure funds			34,918			80,796
Illiquid Alternatives			232,051			204,697
Designated at fair value through profit and loss				0		
Total Financial Assets		1,113,886	266,969	0	1,067,931	285,493
Financial Liabilities						
Designated at fair value through profit and loss				0		
Total Financial Liabilities				0		
Net Financial Assets		1,113,886	266,969		1,067,931	285,493
			1,380,855			1,353,424

Note 14B Transfers Between Levels 1 and 2

In 2024/25 the Fund's operational activity resulted in no transfers between Levels 1 and 2.

Note 14C Reconciliation of Fair Value Measurements Within Level 3

	Market Value as at 31/03/2024	Transfers in/out of Level 3	Purchases	Sales	Unrealised gains / (losses)	Realised gains / (losses)	Market Value as at 31/03/2025
Asset Category	£000	£000	£000	£000	£000	£000	£000
Overseas Infrastructure	33,193	-	3	(724)	4,403	(1,957)	34,918
UK Infrastructure	62,843	-	13,889	(19,888)	7,476	(8,049)	56,271
UK Venture Capital	109,092	-	2,418	(2,526)	(6,739)	-	102,245
London LGPS CIV	150	-	-	-	-	-	150
Private Credit Funds	51,221	-	-	(2,275)	2,785	-	51,731
UK Equity Funds	28,995	-	-	-	(7,341)	-	21,654
Total	285,494	-	16,310	(25,413)	584	(10,006)	266,969

The equivalent analysis for 2023/24 is provided on the next page.

Note 14C Reconciliation of Fair Value Measurements Within Level 3 Continued

	Market Value as at 31/03/2023	Transfers in/out of Level 3	Purchases	Sales	Unrealised gains / (losses)	Realised gains / (losses)	Market Value as at 31/03/2024
Asset Category	£000	£000	£000	£000	£000	£000	£000
Overseas Infrastructure	37,566	-	-	(1,212)	(3,176)	14	33,192
UK Infrastructure	25,965	-	50,882	(11,536)	204	(2,673)	62,843
UK Venture Capital	88,051	-	38,850	(1,475)	(16,334)	-	109,092
London LGPS CIV	150	-	-	-	-	-	150
Private Credit Funds	46,209	-	-	(1,901)	6,914	-	51,221
UK Equity Funds	34,694	-	-	-	(5,699)	-	28,995
Total	232,635	-	89,732	(16,124)	(18,091)	(2,659)	285,493

Note 14D Sensitivity of Assets Valued at Level 3

The Pension Fund has analysed historical data and current trends in consultation with independent investment advisors to determine the accuracy of the valuations of its Level 3 investments. The potential impact on the reported valuations as at 31 March 2025 has been estimated to be accurate within the following ranges:

Description of assets	Assessed Valuation Range (+)	Assessed Valuation Range (-)	Value at 31 March 2025	Value on increase	Value on decrease
			£000	£000	£000
Partners Group - Infrastructure	12.00%	12.00%	34,918	39,108	30,728
Partners Group - Multi Asset Private Credit	8.00%	8.00%	2,670	2,884	2,456
Darwin Alternatives - Leisure Fund	8.00%	7.10%	21,654	23,386	20,117
Aberdeen MSPC	2.01%	2.14%	51,734	52,774	50,627
Alpha Real Capital - Ground Rents	6.30%	5.60%	73,877	78,531	69,740
Quinbrook - UK Renewable Infrastructure	15.53%	13.30%	56,269	65,008	48,785
Man Group - Affordable Housing	9.50%	9.00%	25,697	28,138	23,384
Total			266,819	289,829	245,837

*An asset (totalling £0.150m) has been excluded from this note due to immateriality.

The equivalent analysis for 2023/24 is provided on the next page.

