

**Lancashire County Pension Fund  
Fund Account - Year ending 31 March 2019**

	Actual year ended 31 March 2018 £'000	Budget year ended 31 March 2019 £'000	Budget for 9 months to 31 December 2018 £'000	Actual for 9 months to 31 December 2018 £'000	Variance for 9 months to 31 December 2018 £'000	Notes - see below	Forecast year ended 31 March 2019 £'000	Forecast full year budget variance £'000
<b>INCOME</b>								
<b>Contributions Receivable</b>								
From Employers	(181,374)	(193,100)	(144,825)	(84,632)	60,194		(112,842)	80,258
From Employees	(56,522)	(59,382)	(44,537)	(44,408)	129		(59,210)	172
<b>Total contributions receivable</b>	<b>(237,896)</b>	<b>(252,483)</b>	<b>(189,362)</b>	<b>(129,039)</b>	<b>60,323</b>	1	<b>(172,052)</b>	<b>80,430</b>
<b>Transfers in</b>	<b>(11,518)</b>	<b>(11,370)</b>	<b>(8,527)</b>	<b>(6,888)</b>	<b>1,639</b>		<b>(9,184)</b>	<b>2,186</b>
<b>Total Investment Income</b>	<b>(142,008)</b>	<b>(144,397)</b>	<b>(108,298)</b>	<b>(151,770)</b>	<b>(43,472)</b>	2	<b>(180,512)</b>	<b>(36,115)</b>
<b>TOTAL INCOME</b>	<b>(391,422)</b>	<b>(408,250)</b>	<b>(306,187)</b>	<b>(287,697)</b>	<b>18,490</b>		<b>(361,748)</b>	<b>46,501</b>
<b>EXPENDITURE</b>								
<b>Benefits Payable</b>								
Pensions	213,656	220,065	165,049	168,537	3,488		224,716	4,651
Lump Sum Benefits	41,188	42,424	31,818	32,826	1,008		43,767	1,344
<b>Total benefits payable</b>	<b>254,844</b>	<b>262,489</b>	<b>196,867</b>	<b>201,363</b>	<b>4,496</b>		<b>268,484</b>	<b>5,995</b>
<b>Transfers out</b>	<b>17,354</b>	<b>17,875</b>	<b>13,406</b>	<b>10,277</b>	<b>(3,129)</b>		<b>13,702</b>	<b>(4,173)</b>
<b>Refund of Contributions</b>	<b>594</b>	<b>611</b>	<b>459</b>	<b>417</b>	<b>(42)</b>		<b>555</b>	<b>(56)</b>
<b>Contributions Equivalent Premium</b>	<b>(27)</b>	<b>(28)</b>	<b>(21)</b>	<b>(3)</b>	<b>18</b>		<b>(4)</b>	<b>24</b>
<b>Fund administrative expenses</b>								
<b>Administrative and processing expenses:</b>								
LPP administrative expenses	3,712	3,300	2,475	2,463	(12)		3,288	(12)
Write off of bad debts	19	10	8	3	(4)		4	(6)
<b>Total administrative expenses</b>	<b>3,731</b>	<b>3,310</b>	<b>2,483</b>	<b>2,466</b>	<b>(17)</b>		<b>3,292</b>	<b>(18)</b>
<b>Investment management expenses</b>								
<b>Investment management fees:</b>								
LPP directly invoiced investment management fees	3,078	1,800	1,350	1,577	227		1,897	97
DIRECTLY INVOICED non LPP investment management fees - direct holdings	1,462	1,462	1,097	916	(181)		1,512	50
Investment management fees on pooled investments	45,922	52,092	39,069	39,740	671		52,986	894
Transition costs	303	200	200	(13)	(213)		(13)	(213)
Custody fees	99	50	38	31	(7)		63	13
Commission, agents charges and withholding tax	1,421	1,421	1,066	2,749	1,683		3,105	1,683
LCC recharge for treasury management costs	52	52	39	39	0	3	52	0
Property expenses	6,542	6,642	4,982	2,469	(2,513)		3,582	(3,060)
<b>Total investment management expenses</b>	<b>58,880</b>	<b>63,720</b>	<b>47,840</b>	<b>47,507</b>	<b>(333)</b>		<b>63,184</b>	<b>(536)</b>
<b>Oversight and Governance expenses</b>								
Performance measurement fees (including Panel)	54	75	56	38	(18)		75	0
IAS19 advisory fees	70	70	52	40	(13)		53	(17)
Other advisory fees (including abortive fees)	608	600	450	36	(414)		100	(500)
Actuarial fees	39	50	38	101	64		135	85
Audit fees	27	52	39	12	(27)		26	(26)
Legal & professional fees	188	188	141	82	(58)		110	(78)
LCC recharges	446	446	335	436	101		436	(11)
Bank charges	6	6	5	4	(1)		5	(2)
<b>Total oversight and governance expenses</b>	<b>1,439</b>	<b>1,487</b>	<b>1,116</b>	<b>749</b>	<b>(367)</b>		<b>939</b>	<b>(548)</b>
<b>TOTAL EXPENDITURE</b>	<b>336,814</b>	<b>349,464</b>	<b>262,149</b>	<b>262,775</b>	<b>626</b>		<b>350,151</b>	<b>687</b>
<b>MONEY AVAILABLE FOR INVESTMENT BEFORE REALISED AND UNREALISED PROFITS AND LOSSES ON INVESTMENTS</b>	<b>(54,608)</b>	<b>(58,785)</b>	<b>(44,039)</b>	<b>(24,922)</b>	<b>19,116</b>		<b>(11,597)</b>	<b>47,189</b>

**NOTES**

1 - The budgeted contribution income from employers includes the recognition of the 18/19 element of future service rate and deficit contributions received in advance from a number of Fund employers. After the budget was agreed and on the basis of the opinion of the Fund's external auditors Grant Thornton, an adjustment was made to the statutory accounts of the Fund to recognise all advance contributions in the Fund account for 2017/18. This results in a significant favourable variance against budget for 2017/18 and an adverse variance in the current year.

2 - Of the net £43.5m favourable variance in investment income, approximately £44.2m is attributable to pooled investments. Favourable income variances against fixed income investments (£1.8m), foreign exchange (£1.5m) and interest (£0.5m) mitigate for the year to date shortfall in property rental income (£3.9m) and shortfall in tax recoverable (£0.6m). The budget for income from pooled investments did not assume any % increase on the prior year and represents the sum of income from investment assets in 2017/18, excluding directly held property income. Pooled investment income includes dividends received into the global equities pool which are reinvested.

3 - Withholding tax has been suffered on the LPP PE pool and also on infrastructure and credit assets. The forecast for the final quarter of the year is in line with budget. Withholding tax was not budgeted - it is assumed that the Fund will recover this as income but there can be a significant timing difference due to the requirements of different tax jurisdictions.