

## **GLA Oversight Committee**

Correspondence received by the London Assembly GLA Oversight Committee as part of its investigation into GLA Group pensions.

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**Leonie Cooper AM**  
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14 September 23, 2022

Dear Leonie

Thank you for your letter dated 4<sup>th</sup> September 2022. Please see below our response to your request for information regarding LPFA's pension administration service both before and since the pandemic. This response follows the order of the questions you posed.

**1. What is the LPFA's view of LPPA's pension administration performance over the last three years?**

LPFA has a positive view of LPPA's pension administration performance over the past three years.

In line with many businesses, LPPA transitioned its operations to remote working to ensure that it could function during the pandemic and enforced lockdown. LPFA found that LPPA's response to the rapidly shifting environment was undertaken in a professional, timely and measured way. Discussions took place around the potential impacts on timings and service level agreements to ensure that LPFA understood the extent to which our members might be affected at a difficult time.

LPPA prioritised its resources to deliver the most pressing services, in particular relating to bereavements – the number of which unfortunately increased significantly during the pandemic. LPFA supported this approach, noting that it would understandably result in operational backlogs in relation to more routine activities.

LPPA planned its operations to ensure that it was able to address any operational backlogs that emerged during the pandemic. LPPA continues to communicate through its regular meetings with LPFA officers where any operational challenges are fully discussed and addressed as appropriate.

Throughout the last three years, the LPFA Board and Local Pension Board have received a quarterly administration performance update directly from LPPA and from LPFA officers, providing an opportunity for oversight and challenge as appropriate.

**2. Does the LPFA have any concerns about specific areas of LPPA's pension administration performance?**

LPFA does not have any concerns about specific areas of LPPA's pension administration performance at this time. Occasionally areas of concern are proportionately dealt with between LPFA Principal Officers and senior management at LPPA and any issues that arise on a day to day basis are dealt with in a timely fashion through regular operational meetings with LPPA.

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**3. Where LPPA performance issues and delays emerged during the pandemic, has LPPA performance subsequently improved?**

Yes, operational backlogs that emerged during the pandemic subsequently improved.

In addition, LPPA has continued to improve the service it provides following the pandemic. LPPA has taken the opportunity to undergo a planned transition to an improved administration system to provide enhanced services to members and employers going forward. This transition has resulted in a temporary and carefully planned relaxation of service levels as the new system is implemented. LPPA and LPFA have been in regular dialogue since the switch over to the new administration system and improvements continue to be implemented in a measured and proportionate way. Regular updates are also provided to the LPFA Board alongside normal reporting and operational service meetings.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Preston', is positioned below the 'Yours sincerely' text.

**John Preston**  
**LPFA Chair**

**The London Pensions Fund Authority**  
**Email: [john.preston@lpfa.org.uk](mailto:john.preston@lpfa.org.uk)**

**Leonie Cooper AM**  
**Chair of the GLA Oversight Committee**

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September 2022

Dear Chair

Thank you very much for your letter of 2 September 2022 regarding the Oversight Committee's investigation into the GLA Group pensions and the role of the London Pensions Fund Authority (LPFA) and London Pensions Partnership Administration (LPPA).

You specifically requested information regarding the LPPA and its performance before and since the pandemic. Following discussion with staff who work most closely with the LPPA, the HR & OD response to these questions is:

**1. What is the GLA's view of LPPA's performance over the last three years?**

The performance of the LPPA over the last three years has, in the main, been at an acceptable level with little cause for complaint.

We did not experience any significant issues during the pandemic and the transition from the London Pension Fund Authority to the LPPA has been smooth.

**2. Does the GLA have any concerns about specific areas of LPPA's performance?**

There were initially some concerns around the LPPA's new online portal.

The LPFA portal was functional and relatively straight forward to use and during the first couple of years following the transition from the LPFA to the LPPA, the LPFA portal remained operational.

In 2022 the LPPA launched a new portal, with the aim of making processes simpler and more streamlined. There have been some issues with this and the new portal has at times proved to be more challenging to use.

However, although the portal was launched and is up and running, it is still undergoing development and it is expected that this will deliver considerable improvements. We will continue to monitor this as the developments are introduced.

Additionally, there have been some issues regarding communication from the LPPA and the time taken to respond to requests from the GLA, including responding to requests for estimates of benefit. These have been taking longer than was the case in the past.

However, we have been working with the LPPA to overcome this, and the situation is improving.

**3. Where LPPA performance issues and delays emerged during the pandemic, has LPPA performance subsequently improved?**

We did not experience any serious issues during the pandemic.

Subsequently, there has been no significant change and performance has remained at an acceptable level.

Now, with the introduction and development of the new portal, it is expected that improvements will be seen in the near future.

If there is anything you or other Committee members would like me to elaborate on further, please do not hesitate to let me know.

Yours sincerely

**Shakira Keddo**

**Assistant Director – People Function**

Leonie Cooper AM  
Chair of the GLA Oversight Committee  
Kamal Chunchie Way  
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The London Fire Commissioner is the  
fire and rescue authority for London

Date 28 September 2022

Dear Assembly Member Cooper,

### **LPPA – pensions administration performance**

I have been asked by the London Fire Commissioner (LFC) to respond to the request for information in your letter of 4 September 2022.

