



Lancashire County  
**Pension  
Fund**

# Annual Report highlights 2022/2023

[www.lancashirecountypensionfund.org.uk](http://www.lancashirecountypensionfund.org.uk)



# Lancashire County Pension Fund (the 'Fund') provides retirement benefits to employees working for public sector employers, as well as many other eligible employers, within Lancashire. In the year 2022/23, the Fund has:

## Membership –

increased its number of members by **3.217%** from **183,698** to **189,608**.

## Investment –

increased its assets from **£10.7bn** to **£10.8bn** with the Fund being ranked first for investment return.

## Funding level –

**exceeded 100%** funding with the triennial valuation being completed by 31st March 2023.

## Fee savings –

continued to reduce investment fees with **savings of £17.2m** during the year.

This document summarises the key activities of Fund and further details can be found in the Annual Report 2022-23 found here Publications - Pension Fund ([lancashirecountypensionfund.org.uk](http://lancashirecountypensionfund.org.uk))

## Managing the Fund's investments and costs

The Fund was top of the Local Authority Fund league table for total performance in 2022/23 published by Pensions and Investments Research Consultant's Ltd (PIRC).

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 maintained its value over the year and grew by approximately £0.1bn despite a backdrop of difficult market conditions and higher than anticipated inflation amongst other market challenges.

The Fund achieved a 3.2% return on assets over the 12-month period to 31st March 2023 and was broadly in line with the benchmarks set over the 12-month period between 1st April 2022 to 31st March 2023.

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 all funds' assets of which Lancashire County Pension Fund is a

shareholder. Majority of the Fund's assets, 95%, 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 £17.2m was realised.

## Supporting members of the Fund

The Fund works closely with its administration partner -Local Pensions Partnership Administration Limited ('LPPA') - who deliver pension services to 189,608 Fund members on our behalf. This year has entailed significant change for LPPA as it looks to improve member experience, drive innovation and improve quality. Key to this ambition has been the implementation of a new administration system and this has been particularly challenging as the Fund has experienced a drop in service levels. However, we are confident that over the long term there will be significant improvement in administration performance. The Fund team are actively working with LPPA to monitor performance and ensure achievement of service level agreements.

Despite the challenges LPPA 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. The Fund alongside LPPI continues to work towards a target of having a net zero carbon footprint across all assets managed from 2050. During the year, this commitment was progressed as LPPI released its net zero roadmap identifying key steps to achieving this ambition.

Our values, beliefs and approach to RI are set out in the RI policy and our RI practices support the delivery of the sustainable returns we need to pay pensions. RI covers the following core priorities:

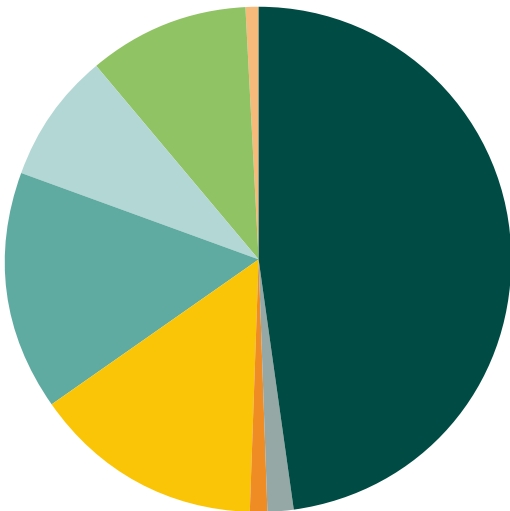
- **Environment:** the Fund recognises the imperative to address climate change in the investment context and seeks to encourage business practices that avoid over-exploitation of natural resources.
- **Social:** As an investor, the Fund considers that we have a responsibility to contribute to better practice in terms of human rights, modern slavery and local investment in Lancashire.
- **Governance:** the Fund supports the case for well managed companies with fair employment practice and pay as well as diversity. In addition, fair tax treatment is important to us as a responsible investor.

The Fund collaborates with the Local Authority Pension Funds Forum (LAPFF) which aims to promote good corporate governance and responsibility within companies.

## Governance

The Pension Fund Committee oversees the management of the Fund, which includes administration of benefits and strategic management of assets and liabilities. The Pension Officers at Lancashire County Council - together with our Independent Investment Advisors, Investment Panel and the Local Pension Board - support the Committee in this role.

## How is the LCPF Invested?



- Public Equities **48%**
- Infrastructure **15.5%**
- Credit **14.7%**
- Real Estate **10.1%**
- Private Equity **8.3%**
- Fixed Income **1.5%**
- Diversifying Strategies **1.1%**
- Cash **0.8%**

## Membership of the Fund

Lancashire County Pension Fund	Membership at 31/03/2022	Membership at 31/03/2023
Number of Active Members	55,687	57,181
Number of Pensioners	54,436	56,446
Number of Deferred Members	73,575	75,981
<b>Total Membership</b>	<b>183,698</b>	<b>189,608</b>

## Administration and Service Levels

LPPA processed 79.8% of cases on time over the year. Due to implementation of the new pension administration system the standard target of 95% was relaxed to 75% during April – May 2022 and again in November 22 – Jan 23.

During the year LPPA undertook 32,910 individual pension calculations.

## 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	70.6%	69.5%	64.6%	69%	68.4%
Calls	75.3%	82.9%	80.1%	78.4%	79.1%

LPPA are closely monitoring complaints to ensure that service standards and customer satisfaction improve as quickly as possible following the new system implementation.

### Further details

Further details can be found in the 2022/23 Annual Report [**Publications - Pension Fund** ([lancashirecountypensionfund.org.uk](http://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.

