



Lancashire County
**Pension
Fund**

Annual Report highlights 2021/2022

www.lancashirecountypensionfund.org.uk



Lancashire County Council, as an administering authority, is responsible for managing the Lancashire County Pension Fund (the 'Fund') which provides retirement benefits to employees working for public sector employers, as well as many other eligible employers admitted into the Fund, within the Lancashire region.

This document summarises the key activities of Fund and further details can be found in the 2021/22 Annual Report ([Publications - Pension Fund \(lancashirecountypensionfund.org.uk\)](#))

During this last year the Fund has continued to see excellent investment performance against challenging circumstances for all within the Pensions Industry - due to continuing concerns regarding COVID-19 as well as turmoil internationally, particularly in relation to Ukraine, with uncertainty in the financial markets around the world.

- **Membership** increased from 177,799 members to 183, 698 members
- **Assets rose** from £9.6bn to £10.7bn
- **Funding** level maintained over 100%

Additionally, the Fund, has continued to provide a good service to members of the Fund and has supported over 300 participating employers

Managing the Fund's investments

The Fund was in the top 3 Funds of the 2021/22 Local Authority league table for total fund performance during 2021/22 and continue to be funded at a level more than 100%.

Our primary investment objective is to ensure that over the long term the Fund will have enough assets to meet all pension liabilities as they fall due and, as part of this, we seek to maximise the returns from investments.

The Fund has grown considerably in the

last year. The Fund has seen an increase of approximately £1bn on its assets, which were valued at approximately £10.7bn as at 31st March 2022. This was achieved by a 13.1% return on investment assets over the 12-month period.

At the same time, we have continued to manage our investment costs through a pooling arrangement which allows the Fund to save money through economies of scale plus take advantage of wider opportunities to improve performance. This pooling arrangement with London Pensions Fund Authority and Berkshire Pension Fund, is managed by Local Pensions Partnership Investment Limited (LPPI). LPPI was set up in 2016 to manage both funds' assets which Lancashire County Pension Fund is also a shareholder of. Majority of the Fund's assets, 92%, are held in pooled vehicles managed by LPPI. Each year we identify how much the Fund has saved in investment costs under this venture and, in 2021/22, overall savings of £15m was realised.

Supporting members of the Fund

The Fund works closely in conjunction with Local Pensions Partnership Administration Limited ('LPPA') who deliver pension services to more than 183,500 Fund members on our behalf. This year has been particularly challenging as LPPA is implementing a new pensions administration system called Universal Pensions Management. However, despite this change programme, LPPA has managed to successfully continue to support members through provision of:

- Member Services (including data quality and payroll);
- Engagement and Communications; and
- Helpdesk.

Responsible Investing

Responsible investment (RI) is an important part of our approach to investing the assets of the Fund and this year, LPPI announced its commitment to having a net zero carbon footprint across all assets that it manages from 2050 and to work towards this outcome in partnership with the Fund.

The Fund is committed to the long-term

RI of retirement savings on behalf of Fund members and works closely with LPPI who are responsible for implementing the Fund's RI Policy.

Our RI practices support the delivery of the sustainable returns we need to pay pensions, with a focus on identifying and understanding investment risks to improve risk-adjusted returns over the long term.

In addition, the Fund collaborates with the Local Authority Pension Funds Forum which aims to promote good corporate governance and responsibility within companies.

Governance

The Pension Fund Committee oversees the management of LCPF, which includes administration of benefits and strategic management of assets and liabilities. The Pension Team at Lancashire County Council - together with our Pension Advisors, Local Pensions Partnership Limited, and the Local Pension Board - support the Committee in this role.

Actuarial Valuation

An actuarial valuation of the Fund is carried out every three years by the Fund's actuary; Mercer, to assess the financial health of the Fund and determine employer contribution rates - more information on the valuation is on our website. [Valuation 2022 - Pension Fund \(lancashirecountypensionfund.org.uk\)](#)