Note 14D Sensitivity of Assets Valued at Level 3 Continued

Description of assets	Assessed Valuation Range (+)	Assessed Valuation Range (-)	Value at 31 March 2024	Value on increase	Value on decrease
			£000	£000	£000
Aviva - Private Infrastructure	6.90%	7.70%	15,209	16,258	14,038
Partners Group - Infrastructure	6.60%	7.75%	33,163	35,352	30,593
Partners Group - Multi Asset Private Credit	9.73%	9.73%	6,487	7,118	5,856
Darwin Alternatives - Leisure Fund	7.40%	6.50%	28,995	31,141	27,110
Aberdeen MSPC	2.77%	2.77%	51,221	52,637	49,805
Alpha Real Capital - Ground Rents	7.30%	6.40%	78,962	84,726	73,908
Quinbrook - UK Renewable Infrastructure	16.60%	13.80%	47,633	55,540	41,060
Man Group - Affordable Housing	9.40%	8.70%	23,643	25,865	21,586
Total			285,313	308,638	263,956

Note 15A Classification of Financial Instruments

The following table analyses the carrying amounts of financial assets and liabilities split by UK and Overseas, by category and Net Assets Statement heading as at the balance sheet date.

The distinction between a UK asset and an overseas asset is made on the basis of the currency the investment is held in for the purposes of this note.

The table below reflects two adjustments to the prior year. First, contributions receivable and benefits payable were removed from the debtors and creditors lines, respectively, as they are not financial instruments and should not have been recognised in this note. Second, 'Alpha Real Capital – Ground Rents' (£73.9m in 2025, £79.0m in 2024) was reclassified from a UK Infrastructure Fund to a UK Property Fund. These changes have been applied retrospectively to the 31 March 2024 figures shown, ensuring consistency and comparability within the table. We have decided to reclassify our investment "Alpha Real Capital – Commercial Ground Rents" from Infrastructure to Property to better reflect the underlying characteristics of the asset. While the fund provides long-term, inflation-linked income similar to infrastructure, the core exposure is to ground rents secured against commercial real estate. Given that performance is fundamentally driven by property market dynamics and tenant lease structures rather than infrastructure-related risks or cashflows, it is more appropriate to categorise this holding within the Property allocation.

	31 March 2025			31 March 2024		
	Designated at fair value through profit & loss	Financial assets at amortised cost	Financial Liabilities at amortised cost	Designated at fair value through profit & loss	Financial assets at amortised cost	Financial Liabilities at amortised cost
Pooled Investment Vehicles:	£000	£000	£000	£000	£000	£000
UK equity funds	782,539	-	-	742,883	-	-
UK fixed income fund	256,163	-	-	259,562	-	-
UK property fund	173,036	-	-	181,213	-	-
UK infrastructure	56,269	-	-	62,843	-	-
Overseas fixed income fund	77,780	-	-	73,581	-	-
Overseas infrastructure	34,918	-	-	33,163	-	-
Overseas venture capital	-	-	-	30	-	-
London LGPS CIV	150	-	-	150	-	-
Investment income due	-	92	-	-	19	-
Cash deposits with managers	-	27,459	-	-	7,455	-
Debtors	-	876	-	-	1,033	-
Cash balances (held by fund)	-	3,242	-	-	15,642	-
Totals	1,380,855	31,669	-	1,353,424	24,149	-
FINANCIAL LIABILITIES						

Note 15B Net Gains and Losses on Financial Statements

This table summarises the net gains and losses on financial instruments classified by type of instrument

	31 March 2025	31 March 2024
	£000	£000
Financial Assets		
Fair value through profit and loss	35,680	89,410
Loans and receivables	-	-
Financial Liabilities		
Fair value through profit and loss	(10)	(43)
Total	35,670	89,367

Note 16 Nature and Extent of Risks Arising from Financial Statements

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities. The Fund's liabilities are sensitive to inflation through pension and pay increases, interest rates and mortality rates. The assets that would most closely match the liabilities are a combination of index-linked gilts, as the liabilities move in accordance with changes in the relevant gilt yields and changes in inflation.

The Pension Fund Committee maintains a Pension Fund risk register and reviews the risks and appropriate mitigating actions at every meeting.

