

**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 9 months to 31 December 2019 £'000	Actual for 9 months to 31 December 2019 £'000	Variance for 9 months to 31 December 2019 £'000	Notes - see below	Forecast year ended 31 March 2020 £'000	Forecast full year budget variance £'000
<b>INCOME</b>								
<b>Contributions Receivable</b>								
From Employers	(112,248)	(109,676)	(82,257)	(89,506)	(7,249)		(119,341)	(9,665)
From Employees	(58,641)	(60,394)	(45,296)	(40,866)	4,430		(56,339)	4,055
<b>Total contributions receivable</b>	<b>(170,890)</b>	<b>(170,070)</b>	<b>(127,553)</b>	<b>(130,372)</b>	<b>(2,819)</b>		<b>(175,680)</b>	<b>(5,609)</b>
<b>Transfers in</b>	<b>(11,050)</b>	<b>(9,184)</b>	<b>(6,888)</b>	<b>(12,464)</b>	<b>(5,576)</b>		<b>(12,464)</b>	<b>(3,280)</b>
<b>Total Investment Income</b>	<b>(198,210)</b>	<b>(193,220)</b>	<b>(144,915)</b>	<b>(155,975)</b>	<b>(11,059)</b>		<b>(204,280)</b>	<b>(11,059)</b>
<b>TOTAL INCOME</b>	<b>(380,149)</b>	<b>(372,475)</b>	<b>(279,356)</b>	<b>(298,810)</b>	<b>(19,454)</b>		<b>(392,423)</b>	<b>(19,948)</b>
<b>EXPENDITURE</b>								
<b>Benefits Payable</b>								
Pensions	226,522	233,918	175,439	178,701	3,263		238,728	4,810
Lump Sum Benefits	48,783	43,767	32,826	34,319	1,493		43,767	0
<b>Total benefits payable</b>	<b>275,304</b>	<b>277,686</b>	<b>208,264</b>	<b>213,020</b>	<b>4,756</b>		<b>282,496</b>	<b>4,810</b>
<b>Transfers out</b>	<b>15,770</b>	<b>13,702</b>	<b>10,277</b>	<b>15,472</b>	<b>5,195</b>		<b>15,472</b>	<b>1,770</b>
<b>Refund of Contributions</b>	<b>611</b>	<b>555</b>	<b>417</b>	<b>716</b>	<b>300</b>		<b>716</b>	<b>161</b>
<b>Contributions Equivalent Premium</b>	<b>(4)</b>	<b>(4)</b>	<b>(3)</b>	<b>239</b>	<b>242</b>		<b>239</b>	<b>243</b>
<b>Fund administrative expenses</b>								
<u>Administrative and processing expenses:</u>								
LPP administrative expenses	3,647	3,386	2,540	2,539	(0)		3,386	(0)
Other administrative expenses and recharge income				(7)	(7)		(7)	(7)
Write off of bad debts	1	10	8	1	(7)		10	0
<b>Total administrative expenses</b>	<b>3,649</b>	<b>3,396</b>	<b>2,547</b>	<b>2,534</b>	<b>(13)</b>		<b>3,389</b>	<b>(7)</b>
<b>Investment management expenses</b>								
<u>Investment management fees:</u>								
LPP directly invoiced investment management fees	1,767	1,895	1,421	1,794	373	1	2,268	373
DIRECTLY INVOICED non LPP investment management fees - direct	1,433	2,291	1,718	861	(857)	2	1,211	(1,080)
Investment management fees on pooled investments	57,604	53,226	42,419	47,867	5,447	3	59,646	6,421
Transition costs	2	120	0	0	0		120	0
Custody fees	29	64	48	15	(33)		64	0
Commission, agents charges and withholding tax	0	2,000	1,500	1,128	(372)		1,504	(496)
LCC recharge for treasury management costs	52	58	44	44	0		58	0
Property expenses	4,674	3,000	2,250	5,216	2,966	4	5,516	2,516
<b>Total investment management expenses</b>	<b>65,561</b>	<b>62,654</b>	<b>49,401</b>	<b>56,925</b>	<b>7,524</b>		<b>70,388</b>	<b>7,733</b>
<b>Oversight and Governance expenses</b>								
Performance measurement fees (including Panel)	94	78	59	50	(8)		88	10
IAS19 advisory fees	87	55	41	(34)	(76)		0	(55)
Other advisory fees	179	200	150	45	(105)		95	(105)
Actuarial fees	9	100	75	91	16		122	22
Audit fees	45	26	20	17	(3)		26	0
Legal & professional fees	68	120	90	(4)	(94)		60	(60)
LCC recharges	446	616	462	441	(21)		616	0
Bank charges	7	5	4	3	(0)		4	(1)
<b>Total oversight and governance expenses</b>	<b>935</b>	<b>1,200</b>	<b>900</b>	<b>610</b>	<b>(290)</b>		<b>1,012</b>	<b>(189)</b>
<b>TOTAL EXPENDITURE</b>	<b>361,826</b>	<b>359,190</b>	<b>271,803</b>	<b>289,516</b>	<b>17,714</b>		<b>373,712</b>	<b>14,522</b>
<b>MONEY AVAILABLE FOR INVESTMENT BEFORE REALISED AND UNREALISED PROFITS AND LOSSES ON INVESTMENTS</b>	<b>(18,323)</b>	<b>(13,285)</b>	<b>(7,554)</b>	<b>(9,294)</b>	<b>(1,740)</b>		<b>(18,711)</b>	<b>(5,427)</b>

**NOTES**

1 - Invoicing for 2019/20 in line with budget but February and March 2019 invoices received during 19/20 were not accrued and this has led to overspend in the current year.

2 - Other than LPP, investment management invoices are received from property managers and independent valuers. The budget assumed continuing fees from underlying investment managers but these investments have since been transitioned into pooled funds and the fees are now recognised accordingly as embedded in NAV.

3 - Most of the Fund's investment management fees are on pooled investments and are not invoiced but are instead offset against the net asset value of those investments. They include performance fees but the main component is based on the market value of assets under management. The MV of investment holdings has increased by 7% between end December 2018 and end December 2019, contributing significantly to the forecast additional costs. The forecast includes estimates for both Q3 and Q4 fees not yet disclosed by sub-fund managers.

4 - Property expenses include reimbursement to BNP Paribas of cash float. Expenditure against this budget is not smooth through the year. Property managers have advised that overspend is due to the timing of expenditure reporting around the transition from Knight Frank to BNP Paribas. 18/19 costs were underaccrued as a result and are charged to the 2019/20 fund account.