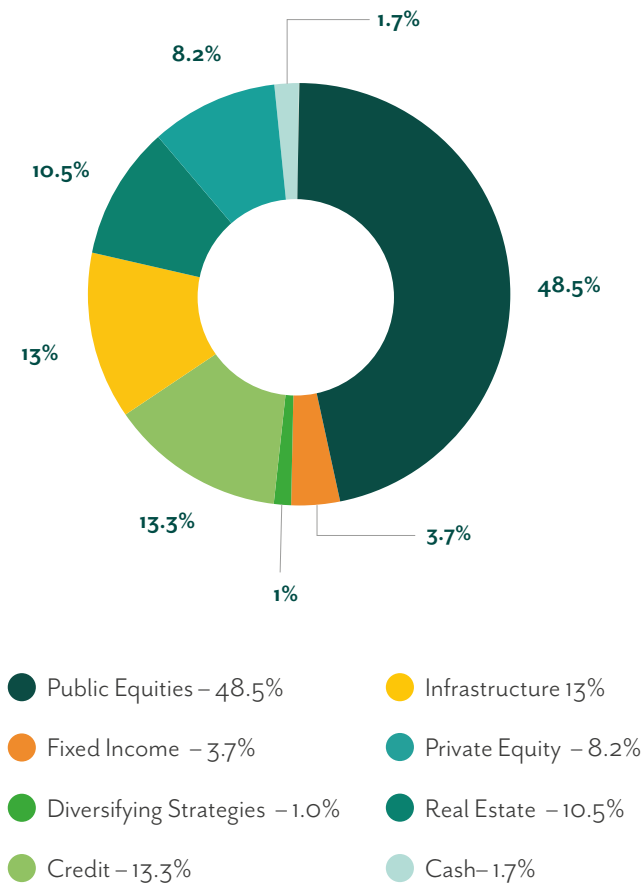
The latest valuation as at 31 March 2022 is ongoing. Our funding objective is to ensure that the Fund has sufficient assets to meet its pension liabilities in the long term. At the previous valuation (effective from 1 April 2020) there was a funding level of 100%. The result of the 2022 valuation is due to be published in March 2023.



Further detail

How is the LCPF Invested?

The table below provides a breakdown of the sectors that the fund is invested in:



Customer Satisfaction and Complaints

LPPA undertake customer satisfaction surveys regarding their customer service as well as their service on retirements. Below is the breakdown of the level of customer satisfaction for these areas of pensions administration.

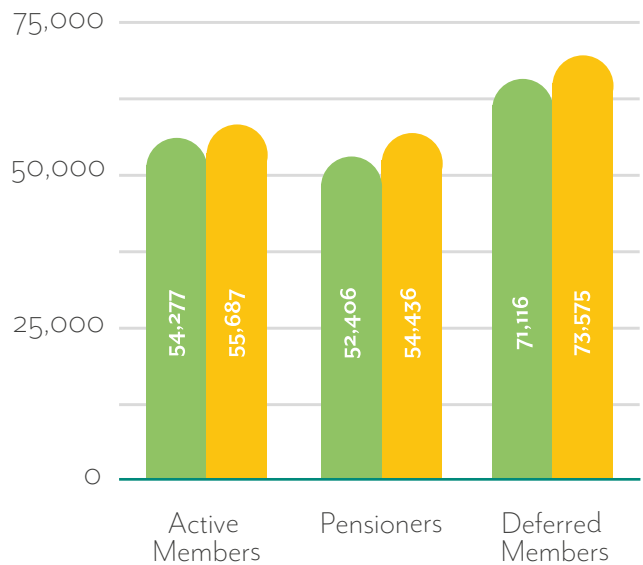
	Q1	Q2	Q3	Q4	Annual
Retirement	83.64%	82.88%	86.82%	81.93%	83.88%
Calls	93.61%	91.30%	95.95%	93.41%	93.32%

The volume of complaints also reduced from 121 in 2020/21 to 105 in 2021/22.

Administration and Service Levels

LPPA processed 97.05% of cases on time, in line with the contract they have with Lancashire County Pension Fund. In achieving the 97.05% of cases completed on time LPPA processed 2,228 retirements. During the year LPPA undertook 40,721 individual pension calculations.

Membership of the Fund



Total Membership

177,799 | **183,698**

● Membership at 31/03/21 ● Membership at 31/03/22

Further details can be found in the 2021/22 Annual Report (Publications - Pension Fund (lancashirecountypensionfund.org.uk), which provides extensive information on Investments, Responsible Investment and finance, emphasising our main objective of being able to continue to pay your pensions as they become due.