As Director of Corporate Services, I am responsible for the LFC's pension administration arrangements and am happy to provide information to the London Assembly's GLA Oversight Committee on the performance of the LFC's pension administrators, the London Pensions Partnership Administration (LPPA).

The Local Pension Fund Authority (LPFA) and their outsourced service partners, the LPPA, provide administration for both the Local Government Pension Scheme (LGPS) and the Firefighter's Pension Scheme (FPS) for the LFC. The administration of the FPS is carried out through a shared service arrangement which LFC last reviewed in 2020 and that is due to be reviewed again after three years in 2023. A key consideration of the 2020 review was the impact of the McCloud and Sargeant pensions remedy.

#### **1. What is the LFB's view of LPPA's performance over the last three years?**

The LFC consider that LPPA's performance over the last three years has been good, with the LPPA usually exceeding the agreed levels of service against Service Level Agreements. However, performance has dropped below expected standards over the last year with the challenges related to the implementation of their new pension administration system.

The performance of the LPPA under the shared service agreement is regularly monitored and is reviewed at monthly operational meetings that take place between the LFC and LPPA officers. There are also additional quarterly meetings between the LPPA's Managing Director and the LFC's Director of Corporate Services and Assistant Director of Finance, to discuss performance. The LPPA performance is also reported and discussed at each of the LFC's Local Pension Board. The decrease in performance as a result of the new LPPA pensions system has been raised at both the meetings with the LPPA and the Local Pension Board.

#### **2. Does the LPFA have any concerns about specific areas of LPPA's performance?**

As referred to above, the LPPA are changing their pension administration system. This has led to a number of challenges with the implementation of the new system that have caused a number of issues for LFC. This has included some staff raising complaints of delays in obtaining information and receiving their pensions from the LPPA on retirement. Officers in LFC's Payroll and People Services have also had a number of issues with the new LPPA system and continue to do so. These issues have

been escalated and raised at a meeting between LFC Directors and the LPPA Managing Director. Generally, when complaints and issues are raised with the LPPA senior management they are dealt with swiftly by the LPPA.

**3. Where LPPA performance issues and delays emerged during the pandemic, has LPPA performance subsequently improved?**

The LPPA responded promptly to the pandemic with only limited problems arising, mainly from delays with the LPPA's Helpdesk response to contact from staff and pensioners, which did lead to some frustration and complaints. The LPPA did improve the Helpdesk performance after feedback. During the pandemic the LPPA's senior managers were proactive and in daily contact which then changed to weekly as processes and staff adapted to this unprecedented situation of the pandemic. Priorities were agreed with LFC, and issues and solutions were communicated effectively.

**4. Would the LFB like to provide any more information regarding LPPA's performance?**

Overall, LFC has been happy with the performance of the LPPA and particularly with the communication and responsiveness of its staff. However, as mentioned above, there have been a number of issues with the implementation of their new pension administration system that has created difficulties and additional work for LFC. These are being resolved but we have asked the LPPA for a lessons learnt report and actions taken to avoid any similar problems occurring.

LFC continues to work closely with the LPPA, especially in the remedy of the McCloud and Sargeant age discrimination cases.

I have also instructed officers to work with the LFC's Local Pension Board to review the shared service arrangement with the LPPA in 2023 for the administration of the LFC's Firefighters' Pension Scheme to ensure that it continues to provide the best option and value for money for LFC.

Please do not hesitate to contact me if you require any further information.

Yours sincerely



**Mostaque Ahmed**

Director for Corporate Services

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**LONDON & EASTERN REGION**

PK/jf

Leonie Cooper  
Chair of the GLA Oversight Committee

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15<sup>th</sup> September 2022

**Re: TfL Independent Pensions Review**

Dear Leonie,

Thank you for your letter, dated 4<sup>th</sup> September.

**1. What are Unites views of the Reviews findings and reform options?**

Unite believes that the predicated assumption that there is something wrong with the current scheme and/or that it needs changing is wrong.

The employer has a strong covenant and the scheme is well run, financially healthy particularly in comparison to many private sector schemes and has around a £60 million surplus.

Rather than suffer from the recent market volatility that Covid has brought, the scheme has actually performed extremely well during this period and assets have increased by £2,520.1m to £13,101.9m as at 31 March 2021.

The hypothetical argument/question of what if the valuation had been March 2020 instead? Is a strange one to make, when the valuation is March 2021. Would this question be asked if things were the other way round and the valuation was in a more favourable surplus position the year before a valuation? It would not - but the most important thing is that the scheme takes a long term view of market fluctuations, in line with a balanced investment strategy to manage market fluctuations.

In terms of longevity risk, the reality is that while life expectancy has increased, the rate of improvement has slowed and this is before any potential future impact of Covid. So at the current time there is no evidence to suggest that this isn't manageable.