(a) Market Risk

Market risk is the risk of loss emanating from general market fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk across all its investment activities. To manage excessive volatility in market risk, the Fund continues to invest its assets in a broad range of asset classes in terms of geographical and industry sectors and individual securities which are expected to produce returns above their benchmarks over the long term, albeit with greater volatility. This diversification reduces exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level.

The aim of the investment strategy is to maximise the opportunity for gains across the whole Fund's portfolio within a tolerable level of risk of an overall reduction in the value of the Fund. Responsibility for the Fund's investment strategy rests with the Pension Fund Committee and is reviewed on a regular basis.

(b) Price Risk

Price risk represents the risk that the value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all such instruments in the market.

The Fund is exposed to price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities represent a risk of loss of capital. The maximum risk resulting from financial instruments (except for the derivatives where the risk is currency related) is determined by the fair value of the financial instruments. The Fund's investment managers aim to mitigate this price risk through diversification and the selection of securities and other financial instruments.

All assets except for forward foreign exchange contracts, other investment balances, debtors and creditors are exposed to price risk. The table below shows the value of these assets at the balance sheet date (and the prior year) and what the value would have been if prices had been 8.9% higher or 8.9% lower.

Assets exposed to price risk

	Value	Price Risk	Positive increase	Negative increase
	£000	%	£000	£000
At 31st March 2025	1,380,705	8.9%	1,504,733	1,256,677
At 31st March 2024	1,353,274	8.5%	1,468,800	1,237,748

Note 16 Nature and Extent of Risks Arising from Financial Statements Continued

(c) Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on its investments. Fixed Interest securities and cash 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 recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

Fixed income investments, cash and some elements of the pooled investment vehicles are exposed to interest rate risk. The table below shows the value of these assets at 31 March 2025 and what the value would have been if interest rates had been 1% higher or 1% lower.

Assets exposed to interest rate risk

	Value	+1%	-1%
	£000	£000	£000
At 31st March 2025	419,090	402,613	436,908
At 31st March 2024	428,565	410,599	453,104

(d) 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 pounds sterling. The Fund recognises that a 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.

To mitigate the risk, one of the Fund's investment managers enters forward foreign exchange contracts (accounted for as derivatives) to hedge the currency risk which arises from undertaking non-sterling transactions. In addition, several of the pooled investment vehicles partially or fully hedge the currency back into sterling. These actions reduce the overall currency risk the Fund is exposed to.

The table below presents the sensitivity of the Fund's investments to changes in foreign exchange rates. At 31 March 2025, the Fund had a significant exposure to the US Dollar, with net assets of £466.5m (2024: £425.2m). Exposures to other currencies at the reporting date are not individually significant and are therefore included only within the aggregated sensitivity analysis shown in the table.

Assets exposed to currency risk

	Value	Currency Risk	Positive Increase	Negative Increase
	£000	%	£000	£000
31 March 2025				
US Dollar	466,541	8.35%	505,469	427,613
Other Currencies	188,429	4.81%	197,534	179,403
Total	654,970	7.33%	703,003	606,937
31 March 2024				
US Dollar	425,168	8.26%	460,342	390,049
Other Currencies	165,189	5.04%	173,436	156,887
Total	590,357	7.36%	633,778	546,936

Note 16 Nature and Extent of Risks Arising from Financial Statements Continued

(e) 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 values of investments generally reflect 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, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high-quality fund managers, counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

(f) 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 that there are adequate cash resources to meet its commitments. This will particularly be the case for cash to meet the pensioner payroll costs, and cash to meet investment commitments. The Fund has immediate access to its cash holdings.

The only assets in the Fund which cannot be liquidated within a month are detailed in the table below. These amounted to 19.0% of the Fund's Net Assets at 31 March 2025 (19.7% at 31 March 2024). The remaining assets can all be liquidated within days.

