

LOCAL PENSIONS PARTNERSHIP ADMINISTRATION

2026/27 Annual Budget

London Borough of Hackney

FEBRUARY 2026

LPP
Local Pensions Partnership
Administration

2026/27 Budget Overview

LPPA are pleased to confirm a budget increase of 0.3% per member for 2026/27 which is significantly below the inflation rate.

Hackney	FY 2026/27	FY 2027/28	FY 2028/29
Budget	£946.0k		
Forecast*		£971.0k	£999.0k
Absolute Budgeted Cost Per Member	£33.59	£33.47	£33.43
Real Budgeted Cost Per Member	£32.44	£32.32	£32.28
Membership (estimated for 27/28 & 28/29)	28,166	29,011	29,881

* figures for FY 2027/28 & FY 2028/29 are future projections which will be subject to the budget setting process and formal approval for that financial year.

- Budget proposal for the year 2026/27 is **£946,037**
- This represents a cost per member (cpm) increase of **£0.09 (0.3%)** – cpm for 2025/26 is £33.50
- The ‘Real budgeted cost per member’ is adjusted to negate inflation to show the underlying cost on a “like for like” basis and shows a cost reduction of **£1.06** per member

Key Budget Assumptions

- Membership for 2026/27 is at 24/10/2025 and assumed to grow at 3% per annum
- General inflation assumption of 3.2% (CPI @ November 25) has been applied for costs (including systems and licenses) where we have not been advised on supplier costs for next year, otherwise actual known costs have been included.
- Wage inflation of 3% in line with market review and external validation of our benchmarking
- Adoption of the Real Living Wage (UK)
- 2026/27 budget is made up as follows:
 - 76% Staff costs
 - 4% System costs (includes Pension Dashboard license)
 - 20% Other

We are continuing the review of Transfer Pricing and early conclusion is that we will need to apply a transfer pricing mark up to our pricing at the end of FY26/27 to comply with UK tax legislation. We will provide more information on this throughout the course of the year.

2026/27 Budget Drivers

LPPA has been able to offset most of the 3% wage increase and 3.2% annual inflation as a result of:

- Efficiency and Service Programme (ESIP) investment in technology has delivered operational efficiencies through the automation of key processes. These include improvements to the monthly returns process, portal development and semi-automated retirement online
- Following the 2025 triennial valuations, LPPA's employer pension contribution rates have reduced

2025 CEM Benchmarking Survey

- For the 2025 CEM Pension Administration Benchmarking Report (review of the year 01/04/2024 – 31/03/2025) there were 14 other participants which LPPA was benchmarked against which primarily deliver public sector pension administration, including 25 LGPS Funds and their 3.1m members.
- Findings from the 2025 CEM Survey:
 - Our average cost per member for pension administration was £6.51 less than the peer average
 - LPPA's average staff remuneration (per FTE) was 8.7% lower than the peer average and the no. of employees (FTE) per member was 2.7% less
 - LPPA's overall service score was **63** (out of 100) compared to the peer median score of 64.
 - Our overall service score increased from 59 in the 2024 Survey

Next Steps

- LB Hackney to take this budget proposal through the appropriate governance channels for approval. LPPA will be happy to support this process as required.
- The proposed budget is subject to final LPPA Board approval
- LPPA will provide a formal letter to sign and return to confirm your acceptance of the 2026/27 budget once agreed and no later than 30th June 2026
- Quarterly budget packs will be provided to you through 2026/27 covering Q2 onwards. These packs will summarise the actual spend to the end of the quarter against the budget and include a full year forecast.
- At the end of the 2026/27 financial year, any shortfall to budget will be invoiced via the “true up” mechanism; any underspend to budget will be refunded.