

Lancashire County Pension Fund
Fund Account - Year ending 31 March 2020

	Actual year ended 31 March 2019 £'000	Budget year ended 31 March 2020 £'000	Budget for 6 months to 30 September 2019 £'000	Actual for 6 months to 30 September 2019 £'000	Variance for 6 months to 30 September 2019 £'000	Notes - see below	Forecast year ended 31 March 2020 £'000	Forecast full year budget variance £'000
INCOME								
Contributions Receivable								
From Employers	(112,248)	(109,676)	(54,838)	(58,729)	(3,891)		(117,458)	(7,782)
From Employees	(58,641)	(60,394)	(30,197)	(30,459)	(262)		(60,394)	0
Total contributions receivable	(170,890)	(170,070)	(85,035)	(89,188)	(4,153)		(177,853)	(7,782)
Transfers in	(11,050)	(9,184)	(4,592)	(8,755)	(4,163)		(13,347)	(4,163)
Total Investment Income	(198,210)	(191,220)	(95,610)	(116,690)	(21,079)	1	(212,300)	(21,079)
TOTAL INCOME	(380,149)	(370,475)	(185,237)	(214,633)	(29,396)		(403,499)	(33,025)
EXPENDITURE								
Benefits Payable								
Pensions	226,522	233,918	116,959	98,715	(18,244)		215,674	(18,244)
Lump Sum Benefits	48,783	43,767	21,884	25,504	3,621		47,388	3,621
Total benefits payable	275,304	277,686	138,843	124,219	(14,623)		263,062	(14,623)
Transfers out	15,770	13,702	6,851	11,049	4,198		17,900	4,198
Refund of Contributions	611	555	278	499	221		777	221
Contributions Equivalent Premium / Deductions from refunds	(4)	(4)	(2)	240	242	2	240	244
Fund administrative expenses								
<u>Administrative and processing expenses:</u>								
LPP administrative expenses	3,647	3,386	1,693	1,693	(0)		3,386	0
Other administrative expenses				(5)	(5)		0	0
Write off of bad debts	1	10	5	0	(5)		10	0
Total administrative expenses	3,649	3,396	1,698	1,688	(10)		3,396	0
Investment management expenses								
<u>Investment management fees:</u>								
LPP directly invoiced investment management fees	1,767	1,895	948	1,091	144	3	2,039	144
DIRECTLY INVOICED non LPP investment management fees - direct holdings	1,433	2,291	1,146	600	(546)	4	785	(1,506)
Investment management fees on pooled investments	57,604	53,226	31,613	36,087	4,474	5	62,174	8,948
Transition costs	2	120	0	0	0		120	0
Custody fees	29	64	32	30	(2)		64	0
LCC recharge for treasury management costs	52	58	29	29	0		58	0
Property expenses	4,674	3,000	1,500	4,547	3,047	6	4,647	1,647
Total investment management expenses	65,561	60,654	35,267	42,384	7,117		69,886	9,232
Oversight and Governance expenses								
Performance measurement fees (including Panel)	94	78	39	30	(9)		78	0
IAS19 advisory fees	0	55	28	20	(8)		0	(55)
Other advisory fees (including abortive fees)	179	200	100	50	(50)		200	0
Actuarial fees	96	100	50	88	38		138	38
Audit fees	45	26	13	7	(7)		26	0
Legal & professional fees	68	120	60	103	43		120	0
LCC recharges	446	616	308	219	(89)	7	616	0
Bank charges	7	5	3	2	(1)		5	0
Total oversight and governance expenses	935	1,200	600	518	(83)		1,183	(17)
TOTAL EXPENDITURE	361,827	357,190	183,535	180,597	(2,938)		356,445	(745)
MONEY AVAILABLE FOR INVESTMENT BEFORE REALISED AND UNREALISED PROFITS AND LOSSES ON INVESTMENTS	(18,322)	(13,285)	(1,702)	(34,036)	(32,334)		(47,054)	(33,769)

NOTES
1 - Investment income favourable variance for first half of year assumed to carry forward to year end but with no additional variance forecast for remainder of year.
2 - The unbudgeted cost of £240k against CEP is for one specific agreed payment of £243k GMP liability to HMRC. No further payments of this type are forecast for 2019/20.
3 - Dependent on market value of investments. Overspend to date due to non-accrual of March 19 invoice in 2018/19.
4 - Directly invoiced fees from managers other than LPP relate to property management fees, property investment fees and property valuation fees. Transfer of national portfolio into LPP Real Estate pool creates forecast to save approximately £1.5m directly invoiced fees - which will instead become part of the pooled investment management cost.
5 - Estimate of fees embedded in market value of investments for the 6 months to 30 September 2019. A number of managers charge performance fees in Q1 for the previous year. Dependent on market value of investments and timeliness of information from investment managers who generally report quarterly in arrears. Includes forecast costs associated with national property portfolio transitioned into LPP Real Estate pool.
6 - Includes reimbursement to BNP Paribas of cash float. Expenditure against this budget is not smooth through the year. Property manager has advised that overspend is due to the timing of expenditure reporting around the transition from Knight Frank to BNP Paribas. Costs recorded in Q1 of the current year were incurred before 1 April 2019 and therefore underaccrued in the previous year. Run rate for the remainder of year will decrease as national portfolio has been pooled.
7 - LCC legal and democratic services will be recharged at year end.