Manager	Portfolio	31 March 2025	31 March 2024
		£000	£000
Standard Life	Property	51,808	49,613
Partners Group	Infrastructure	34,918	33,163
Partners Group	Multi Asset Credit	2,670	6,487
Unigestion	Private Equity	-	30
Darwin Alternatives	Illiquid Alternatives	21,654	28,995
Alpha Real Capital	Ground Rents	77,780	78,962
Quinbrook	Infrastructure	56,269	47,633
Man Group	Property	25,697	23,643
		270,796	268,526

Note 17 Contingent Liabilities and Contractual Commitments

The Fund had the following commitments at the balance sheet date:

	31 March 2025	31 March 2024
	£000	£000
Quinbrook - UK Renewable Infrastructure	30,956	3,155
Man Group - Affordable Housing	3,772	6,189
Alpha Real Capital - Ground Rents	30,000	-
Partners Group Direct Infrastructure Fund 2015	6,963	7,103
Total	71,691	16,447

Note 18 Funding Arrangements

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the London Borough of Hammersmith & Fulham Pension Fund is able to meet its liabilities to past and present contributors and to review employer contribution rates.

The latest full triennial valuation of the London Borough of Hammersmith and Fulham Pension Fund was carried out by Hymans Robertson, the Fund's actuary, as at 31 March 2022 in accordance with the Funding Strategy Statement of the Fund and the Local Government Pension Scheme Regulations 2013. The results were published in the triennial valuation report dated 29 March 2023. This valuation set the employer contribution rates from 1 April 2023 through to 31 March 2026.

The 2022 valuation certified a common contribution rate of 20.7% of pensionable pay (17.4% as at March 2019) to be paid by each employing body participating in the Fund, based on a funding level of 105% (97% as at March 2019). In addition, each employing body must pay an individual adjustment to reflect its own particular circumstances and funding position within the Fund. Details of each employer's contribution rate are contained in the Statement to the Rates and Adjustment Certificate in the triennial valuation report.

The actuary's smoothed market value of the scheme's assets at 31 March 2022 was £1,325m (£1,043m in 2019) and the actuary assessed the present value of the funded obligation at £1,267m indicating a net asset of £58m (£1,079m 2019).

The actuarial valuation, carried out using the projected unit method, is based on economic and statistical assumptions, the main ones being:

Financial Assumptions	March 2022	March 2019
Consumer Price Index (CPI) increases	2.70%	2.60%
Salary Increases	3.70%	3.60%
Pension Increases	2.70%	2.40%
Discount Rate	4.40%	5.00%

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates for the Pension Fund are based on the full valuation of the scheme as at 31 March 2022. The next actuarial valuation of the Fund was carried out by the Fund's actuary Hyman's Robertson as at 31 March 2025 and will set contribution rates for the period 1 April 2026 to 31 March 2029. The 2022 Triennial valuation has now been signed off and is publicly available.

The contribution rate is set on the basis of the cost of future benefit accrual, increased to keep the funding level at 100% over a period of 20 years, as set out in the Funding Strategy Statement. It is set to be sufficient to meet the additional annual accrual of benefits allowing for future pay increases and increases to pension payments when these fall due, plus an amount to reflect each participating employer's notional share of value of the Fund's assets compared with 100% of their liabilities in the Fund in respect of service to the valuation date.

Note 18A Actuarial Present Value of Promised Retirement Benefits

The table below shows the total net liability of the Fund as at 31 March 2025. The figures have been prepared by Hymans Robertson, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.

In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS19.

	31 March 2025	31 March 2024
	£m	£m
Present Value of Promised Retirement Benefits*	(1,178)	(1,355)
Fair Value of Scheme Assets (Bid Value)	1,413	1,378
Net Asset/(Liability)	235	23

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 assumptions applied by the actuary are in the following table:

Financial Assumptions	31 March 2025	31 March 2024
Salary Increases	3.80%	3.80%
Pension Increases	2.80%	2.80%
Discount Rate	5.80%	4.80%

Demographic Assumptions

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:

Life Expectancy from age 65		31 March 2025	31 March 2024
Retiring Today	Males	21.5	21.6
	Females	24.3	24.3
Retiring in 20 Years	Males	22.5	22.6
	Females	25.5	25.6