In terms of salary risk, there have been no RPI pay rises in the last 10 years, in addition many of the pay rises have been un-consolidated with the pension. With pay freezes now being imposed, this risk seems to already have been managed.

In terms of how the potential challenges can be mitigated, it is within the Government's gift to change the private sector scheme status through legislation, therefore removing the liability risk and regulatory impact from TfL.



Members care about future financial certainty and receiving the benefit they were promised in their retirement, when they chose to join TfL. Any proposed change to the scheme and future retirement provision is one our members are prepared to fight to defend.

The taxpayer's argument is again a strange one to make when TfL isn't fully publicly funded and also factors out that the members of the scheme are all tax payers in their own right. However leaving this aside, why should the tax payer get to determine what levels of terms and conditions our members at TfL should receive?

Equally it shouldn't matter what fare payers think of a pension arrangement. Which one of us doesn't routinely buy from a shop, receive care in a hospital or call a plumber and do we stop to ask ourselves about the pension scheme those providing the service may receive? The key question for fare payers is "am I happy with the service I receive for the price I pay"? Freezing or controlling fares is something of far greater relevance to them.

The trustees and the employer both have legal responsibilities and a duty of care concerning the provision of a pension. Their job is to manage the risk and provide the pension. In addition the employer has recruitment and retention considerations and a defined benefit pension scheme is an integral part of the TfL offering.

Therefore for the reasons laid out above Unite believes that maintaining a defined benefit final salary scheme is sustainable and that the status quo is the only acceptable option.

### **Comparing with other pension arrangements available elsewhere in the public sector?**

TfL is unique in the public sector in that (ordinarily) it does not receive government funding to subsidise transport - one of the few major cities in the world where this is the case. It also has huge numbers of highly specialist and safely critical roles. It is disingenuous to compare pension arrangements in isolation with others in the public sector as if that were the only differentiating factor. However, it is comparable to some sections of the NHS and Police Schemes and considerably inferior to the scheme for Members of Parliament.

Surely any guiding principle of any genuine review should be looking to "level up" rather than "dragging everyone to the bottom".

### **Maintaining the current scheme unchanged is the best way to maintain fairness to all**

Our members are already sharing a significant burden of risk. With the funding grant removed and with Covid, their employment position is more precarious. Transformations and staff cuts were occurring even before Covid. Pay for many staff has been frozen and bonuses removed. All this at a time when salaries in the private sector are significantly rising. Our members are already sharing the risk by working for an employer that pays less than market rates and is not free to award pay increases. The current pension partially offsets some of this risk.

There should be no "cohorts of members". Any attempt to divide staff and create cohorts should absolutely be discounted. We are already in a position where TfL has divided staff by having separate TfL/LU pay settlements. This should not extend to the pension.

Maintaining the current scheme unchanged is the best way to maintain fairness to all. Members joined the pension scheme on the understanding that they could opt out, and that they instead stayed with the scheme on the basis of promises made. TfL did this to entice/retain staff, and any rowing back on this commitment would be deeply damaging.

### **Pension arrangements are valued by TfL's staff**

They are vitally important. Many new TfL staff look at the total reward package. Some members have told us that compared to their previous employment package they received a pay cut of over 30% when joining TfL together with a much smaller bonus. The pension was absolutely influential in their decision to join TfL. They would not have done so otherwise. The pension is mentioned as a key benefit during recruitment.

### **Industrial Unrest**

Beyond the obvious industrial threat and upheaval this would cause, now is not the time to change the pension scheme. TfL is currently under some financial constraints with revenues still low and it will take time to bounce back to pre-pandemic levels. Changing a pension scheme is a costly and time consuming endeavour, consultant's fees, new software systems, consultation, employee 1:1s, and communications.

Can TfL really afford the cost of change now, both financially and in terms of impact on staff who are already suffering low morale after the removal of bonuses and pay freezes for many? The one off cost of changing a pension scheme, just in terms of lost staff productivity alone, would be disastrous. "Struggling" businesses do not waste time and money changing their pension schemes, they focus on winning back customers, driving revenues and keeping their staff happy and motivated.

### **Q.2 What are Unite's views of the way in which the Review has been led, and the way in which you have been consulted in the Review?**

Leaving aside the fact that the Review assumed that there is something wrong with the current scheme and/or that it needs changing, which has stated above Unite does not agree with.

Sir Brendan Barber, Joanne Segars OBE and their supporting secretariat were professional and transparent. However we must be extremely clear that a Review does not constitute a statutory pension consultation, which we wouldn't welcome.

In closing, the previous Transport Secretary, Grant Shapps, made the recent bailout of TfL conditional on its pension fund being reviewed.

Unite raised concerns that the review could be used to slash pension costs, leaving TfL workers struggling in their retirement, while also making the London Underground more attractive to private bidders. Unite represents more than 2,000 workers directly employed by TfL, as well as 22,000 more across the capital's public transport network. Our members will not sit back and allow their pensions to be raided because TfL is being starved of funds by Ministers. Contrary to what the government

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would have people believe, the TfL pension fund is not gold plated – it is well-managed, properly funded and proportionate.

