

Lincolnshire
Pension Fund



Pension

NEWSLETTER

AUTUMN/WINTER 2022 • PENSIONER MEMBERS



LPF fund report • Your pension is protected

Statement from the chair of the Local Pension Board

Enshrined in legislation through the Public Sector Pensions Act 2013, the Pension Board has monitoring and governance responsibilities all designed to assist the Administering Authority (Lincolnshire County Council), and the Head of Pensions, in administering the LGPS.

The board has five members – two employer representatives, two member representatives and an independent chair.

The board met four times during the financial year 2021/2022 and reviewed a number of issues during the year – some each quarter, some half yearly and some annually. These reviews included the level of service provision during the pandemic, the performance levels attained by WYPF, employer monthly submissions and contribution monitoring, internal audit activity, the issues with Prudential AVCs, the *Annual Report & Accounts* and External Audit, and importantly compliance with the Pension Regulator's Code of Practice.

The board considers the governance and administration of the scheme to be sound. Lincolnshire's compliance to the vast majority of the regulator's Code of Practice is particularly impressive.

The board would like to express its thanks to Jo Ray, Head of Pensions, her team and the staff of WYPF for the huge amount of work undertaken during the year in trying conditions.

Roger Buttery

Chair of the Lincolnshire Local Pension Board

TPR launches strategy to combat scams

The Pensions Regulator (TPR) has set out its strategy on 'how it will try to keep savers' money secure.

TPR says that criminals who steal people's pensions ruin lives. They use psychological deception and professional-looking materials to trick people out of their savings and if they can will take every penny and devastate savers' financial futures.

Over many years, the TPR has worked to prevent savers' losses and put fraudsters in prison. It has helped to implement new protections brought in by the Pensions Schemes Act 2021, which it believes will be a game-changer in the fight against fraud. Industry, TPR says, must 'act to deliver good outcomes for savers by being proactive in their pension scam warnings, innovative in driving improvements in protection standards, and reporting potential crimes to the authorities'.

TPR wants to prevent people falling victim to scammers and will educate savers, encourage higher standards and fight fraud.

You can read more about this on the [TPR website](#).

Your LGPS pension is fully protected

When the news reports instability in the world of stock and bond markets it's reassuring to know that your pension is fully protected and unaffected by market changes. We are part of the LGPS, the Local Government Pension Scheme, which is a **defined benefit** scheme in which benefits are set out in law and therefore fully protected from the impact of short-term market instability. Like all LGPS pension funds we are diversified long-term investors, securely managed to protect our members' pensions from short-term fluctuations in market values. You can be assured that the pension you are receiving is safe and sound.





Lincolnshire fund report 2022

Introduction by Jo Ray, Head of Pensions, LPF

At the end of 2021/22, the value of the fund was £3.0 billion* – an increase of £283.7 million from the previous year, continuing the strong returns seen in the previous year.

As for most people, we continued working from home for most of the year and eased into a hybrid style in early 2022. Our Pensions Committee began meeting in person again from May 2021, as the regulations allowing virtual council meetings ended. Some asset changes were implemented over the year, with investment into a residential property fund managed by Allianz, and transitioning assets from our multi asset credit manager, Pimco, to the Border to Coast Multi Asset Credit Fund as that went live. Our shared service administration provider, West Yorkshire Pension Fund (WYPF), also maintained its usual level of service as staff continued to work from home. The Lincolnshire Pension Board, representing scheme employers and members, also moved back to in-person meetings, and continued its role in overseeing the governance and administration of the fund. An annual report on the work of the board is included within the full pension fund annual report, and a statement from the chair of the board is included below.

The government's requirement for local government pension funds to pool assets has continued to keep us very busy, with Lincolnshire working closely with the ten partner funds within Border to Coast Pensions Partnership Ltd. The company has continued to grow as the partner funds have transferred assets, with £28.6bn of assets under management

as at 31 March 2022, including £1.56bn of the Lincolnshire Pension Fund's assets.

Stewardship and responsible investment are an integral part of the fund's investment strategy and decision making, and the fund works closely with Border to Coast to ensure that it invests in a sustainable way. Through Border to Coast, and also in its membership with the Local Authority Pension Fund Forum (LAPFF), the fund engages with companies on key environmental, social and governance issues, such as carbon reduction, executive pay, human rights and fair accounting. We were successful in meeting the requirements of the Financial Reporting Council (FRC) in submitting our **Stewardship Code Statement** for 2020/21, which can be found on our shared website.

The fund is always keen to hear its members' views on stewardship and responsible investment, so please contact us at pensions@lincolnshire.gov.uk with any comments you may have. Please note, this email address is **not** for pension benefit queries – please use the normal contact email address of pensions@wypf.org.uk

This summary gives a flavour of our full Annual Report and Accounts, which will be published on our shared website at www.wpf.org.uk. Please do take a look, and let me have any feedback.