Note 19 Current Assets

	31 March 2025	31 March 2024
Debtors	£000	£000
Contributions due - employers	2,351	2,153
Contributions due - employees	776	743
London Borough of Hammersmith and Fulham	49	47
Sundry Debtors	826	986
	4,002	3,929

	31 March 2025	31 March 2024
Analysis of debtors	£000	£000
Local authorities	49	47
Other entities and individuals	3,740	3,791
Central Government	213	91
Analysis of debtors	4,002	3,929

Note 20 Current Liabilities

	31 March 2025	31 March 2024
Creditors	£000	£000
Unpaid Benefits	(846)	(719)
Management Expenses	(1,096)	(1,278)
Sundry Creditors	(277)	(908)
Total	(2,219)	(2,905)

	31 March 2025	31 March 2024
Analysis of Creditors	£000	£000
Other entities and individuals	(2,219)	(2,905)
Total	(2,219)	(2,905)

Note 21 Additional Voluntary Contributions (AVCs)

The Fund's AVC providers are Scottish Widows Workplace Savings and Utmost Life and Pensions. AVCs are invested separately from the Pension Fund and their valuations are shown in the table below.

	31 March 2025	31 March 2024
	£000	£000
Scottish Widows Workplace Savings		
Market Value at 31st March	820	848
Contributions during the year	(31)	(60)
Utmost Life and Pensions		
Market Value at 31st March	152	152

In accordance with Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009 the contributions paid and the investments are not included in the Pension Fund Accounts.

The AVC providers secure benefits on a money purchase basis for those members electing to pay AVCs. Members of the AVC schemes each receive an annual statement confirming the amounts held in their account and the movements in the year. The Fund relies on individual contributors to check that deductions are accurately reflected in the statements provided by the AVC provider.

Note 22 Related Parties

The Pension Fund is administered by the London Borough of Hammersmith and Fulham. The Council incurred costs of £0.921m in 2024/25 (£1.1m in 2023/24) in relation to the administration of the Fund and were reimbursed by the Fund for the expenses. The Council made £26.5m of contributions in year (£24.6m in 2023/24).

The Pension Fund's accounting and governance management is carried out through a shared service with Westminster City Council. Westminster City Council incurred costs of £0.207m in 2024/25 (£0.206m in 2023/24) in relation to the accounting and governance of the Fund and were reimbursed for the expense.

Note 22A. Key Management Personnel

The key management personnel of the Fund are the Executive Director - Finance & Corporate Services and the Tri-Borough Director of Treasury and Pensions. Total remuneration payable to key management personnel in respect of the pension fund is set out below:

	31 March 2025	31 March 2024
	£000	£000
Short-Term Benefits	35	33
Post-Employment Benefits	(28)	20
	7	53

Note 23 External Audit Costs

The external audit fee payable to Fund's external auditors, Grant Thornton LLP, was £97,945 (£94,724 in 2023/24)



7.

Glossary and Contacts

Glossary of Terms

ACCOUNTING POLICIES

The rules and practices adopted by the authority that determine how the transactions and events are reflected in the accounts.

ACCRUALS

Amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at 31 March.

ACTIVE MANAGEMENT

Active management or active fund management is where the fund manager makes specific investments with the aim of outperforming an investment benchmark.

ACTIVE MEMBER

Current employee who is contributing to a pension scheme.

ACTUARIAL GAINS AND LOSSES

These arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.

ACTUARY

An independent professional who advises the Council on the financial position of the Fund. Every three years the actuary values the assets and liabilities of the Fund and determines the funding level and the employers' contribution rates.

ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC)

An option available to active scheme members to secure additional pension benefits by making regular contributions to separately held investment funds managed by the Fund's AVC provider.

ADMITTED BODY

An organisation, whose staff can become members of the Fund by virtue of an admission agreement made between the Council and the organisation. It enables contractors who take on the Council's services with employees transferring, to offer those staff continued membership of the Fund.

ASSET ALLOCATION

The apportionment of a Fund's assets between different types of investments (or asset classes). The long-term strategic asset allocation of a Fund will reflect the Fund's investment objectives.