The DfT bailout already forced a pay freeze on our members – their pensions must be left alone and Unite will use every means at its disposal to ensure this is the case.

The Underground is the envy of metropolises the world over. Unfortunately, it is not safe under a Tory administration that cares more about the deals done in the City's financial centre, than the people who rely on its public transport network.

Despite being proved wrong countless times, the Conservative mantra of 'private good, public bad' means there is no doubt that Ministers hold a long-term ambition of carving up TfL and handing it to their privateer mates. What better way to get the ball rolling than hiving off pensions, so that TfL's future running costs are reduced for private sector bidders?

London and Londoners deserve better.

Regards

A handwritten signature in black ink, appearing to read "P. Kavanagh".

Peter Kavanagh  
Regional Secretary London & Eastern



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**Finn Brennan**  
**ASLEF District Organiser**  
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16/09/2022

Dear Leonie,

Thank you for your letter regarding the TfL pension scheme independent review.

In answer to your questions;

**1) What are ASLEF's views of the Review's findings and reform options?**

The Review found that the scheme is well managed and run "*with a sophisticated investment strategy, and there is no immediate critical funding crisis in the Scheme demanding a response*"

It also noted that the Scheme "is *highly valued by staff and is an important feature of the overall remuneration and reward package*".

It went on to state that the "*Scheme is seen as an important recruitment and retention tool by TfL. Moreover, as we reported in December 2021, the Scheme is the only benefit of substance (other than pay) on offer to TfL employees. Where other benefits are available, they are of lower value than might be seen in other comparable organisations. Benefits such as health care and bonuses, which might also be available in other employers, are not available to the majority of staff in TfL.*"

The final report of the Review pointed out that "*experience elsewhere has shown, what has been termed the 'reform and modernisation' of pensions provision has almost invariably involved a reduction in the value of the provision for members in some cases dramatically so*"

The Review did not endorse any particular option for change and pointed out that "*change of any sort – unless it is change that is agreed by all the relevant parties through the*

*arrangements provided for in the Scheme's rules – would likely take years and require a major role by HMG."*

All the reform options proposed would result in future benefits being cut. Members would be expected to work for longer in order to receive less benefit in the future.

ASLEF are clear in our position that pensions are deferred wages; money that is earned now but received on retirement. We will vigorously oppose any attempt to cut our members pension entitlements just as we would oppose any other form of wage cut.

Any attempt to attack our members pension benefits would lead to prolonged industrial action and have a deep long-term impact on industrial relations on London Underground that would seriously effect London's economic recovery and efforts to encourage increased use of public transport.

Provoking staff to take industrial action would lead to a vicious circle where the Underground would be seen as unreliable leading to a fall in ridership and increasing the need for funding support.

I would strongly counsel against taking such an approach.

## **2. What are ASLEF's views of the way in which the Review has been led, and the way in which you have been consulted in the Review?**

I found Brendan Barber and his team to have been open and collaborative throughout the process. I would particularly commend Joanne Segers for her expertise and deep understanding of the complexity of the issues involved.

I hope these responses are of help to you. Please do not hesitate to get in touch if I can be of further assistance,

Best regards,

Finn Brennan



Ms Leonie Cooper AM  
Chair, GLA Oversight Committee  
London Assembly

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22 September 2022

Dear Leonie

### **TfL Independent Pensions Review**

Thank you for your letter dated 4 September 2022.

I note that the GLA Oversight Committee is investigating the GLA Group pensions and, as part of that, you will be examining the TfL Pension Fund ("**Fund**") and TfL's Independent Pensions Review ("**Review**").

In that context, you have asked the following questions:

1. What is the TfL Pension Fund Trustee's views of the Review's findings and reform options?
2. What is the TfL Pension Fund Trustee's views of the way in which the Review has been led, and the way in which the Trustees have been consulted in the Review?

I am very happy to reply to your questions on behalf of the Trustee. But before doing so, it may help to briefly explain the role of the Trustee.

The main purpose of the Fund is to provide retirement pensions and other benefits, and the Trustee's duty is to act in the interests of the Fund's beneficiaries having regard to that purpose. This means that the Trustee is primarily concerned with its ability to pay the Fund's accrued benefits over the long-term.

It was from this perspective that the Trustee submitted written representations and engaged more generally in relation to the Review.

**What is the TfL Pension Fund Trustee's views of the Review's findings and reform options?**

As was made clear in the Review's terms of reference, although the purpose of the Review was to assess and make recommendations for reform in relation to TfL's pension arrangements, any reform options were to protect members' benefits that are already built up.

Paragraph 38 of the funding settlement letter from the then Secretary of State for Transport to the Mayor of London dated 30 August 2022 reinforces this by stating that "[a]s part of this funding settlement, the Mayor commits to...protecting members' benefits built up to date". This message was also expressly reinforced by the Commissioner, Andy Byford, in his message to all TfL employees sent on 30 August 2022.

For the Trustees, this was a crucial feature of the Review and the funding settlement, and remains an aspect of strong focus for the Trustee in relation to any reform options that may be considered further.