**At the time of writing, figures are in draft, due to the late receipt of valuations from some of the fund's illiquid investments.*

Fund account

Draft fund account for the year ended 31 March 2022

Opening assets of the fund at 1 April 2021	£2,777.5m
Investment return and income	
• Return on investments	£256.5m
• Investment income	£8.4m
Dealing with members	
• Benefits paid	(£107.6m)
• Contributions (including transfers in of £10.6m)	£128.6m
Management expenses (including administration, manager fees and governance)	(£14.2m)
Closing net assets of the fund at 31 March 2022	£3,049.2m
Closing assets made up of	
• Total net investments	£3,032.5m
• Net current assets (debtors, creditors and cash)	£16.7m
Total closing assets of Lincolnshire Pension Fund at 31 March 2022	£3,049.2m

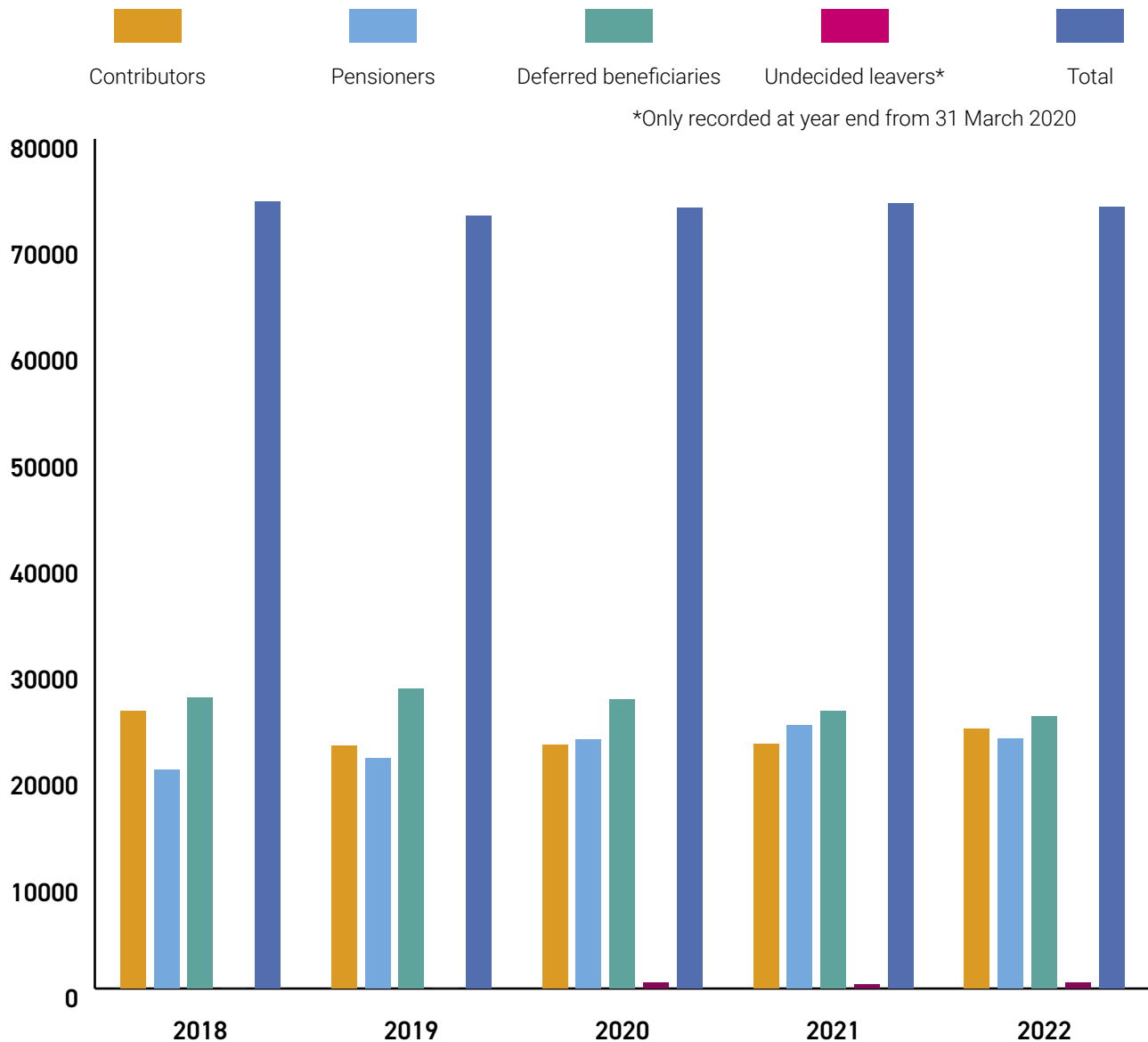
Ten biggest investments in the fund at 31 March 2022

	Market Value £m	Proportion of fund %
Border to Coast Global Equity Alpha Fund	743.2	24.4%
Border to Coast UK Listed Equity Fund	477.8	15.7%
Legal and General Future World Fund	464.0	15.2%
Morgan Stanley Alternative Investments	445.6	14.6%
Border to Coast Investment Grade Credit Fund	204.9	6.7%
Border to Coast Multi-Asset Credit Fund	138.2	4.5%
Aberdeen Standard Property Fund	83.3	2.7%
Blackrock Aquila Corporate Bond Fund	75.4	2.5%
Blackrock Property Fund	47.7	1.6%
Blackrock Aquila Life >5 Year ILG Fund	44.7	1.5%
	2,724.8	89.4%

LGPS membership

There were 73,608 members and beneficiaries (plus 532 undecided leavers) and 260 contributing employers at 31 March 2022. The fund is reasonably mature, with pensioner and deferred members (those no longer in the scheme but will be entitled to a pension at some point in the future) making up 66.8% of the overall membership.

