

**Lancashire County Pension Fund**  
**Fund Account - Year Ending 31 March 2022**

	PRIOR YEAR ACTUAL Year ended 31 March 2021 £'000	BUDGET Year ending 31 March 2022 £'000	BUDGET 3 months ended 30 June 2021 £'000	ACTUAL 3 months ended 30 June 2021 £'000	FORECAST Year ending 31 March 2022 £'000	FORECAST VARIANCE Year ending 31 March 2022 £'000	FORECAST VARIANCE Year ending 31 March 2022 % of budget	FAVOURABLE / ADVERSE
<b>INCOME</b>								
<b>Contributions Receivable</b>								
<u>From Employers</u>								
Future service rate contributions	(327,386)	(99,190)	(27,015)	(21,629)	(82,581)	16,609	16.7%	ADV
Deficit recovery contributions	(17,961)	(4,646)	(1,161)	(1,249)	(4,996)	(351)	(7.5%)	FAV
Pension strain / augmented pensions	(6,432)	(6,800)	(1,700)	(379)	(5,479)	1,321	19.4%	ADV
From Employees	(77,374)	(64,105)	(16,026)	(16,601)	(67,565)	(3,460)	(5.4%)	FAV
<b>Total contributions receivable</b>	<b>(429,153)</b>	<b>(174,741)</b>	<b>(45,903)</b>	<b>(39,857)</b>	<b>(160,621)</b>	<b>14,120</b>	<b>8.1%</b>	<b>ADV</b>
<b>Transfers in</b>	<b>(10,761)</b>	<b>(9,900)</b>	<b>(2,475)</b>	<b>(1,743)</b>	<b>(9,168)</b>	<b>732</b>	<b>7.4%</b>	<b>ADV</b>
<b>Total Investment Income</b>	<b>(146,700)</b>	<b>(179,488)</b>	<b>(44,872)</b>	<b>(63,707)</b>	<b>(198,322)</b>	<b>(18,835)</b>	<b>(10.5%)</b>	<b>FAV</b>
<b>TOTAL INCOME</b>	<b>(586,615)</b>	<b>(364,129)</b>	<b>(93,250)</b>	<b>(105,307)</b>	<b>(368,112)</b>	<b>(3,984)</b>	<b>(1.1%)</b>	<b>FAV</b>
<b>EXPENDITURE</b>								
<b>Benefits Payable</b>								
Pensions	246,869	249,251	62,313	62,519	250,077	826	0.3%	ADV
Lump Sum Benefits	44,928	45,300	11,325	14,138	48,113	2,813	6.2%	ADV
<b>Total benefits payable</b>	<b>291,796</b>	<b>294,551</b>	<b>73,638</b>	<b>76,658</b>	<b>298,190</b>	<b>3,639</b>	<b>1.2%</b>	<b>ADV</b>
<b>Transfers out</b>	<b>16,549</b>	<b>16,200</b>	<b>4,050</b>	<b>2,875</b>	<b>15,025</b>	<b>(1,175)</b>	<b>(7.3%)</b>	<b>FAV</b>
<b>Refund of Contributions</b>	<b>768</b>	<b>730</b>	<b>182</b>	<b>210</b>	<b>757</b>	<b>28</b>	<b>3.8%</b>	<b>ADV</b>
<b>Contributions Equivalent Premium</b>	<b>(13)</b>	<b>50</b>	<b>13</b>	<b>(5)</b>	<b>33</b>	<b>(17)</b>	<b>(34.5%)</b>	<b>FAV</b>
<b>Fund administrative expenses</b>								
<u>Administrative and processing expenses:</u>								
LPP administrative expenses	3,957	4,216	1,054	1,003	4,266	50	1.2%	ADV
<b>Total administrative expenses</b>	<b>3,957</b>	<b>4,216</b>	<b>1,054</b>	<b>1,003</b>	<b>4,266</b>	<b>50</b>	<b>1.2%</b>	<b>ADV</b>
<b>Investment management expenses</b>								
<u>Investment management fees:</u>								
LPP directly invoiced investment management fees	995	1,178	295	247	990	(188)	(16.0%)	FAV
DIRECTLY INVOICED non LPP investment management fees - direct holdings	573	163	41	40	163	0	0.0%	FAV
Investment management fees on pooled investments	109,754	80,043	20,011	24,279	89,765	9,721	12.1%	ADV
Custody fees	(14)	60	15	12	57	(3)	(4.4%)	FAV
Commission, agents charges and withholding tax	1,092	1,425	356	2,483	3,552	2,127	149.2%	ADV
LCC recharge for treasury management costs	29	58	15	15	58	0	0.0%	FAV
Property expenses	1,764	1,276	319	399	1,291	15	1.2%	ADV
<b>Total investment management expenses</b>	<b>114,193</b>	<b>84,204</b>	<b>21,051</b>	<b>27,475</b>	<b>95,877</b>	<b>11,672</b>	<b>13.9%</b>	<b>ADV</b>
<b>Oversight and Governance expenses</b>								
Performance measurement fees (including Panel)	112	85	21	18	85	0	0.0%	FAV
Lancashire Local Pensions Board	0	12	3	2	12	0	0.0%	FAV
IAS19 advisory fees	11	0	0	1	0	0	#DIV/0!	FAV
Other advisory fees (including abortive fees)	124	160	40	8	160	0	0.0%	FAV
Actuarial fees	113	166	42	38	166	0	0.0%	FAV
Audit fees	109	41	10	6	31	(10)	(24.4%)	FAV
Legal & professional fees	(89)	14	4	0	14	0	0.0%	FAV
LCC staff recharges	689	763	191	199	716	(47)	4.1%	FAV
Bank charges	3	2	0	(0)	0	(1)	(77.6%)	FAV
<b>Total oversight and governance expenses</b>	<b>1,072</b>	<b>1,244</b>	<b>311</b>	<b>271</b>	<b>1,186</b>	<b>(58)</b>	<b>(4.7%)</b>	<b>FAV</b>
<b>TOTAL EXPENDITURE</b>	<b>428,323</b>	<b>401,195</b>	<b>100,299</b>	<b>108,487</b>	<b>415,334</b>	<b>14,138</b>	<b>3.5%</b>	<b>ADV</b>
<b>MONEY AVAILABLE FOR INVESTMENT BEFORE REALISED AND UNREALISED PROFITS AND LOSSES ON INVESTMENTS</b>								
	<b>(158,292)</b>	<b>37,067</b>	<b>7,049</b>	<b>3,180</b>	<b>47,221</b>	<b>10,155</b>	<b>27.4%</b>	<b>ADV</b>