The Trustees were pleased to note the review noted that the Scheme has continued to be very well run with a sophisticated investment strategy, and there is no immediate critical funding crisis in the Scheme. Furthermore they were in agreement with the assessment principle "A pension arrangement within the wider context of TfL's remuneration and reward package that is competitive for recruitment and retention purposes."

The Trustee also notes that no reform options were recommended by the Review and, even when two categories of reform options for further consideration are short-listed, TfL will also submit a "do nothing" option.

In the circumstances, it is premature for the Trustee to say anything further about the Review's findings or any reform options that may be considered further.

**What is the TfL Pension Fund Trustee's views of the way in which the Review has been led, and the way in which the Trustees have been consulted in the Review?**

The Trustee expected, and was pleased to see, that it was regarded as an "interested party" for the purpose of the Review, and that the Terms of Reference expressly required the Independent Lead, Sir Brendan Barber, to offer the Trustee a reasonable period of time to engage with and submit evidence and representations to the Review.

Although the timeframe for submitting written representations was challenging, the Trustee took steps to ensure that it was able to fully and properly consider and respond to the specific questions raised in the first stage of the Review.



In addition to the Trustee's written representations, Sir Brendan and Joanne Segars also met with the Trustee Board on two occasions to explain and discuss issues that were relevant to the Review as it progressed. The Trustee welcomed those opportunities as it gave all directors of the Trustee Board (of whom there are 18) a forum in which to engage directly with Sir Brendan and Joanne.

I hope the above is helpful to the Committee's investigation and would be happy to consider any further questions that you might have in the course of carrying it out.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Antoniou'.

**Maria Antoniou**  
**Chair, TfL Pension Fund**





Chief Finance Officer

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29 September 2022

Dear Leonie

## **Transport for London (TfL) Independent Pensions Review**

Thank you for your letter of 4 September addressed to the Commissioner in relation to the TfL pension scheme and the Independent Pensions Review. I have been asked to respond.

Please find below our responses to your questions and I look forward to attending your meeting on 13 October to discuss these matters further.

### **1. What is TfL management's view of the Review's findings and reform options?**

In accordance with the requirements of the 30 August 2022 Funding Agreement with Government (the Funding Agreement), TfL provided its response to the Independent Pensions Review's Final Report to the Government on 27 September. This is available online:

<https://tfl.gov.uk/corporate/publications-and-reports/independent-pensions-review>

### **2. Has TfL met government ministers and/or officials since the publication of the Review's final report, and if so, when did the meeting(s) take place, and what future meetings are planned?**

As set out in Paragraph 39 of the Funding Agreement, we will meet with Government officials to discuss our workplan and next steps. This meeting is scheduled to take place on 4 October 2022. During the funding discussions we maintained an ongoing dialogue with Government officials covering a range of matters, including pension arrangements. Going forward, the Funding Agreement requires TfL to provide regular substantive updates to the Government as work in relation to pensions progresses.

**3. What are the planned next steps to take forward the Review's findings and reform options?**

We were required by the Government to provide our views on Sir Brendan Barber's Final Report and a workplan setting out the necessary steps for moving TfL's Pension Fund into a long-term, financially sustainable position by 27 September. This has now been submitted.

By 14 October, the Government requires us to short list two broad categories of options for further consideration, each with two sub-options taking into account matters such as retirement age, indexation and other key scheme design characteristics. These will be submitted alongside a "do nothing" option and a comparison to pension arrangements provided in comparable public sector organisations.

**4. When will TfL decide what action (if any) it will take to pursue any of the Review's reform options?**

By 31 January 2023, we are required to set out a preferred course of action, along with an implementation plan (if appropriate). If any reform is proposed, then that would require consultation scheme members and their representatives, the Government wants us to aim to commence consultation by 1 May 2023.

I hope this is helpful. I look forward to discussing these matters with the Committee further on 13 October.

Yours sincerely



Patrick Doig  
**Statutory Chief Finance Officer**



Tricia Wright  
Chief Officer Pensions Review

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5 December 2022

Dear Léonie

Thank you for your letters of 14 November addressed to me, Patrick Doig (Statutory Chief Finance Officer), Tim Handley (Head of Pensions) and Padmesh Shukla (Chief Investment Officer) following the 13 October meeting of the Oversight Committee. Please accept this as a response to all four letters.

We are pleased that you found our answers at the meeting helpful. As requested, please find below responses to your further questions and requests for information.

## **TfL's submission to Government, submitting two categories for future service reforms alongside data analysis and rationale.**

Following the submission to HM Government of our response to the Independent Pension Review's Final Report on 27 September 2022, on 14 October 2022 we sent a paper to the Department for Transport responding to the August 2022 funding agreement requirement to set out two broad categories of options, each with no more than two sub-options, in relation to future service benefit design. Papers published in relation to the Independent Pensions Review are available on our website here:

<https://tfl.gov.uk/corporate/publications-and-reports/independent-pensions-review>

## **Modelling used to inform options papers submitted to Government**

The methodology and assumptions used for modelling different options for future service and member outcomes is available at Appendix 5 in the paper submitted to the DfT on 14 October 2022. The results from this modelling are included throughout the paper, including Chapter 5 (Future Service Benefit Reform) and Chapter 8 (Impact on Members' Benefits). The report is available in full online here:

<https://content.tfl.gov.uk/pensions-position-paper-14-october-2022.pdf>

**Confirm the proportion of TfL Pension Scheme members that retire each year before the ages of 60 and 65, and explain whether the proportions had changed over recent years.**

Please find this data attached.