Membership trends over a five-year period



Performance

Our **investment return** was 10.7% in 2021/22, ahead of the return for the fund's strategic benchmark of 9.4%. Market returns recovered strongly over the year, bouncing back from the lows of March 2020, with the biggest impact being the out performance of the Border to Coast Global Equity Alpha Fund.

Actual investment performance against the fund's strategic benchmark performance is set out in the table below. The longer term return is well ahead of the long term required return of 4.0%, set by the fund's actuary (as per the March 2019 triennial valuation).

Period	Fund return	Benchmark return
1 year	10.7	9.4
3 years annualised	8.8	8.7
5 years annualised	7.5	7.4
10 years annualised	8.8	8.7

Investment management arrangements

The fund invests in a number of asset classes by means of collective investment vehicles, also known as pooled funds.

Pooled funds

Asset Class	Manager	Market value £m	% of the fund
Fixed Interest	Blackrock	150.3	4.9
	Border to Coast	204.9	6.7
	Total Fixed Interest	355.2	11.6
UK Equities	Border to Coast	477.8	15.7
Global Equities	Border to Coast	743.2	24.4
	Legal and General	464.0	15.2
	Total Equities	1,685.0	55.3
Property	Aberdeen Standard	97.3	3.2
	Allianz	5.3	0.2
	Aviva	34.2	1.1
	Blackrock	47.7	1.6
	Franklin Templeton	0.3	0.0
	Hearthstone	5.6	0.2
	Igloo	0.2	0.0
	Royal London	28.7	0.9
	Rreef	0.1	0.0
	Total UK Property	219.4	7.2
Infrastructure	Infracapital	12.5	0.4
	Innisfree	35.6	1.2
	Pantheon	11.2	0.4
	Total Infrastructure	59.3	2.0
Private Equity	Abrdn	1.2	0.0
	Capital Dynamics	0.6	0.0
	Pantheon	6.1	0.2
	Total Private Equity (legacy)	7.9	0.2
Alternatives	Morgan Stanley	445.6	14.6
Multi Asset Credit	PIMCO	138.2	4.5
Total Pooled Vehicles		2,910.6	95.4

It's time to go online

Our online **My Pension** service is the fast way to view your pension record, pay advices and P60s.

Register today at
www.wypf.org.uk/register

Death grants in retirement

You may have nominated somebody to get your death grant when you were working, but you can do it in retirement too – as long as you are under age 75 at date of death and left employment on or after 1 April 2008.

A death grant is a one-off tax-free lump sum on top of any pension due to your husband, wife, partner or children if you die. Conditions apply depending on when you retired and the options you chose, but the grant is usually ten times your yearly pension less any pension already paid (only up to age 75). It's up to you to decide who gets your death grant and if you nominate it can help those you leave behind avoid paying inheritance tax.

For more information about death benefits in retirement visit www.wypf.org.uk/deathbenefits

If you would like to make a nomination, or change one you've already made, you can download a form at www.wypf.org.uk/deathgrant

MOVING HOUSE?

If you move house, we need to know your new address – not only to keep your records up to date but to make sure personal or sensitive information going to your old address doesn't put you at risk of identity fraud. So when you move, please let us know your new address as soon as you can.

Privacy and your data

Read how we use your data at www.wypf.org.uk/privacy

Contact us

Phone 01274 434999

Monday to Friday 8.45am to 4.30pm

Email pensions@wypf.org.uk

Our postal address is PO Box 67 Bradford BD1 1UP

If you would like to call in person please email or phone first to arrange your visit and book an appointment.

MoneyHelper

Can Money Helper help you?

Money Advice Service (including The Pensions Advisory Service and The Pension Wise Service) changed its name to MoneyHelper in June 2021. It's the all-in-one place to get clear, free and impartial money and pension help. MoneyHelper is the direct to consumer brand of the The Money and Pensions Service.

Whatever your circumstances or plans, MoneyHelper is on your side. Online or over the phone, you'll get clear money and pensions guidance, and pointers to trusted services if you need more support.

MoneyHelper is helping people to clear their debts, reduce spending, make the most of their income, support loved ones, plan ahead for major purchases, find out about their entitlements and build up savings and pensions.

For money help all in one place that's free to use, visit moneyhelper.org.uk

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