BENCHMARK

A measure against which the investment policy or performance of an investment manager can be compared.

BONDS

Investments, mainly in government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange in the meantime.

Glossary of Terms Continued

CIPFA (CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTING)

CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the Code.

CREDITORS

Amounts owed by the Council for goods and services received but not paid for as at 31 March.

DEBTORS

Amounts owed to the Council for goods and services provided but where the associated income was not received as at 31 March.

DEFERRED MEMBERS

Scheme members, who have left employment or ceased to be active members of the scheme whilst remaining in employment but retain an entitlement to a pension from the scheme.

DEFINED BENEFIT SCHEME

A type of pension scheme, where the pension that will ultimately be paid to the employee is fixed in advance and not impacted by investment returns. It is the responsibility of the sponsoring organisation to ensure that sufficient assets are set aside to meet the pension promised.

DERIVATIVE

A derivative is a financial instrument which derives its value from the change in price (e.g. foreign exchange rate, commodity price or interest rate) of an underlying investment (e.g. equities, bonds, commodities, interest rates, exchange rates and stock market indices), which no net initial investment or minimal initial investment and is settled at a future date

EMPLOYER CONTRIBUTION RATES

The percentage of the salary of employees that employers pay as a contribution towards the employees' pension.

EQUITIES

Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

EXCHANGE TRADED

This describes a financial contract which is traded on a recognised exchange such as the London Stock Exchange or the London International Financial Futures Exchange.

FINANCIAL ASSETS

Financial assets are cash, equity instruments within another entity (e.g. shares) or a contractual right to receive cash or another asset from another entity (e.g. debtors) or exchange financial assets or financial liabilities under potentially favourable conditions (e.g. derivatives).

Glossary of Terms Continued

FINANCIAL INSTRUMENT

Any contract giving rise to a financial asset in one entity and a financial liability or equity in another entity.

FINANCIAL LIABILITIES

Financial assets are contractual obligations to deliver cash or another financial asset (e.g. creditors) or exchange financial assets or financial liabilities under potentially unfavourable conditions (e.g. derivatives).

FORWARD FOREIGN EXCHANGE DERIVATIVE

Forward foreign exchange derivatives are over the counter contracts whereby two parties agree to exchange two currencies on a specified future date at an agreed rate of exchange.

INDEX

A calculation of the average price of shares, bonds, or other assets in a specified market to provide an indication of the average performance and general trends in the market.

OVER THE COUNTER

This describes a financial contract which is potentially unique as they are not usually traded on a recognised exchange

PASSIVE MANAGEMENT

Passive management is where the investments mirror a market index.

units.

PROJECTED UNIT METHOD – PENSION FUND VALUATION

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable later) and their dependents, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party, to an extent that the other party might be always inhibited from pursuing its own separate interests; or
- the parties, in entering a transaction, are subject to influence from the same source, to such an extent that one of the parties to the transaction has subordinated its own separate interests.
- Advice from CIPFA is that related parties to a local authority include Central Government, bodies precepting or levying demands on the Council Tax, members and chief officers of the authority and its pension fund.

Glossary of Terms Continued

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party, irrespective of whether a charge is made. Examples of related party transactions include:

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund;
- the provision of services to a related party, including the provision of pension fund administration services; and
- transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.

RETURN

The total gain from holding an investment over a given period, including income and increase or decrease in market value.

SCHEDULED BODY

An organisation that has the right to become a member the Local Government Pension Scheme under the scheme regulations. Such an organisation does not need to be admitted, as its right to membership is automatic.

THE CODE

The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003.

UNREALISED GAINS/LOSSES

The increase or decrease in the market value of investments held by the fund since the date of their purchase.