Thank you again for your letter.

Yours sincerely



**Tricia Wright**  
Chief Officer Pensions Review

## TfL Pension Fund

### Summary of retirements (excluding ill-health retirements)

Active members (in our employment at retirement)

Calendar Year	Number of retirements under 55	Under 55 average age	Number of retirements 55 to 59	55 to 59 average age	Number of retirements 60 to 64	60 to 64 average age	Number of retirements 65 plus	65 plus average age	Total Retirements	Average age
2018	71	52.67	184	57.46	217	62.10	127	67.39	599	60.68
2019	32	52.35	154	57.63	182	62.01	115	67.48	483	61.27
2020	34	52.52	127	57.49	178	61.97	123	66.87	462	61.35
2021	42	52.28	174	57.72	251	62.06	186	67.40	653	61.80
2022*	23	53.03	143	57.54	175	62.00	118	67.75	460	61.65

Deferred members (former employees)

Calendar Year	Number of retirements under 55	Under 55 average age	Number of retirements 55 to 59	55 to 59 average age	Number of retirements 60 to 64	60 to 64 average age	Number of retirements 65 plus	65 plus average age	Total Retirements	Average age
2018	138	51.27	160	56.38	353	60.76	36	66.51	687	58.14
2019	122	51.93	182	56.57	289	60.73	34	65.83	627	58.09
2020	92	51.86	127	56.60	306	60.63	38	66.88	563	58.71
2021	106	52.24	158	56.73	313	60.78	49	66.61	626	58.77
2022*	41	52.35	121	56.38	213	60.67	41	66.43	416	59.17

\*2022 covers year to 30 September 2022

Leonie Cooper AM  
City Hall  
The Queen's Walk  
More London  
London  
SE1 2AA

January 10, 2023

Dear Leonie

Thank you for your letter dated 15 November 2022.

It was a pleasure to attend the Greater London Authority Oversight Committee on 13 October 2022 to discuss GLA Group pensions.

Please see below our response to the follow up requests and questions raised in your letter.

**1. Provide further information regarding the collective work of the London Collective Investment Vehicle (LCIV), Local Pensions Partnership Investments (LPPI), LPFA and London Fund with housing infrastructure, delivery and affordable housing**

We are delighted that through the London Fund LPFA is contributing to positive outcomes for Londoners while also seeking a competitive investment return in line with our duty to pay pensions over the long term. In response to your request for further information, representatives of LCIV and LPPI have prepared the additional detail at Appendix 1.

**2. Explain why reference to the critical findings in the audit report, from the 19 July 2022 Audit and Risk Committee's minutes, were redacted**

The relevant section of minutes of the 14 June 2022 Audit and Risk Committee, as included in the papers for the 19 July 2022 Board meeting, was redacted because the relevant audit findings were provided in draft by the Internal Auditor and were not yet final. The purpose of the redaction was to avoid inadvertently publishing draft audit findings that were subject to change.

The relevant findings were subsequently finalised and have now been published in the Audit and Risk Committee's 2021/22 Report, which is available on the LPFA website through the following link:  
<https://www.lpfa.org.uk/our-story/who-we-are/audit-risk-committee-arc>

LPFA is committed to the principle of transparency, as evidenced by the publication of the internal audit findings.

**3. Confirm how many members of the LPFA would be affected by the McCloud Remedy and what the total additional cost would be to the fund**

The McCloud Remedy potentially affects any members who were building up benefits in the LPFA Fund as at 31 December 2012 but who were not within ten years of their Normal Retirement Age at that date.

For those members potentially affected, a calculation will be required to determine whether they would have received a higher pension if they had continued to accrue benefits under the 2008 LGPS regulations rather than the 2013 LGPS regulations. The outcome of this process will depend on the individual circumstances of each member and cannot be accurately predicted until the detailed calculations have been carried out in full.

The LPFA Fund Actuary has estimated that around 2,300 members of the Fund might be entitled to an increase in pension following the McCloud Remedy, although this figure may change as the calculations progress in due course. The Fund Actuary has also estimated that as a result of the additional pension that may be awarded to these members, the liabilities of the Fund could increase by around £19 million. This amount represents an increase in liabilities of around 0.3%.

**4. Follow up with the Local Pension Board (LPB) and LPFA Board as to whether they would commit to routinely publishing the Local Pensions Partnership Administration's (LPPA) quarterly performance reports alongside the LPB agendas**

At its meeting of 8 December 2022, the LPFA Board considered whether to routinely publish LPPA's quarterly performance reports alongside the LPB agendas. The outcome of this discussion was that the Board resolved to delegate to the CEO the final decision on which sections of these reports are suitable for publication and we will look to start publishing appropriate content later in 2023.