Notes

- Future Service rate contributions are currently showing an adverse variance against budget for Quarter 1 of 19.9%, this is due to an additional £20m being added to the 21/22 budget for new employers, this seems unlikely and the forecast had been adjusted to reflect this. The forecast has also been adjusted to take into account the proposed 1.75% pay award, assumed 0% pay award in the budget - 'pause' as per chancellor's statement.
- Pension Strain costs are running below budget by 77.7%, the budget assumed costs would be similar to 20/21 where we saw £2.5m in Q1 alone, LPPA have confirmed that there is no backlog. We have assumed the remainder of 2021/22 to be in line with budget.
- The investment income is showing a favourable variance of £18.8m largely due to an £18.5m dividend being distributed prior to the sale of a directly held asset. The rest of the portfolio is only showing a 1% variance against budget with only the Pooled Private Equity (Adverse) and Credit (Favourable) pools showing significant variations against budget.
- Investment management expenses relating to pooled investments are not invoiced but are charged directly to the pools. An accounting adjustment is made to reflect these costs for transparency and in line with CIPFA guidance. These costs are calculated either on the basis of fair value of the pooled investments, with an element also payable to managers on the basis of performance of the underlying investments. The fees on previously directly held assets now transitioned are also included in these figures. The variance includes performance fees for the final quarter of the previous financial year which were not accrued. The forecast has been updated to reflect an asset triggering performance fees in 2021/22.
- Commission, agent charges and withholding tax is showing an adverse variance against budget due to a one off withholding tax payment of £2.4m, we have assumed the remainder of 2021/22 to be on budget.
- LCC Staff recharges are showing marginally under budget although the figure is yet to be confirmed with LCC, the budget also included expenditure which relates to Treasury Management included elsewhere. The forecast has been updated to reflect this.