NOTE: values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences

Contact Information

FOR FURTHER DETAILS CONTACT:

PENSION FUND MANAGEMENT ENQUIRIES

Head of Pensions
Hammersmith & Fulham Council
145 King Street
London
W6 9JU
pensions@lbhf.gov.uk

PENSION FUND FINANCE ENQUIRIES

Tri-Borough Pensions Team
16th Floor
64 Victoria Street
London
SW1E 6QP

ADMINISTRATIVE ENQUIRIES

Local Pensions Partnership Administration (Scheme Administrators)

Contact form: <https://www.lppapensions.co.uk/contact/contact-lppa/>

Phone: 0300 323 0260



8.

Appendices

Appendices

Full Text Versions of the following documents can be found by following the hyperlinks provided below:

1. THE FUNDING STRATEGY STATEMENT	<u>London Borough of Hammersmith and Fulham Pension Fund Funding Strategy Statement (lbhf.gov.uk)</u>
2. THE INVESTMENT STRATEGY STATEMENT	<u>Pension Fund Investment Strategy Statement 2023 to 24 (lbhf.gov.uk)</u>
3. THE GOVERNANCE COMPLIANCE STATEMENT	<u>governance-compliance-statement.pdf (lbhfpensionfund.org)</u>
4. THE COMMUNICATIONS POLICY	<u>hfpf-communications-policy-final.pdf (lbhfpensionfund.org)</u>
5. PENSIONS ADMINISTRATION STRATEGY	<u>pension-administration-strategy-2022-final.pdf (lbhfpensionfund.org)</u>
6. RESPONSIBLE INVESTMENT STATEMENT	<u>H&F Pension Fund Responsible Investment Statement 2022 (lbhf.gov.uk)</u>

Appendix 7. Annual Report of the Pensions Board

The role of the Pensions Board is to assist the scheme manager (the administering authority) in securing compliance with:

- The LGPS scheme regulations
- Other governance and administration legislation
- The requirements of the Pensions Regulator (tPR)
- Additional matters, if specified by scheme regulations

The Pensions Board is required to have an equal number of representatives from employers and scheme members. They may also have other types of members, such as independent experts, but such members will not have a vote.

The law requires Pensions Board members to have knowledge and understanding of relevant pension laws, and to have a working knowledge of the LGPS, its governance and documentation. Whereas the role of the Pension Fund Committee usually involves carrying out a decision-making function, members of the Pensions Board should focus on the processes involved in the governance of the Fund. For example, are policies and procedures up-to-date, are the requirements of the Pensions Regulator being met and is the Fund following recognised best practice?

At a national level, the LGPS Scheme Advisory Board (SAB) consists of representatives from a broad spectrum of LGPS stakeholders. Its purpose is to encourage best practice, increase transparency and coordinate technical and standards issues by being reactive and proactive. Separate SABs exist for the schemes in England and Wales, Scotland and Northern Ireland.

Elected Members

- Councillor Nikos Ashok Patel (Chair)
- Councillor Nikos Souslous

Appointees

- William O'Connell
- Bruce Mackay
- Andy Sharpe
- Patsy Ishmael

During the year 2024/25 the Pensions Board met twice:

- 12 November 2024
- 12 February 2025

During the year, the Pensions Board had a varied and extensive work programme covering the following areas:

- The monitoring of quarterly fund investment performance
- Reports detailing the Fund's financial management, including cash flow and scrutiny of the fund risk register
- Pensions administration key performance indicators

The Board also reviewed the following work during the year:

- The ongoing performance of the new pensions administration provider and the associated ongoing project work related to the transition across.
- The new investments made by Pension Fund Committee into Buy and Maintain Bonds and Renewable Infrastructure.

Appendix 7. Annual Report of the Pensions Board Continued

The Board underwent the following training in the year:

The Board attended two half-day bespoke training events that took place in September 2024 and March 2025 respectively and covered the following topics:

- Interpreting LGPS pension fund accounting statements
- Government policy on the future of UK LGPS pensions
- Latest actuarial position for LGPS,
- Pooling Updates
- Global update on natural capital, RI and ESG issues
- Market Updates

Councillor Ashok Patel
Chair, LBHF Pensions Board
August 2025

Hammersmith & Fulham Council • Town Hall, King Street, Hammersmith, London, W6 9JL • www.lbhf.gov.uk