**5. Explain why portions of the minutes of the February 2022 LPB meeting were redacted.**

The LPB receives quarterly reports from LPPA on its performance, as well as an update on its communications to, and engagement with, employers and members. At the February meeting, once the LPPA representatives had left the room, there was a brief discussion on their presentation including details of interaction with specific employers during which some points were raised that could be perceived as disparaging of LPPA's delivery of Project Pension Administration Core Evolution (PACE). Given that LPPA is a commercial organisation with other local authority clients also transitioning to the universal pension management (UPM) system as part of PACE, it was not considered appropriate to put these comments into the public domain.

**6. The Committee would also appreciate if you could provide details as to the time frame for LPFA to meet the ambition to invest 5% overall in local projects, as suggested by the Government**

The Government white paper published in February 2022 asked LGPS funds to set "an ambition of up to 5% of assets invested in projects which support local areas".

The white paper referenced LPPI's leadership role in this area, noting that "a dedicated infrastructure platform (GLIL) has been established jointly by the Northern and Local Pensions Partnership Investments

LGPS asset pools, and has around £2.5bn committed, with investments including Anglian Water, Forth Ports (including Tilbury) and Clyde Windfarm”.

Looking across LPFA's total assets, we estimate that the Fund already meets the Government's ambition. For example, around 4% of LPFA's assets are invested within GLIL and a further 2% of assets is committed to the London Fund.

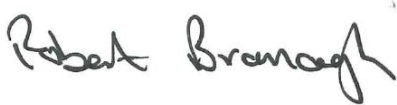
We will continue to work collaboratively with LGPS Funds and Pools to further increase the positive impact that the LGPS can have on local areas, both in London and across the UK.

**7. Finally, please could you provide a copy of the LPPA's pension administration performance report for every quarter since Quarter 1, 2019-20? The Committee understands the reports go to the LPFA's Local Pensions Board but the reports are not published on the LPFA's website.**

We are comfortable to provide these documents. However, please note that they are not in the public domain and therefore cannot be shared or circulated more widely without the express written agreement of LPFA. We will look to provide the documents pending confirmation of your agreement to these constraints.

I trust that these responses meet the Committee's needs. Many thanks again for the opportunity to attend the Committee's 15 November meeting.

Yours sincerely



**Robert Branagh**

**Chief Executive Officer**

**The London Pensions Fund Authority**

**Email: Robert.Branagh@lpfa.org.uk**



## **Appendix 1 – Further information relating to the London Fund, provided by LCIV and LPPI**

The London Fund has to date committed c£140mn to four investments, in line with the fund's mandate to deliver competitive investment returns with Positive Social Outcomes ("PSOs") in Greater London. The four committed investments comprise three in real estate and one in infrastructure.

### Housing

- The London Fund's first investment was in Delancey and Oxford Residential's DOOR SLP 'build to rent' housing platform to support the development of new quality private rented sector and affordable housing stock for London.
- This investment contributes to PSOs by developing high-quality housing stock and neighbourhoods with significant elements of 'green open space' – 3,900+ operational homes and c.6,300 pipeline including plans to develop and operate c.400 affordable homes in London.

NHS staff have significant occupancy in one of the sites, which also includes over 30 independent retailers, an NHS health centre and an 1,800 pupil school.

### Regeneration

- A commitment to Yoo Capital Fund II ("YCF II") was made on behalf of the London Fund. YCF II is focused on redeveloping and repositioning existing assets to create space for supply starved strategic growth sectors predominantly in the Greater London area. YCF II's primary focus will be on sectors in which the manager, Yoo Capital, believes to be either undersupplied or mispriced such as life sciences, healthcare and creative industries. The manager believes that its pipeline of opportunities will bring in significant inward investment, create new jobs for Londoners and boost local economy.
- YCF II's seed asset, Shepherd's Bush Market, includes plans to bolster the market by adding affordable commercial innovation space for tech and bio-tech start-ups, affordable studio space for artists and creatives, office space and affordable housing provision on site. A key component of the West London regeneration project is to maintain the character and heritage of the existing market by protecting existing traders who operate in the 107-year-old market with heads of terms secured with 80% of the current traders so far.

Yoo Capital is building strong relationships with the local community in the surrounding area including supporting a local primary school, hosting free events for residents and working to ensure community support is embedded in market governance over the long term.

### Sustainable office

- EDGE London Bridge is a co-investment into a joint venture with Goldman Sachs Asset Management and their partner EDGE to develop a 260k sq. ft. world class, sustainable office tower adjacent to the south entrance of London Bridge station.
- The intention is to deliver a best in class, midrise office tower targeting world leading ESG credentials including innovative low carbon construction and net zero in operation. It will also target the highest levels of BREEAM/LEED/Wired and SMART certifications and is expected to become a benchmark asset in a new ESG SMARTScore certification. The office building will provide a unique offering in London for >2000 companies that have committed to net zero carbon by 2050. Through its innovative design, the building's embodied carbon footprint will be approximately half of that of similar towers and generate some of its own renewable energy onsite.

### Infrastructure

- The London Fund committed to a Greater London data centre platform which provides critical digital infrastructure that supports the access to online services that London's residents and businesses rely upon.
- This investment contributes to PSOs by supporting the London's digital ecosystem in an environmentally responsible manner, including a Net Zero commitment by 2030, procuring 100% renewable power, and widespread use of water efficient closed loop cooling systems.



**Leonie Cooper AM**  
**Chair of the GLA Oversight Committee**

Robert Branagh  
Chief Executive Officer  
London Pensions Fund Authority

13 January 2023

## **LPPA performance and transparency**

Dear Robert,

Thank you for your response, dated 10 January, to the Committee's request for copies of the Local Pensions Partnership Administration (LPPA)'s quarterly performance reports since Quarter 1, 2019-20, which are not currently in the public domain.

It is disappointing to hear that the London Pensions Fund Authority (LPFA) is unwilling to allow these documents to be published and is only willing to share this information with the Committee should it agree to LPFA's constraints.

This is an important area in which the LPFA should demonstrate its commitment to transparency. The LPFA is an organisation that serves GLA Group staff and receives funding from the GLA Group – and therefore is of interest to Londoners.

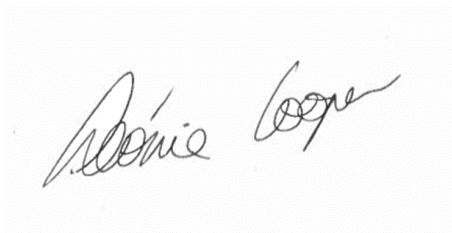
The LPFA may be interested to note that transparency in this area is not unique. Many other Local Government Pension funds that are clients of the LPPA routinely publish comprehensive quarterly performance reports. For example, the London Borough of Ealing (see: [Q1 Ealing Pension Fund \(modern.gov.co.uk\)](#)), Hertfordshire County Council (see: [Q1 Hertfordshire County Council Pension Fund](#)) and Cumbria County Council (see: [Q1 Cumbria Local Government Pension Scheme](#)).

Against this backdrop, the Committee hopes you will reconsider your position and agree to share the LPPA's quarterly performance report without constraint. If the LPFA is unable to meet this request, the Committee would like to better understand LPFA's concerns about publishing the information and the nature or type of information LPFA considers to be of particular sensitivity.

Depending on the response to these further questions, the Committee may consider other options available to it to obtain the information.

I would be grateful if you could respond to the Committee's request by **Wednesday 18 January**. Please copy Davena Toyinbo, Principal Committee Manager, into your response via the following email address: [Davena.Toyinbo@london.gov.uk](mailto:Davena.Toyinbo@london.gov.uk).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Leonie Cooper', is written on a light-colored rectangular background.

**Leonie Cooper AM**  
**Chair of the GLA Oversight Committee**

**Leonie Cooper AM**  
**City Hall**  
**The Queen's Walk**  
**More London**  
**London**  
**SE1 2AA**

18 January 2023

Dear Leonie

Thank you for your letter dated 13 January 2023.

As requested, please find attached the pension administration performance reports from LPPA for every quarter since Quarter 1, 2019-20.

I appreciate the disappointment that you expressed in your letter, although this did come with some surprise. It is not our intention to withhold publication of this information indefinitely. As noted in my letter of 10 January, the LPFA Board recently discussed and took the important step of delegating to the CEO, the final decision on which sections of these reports are suitable for publication.

LPFA holds the uncommon position of being both a client of LPPA and a 50% shareholder in its parent company. As a result, and as I'm sure you will appreciate when you review the attached reports, the information provided by LPPA occasionally includes information that in our view might not be appropriate to publish. For example, information is sometimes included that relates to LPPA's wider delivery to other clients, and on occasion, individual employers are referenced.

We are currently considering how best to make information available relating to LPFA's performance without inadvertently publishing sensitive information about individual employers or other LPPA clients. We intend to start publishing appropriate content later in 2023. Of course, any materials published on our website in due course will be available for the committee to view and share without restriction. In the meantime we ask only that these reports are not shared until such time as they are in the public domain.

Finally, and for completeness, I note your comment that:

*"The LPFA is an organisation that serves GLA Group staff and receives funding from the GLA Group – and therefore is of interest to Londoners."*

Several GLA Group entities participate in the LPFA Fund and we are proud to serve GLA Group staff by administering their LGPS pensions. The payments that GLA Group entities make to LPFA are directed into the pension fund and invested in order to pay pensions. This is no different from the approach taken with the other c. 120 employers participating in the Fund. LPFA does not receive any direct operational funding from the GLA Group.

Yours sincerely

A handwritten signature in black ink that reads "Robert Branagh". The signature is written in a cursive style with a small dot above the 'h'.

**Robert Branagh**

**Chief Executive Officer**

**The London Pensions Fund Authority**

**Email: [Robert.Branagh@lpfa.org.uk](mailto:Robert.Branagh@lpfa.org.uk)**