Fund Account - For the year ended 31 March 2025

2023/24 £'000		Note	2024/25 £'000
	Contributions and Benefits		
(151,367)	Contributions Receivable	(6)	(161,190)
(13,006)	Transfers In From Other Pension Funds	(7)	(16,637)
(164,373)			**(177,827)**
120,762	Benefits Payable	(8)	135,402
6,563	Payments To and On Account of Leavers	(9)	10,767
127,325			**146,169**
(37,048)	**Net (additions)/withdrawals from dealings with Fund Members**		**(31,658)**
13,426	Management Expenses	(10)	14,196
(23,622)	**Net (additions)/withdrawals including Management Expenses**		**(17,462)**
	Returns on Investments		
		(11)	(17,255)
		(12A)	(105,868)
		(13)	(12,215)
(317,873)	**Net Returns on Investments**		**(135,338)**
(341,495)	**Net (Increase)/Decrease in the Net Assets Available for Benefits during the year**		**(152,800)**
(3,060,280)	Opening Net Assets of the Fund		(3,401,775)
(3,401,775)	**Closing Net Assets of the Fund**		**(3,554,575)**

Net Asset Statement as at 31 March 2025

31 March 2024 £'000		Note	31 March 2025 £'000
1,182		(12)	1,182
3,379,247	Investment Assets	(12)	3,530,061
		(12)	(1,568)
3,374,004	**Total Net Investments**		**3,529,675**
30,986	Current Assets	(19)	28,756
		(20)	(3,856)
3,401,775	**Net Assets of the Fund Available to Fund Benefits at the end of the Reporting Period**		**3,554,575**

Note: The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in Pension Fund Note 18.

Notes to the Pension Fund Financial Statements

Note 1. Description of the Pension Fund

The Lincolnshire Pension Fund (the Fund) is part of the Local Government Pension Scheme and Lincolnshire County Council is the Administering Authority. Benefits are administered by West Yorkshire Pension Fund (WYPF) in a shared service arrangement.

General

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended);
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended); and
- the LGPS (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme to provide pensions and other benefits for pensionable employees of Lincolnshire County Council, the district councils in Lincolnshire and a range of other scheduled and admitted bodies within the county. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The Fund is overseen by the Pensions Committee, which is a committee of Lincolnshire County Council.

Membership

Membership of the LGPS is automatic for eligible employees, but they are free to choose whether to remain in the scheme or make their own personal arrangements outside of the scheme.

Organisations participating in the Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund; and
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the relevant employer. Admitted bodies include charitable organisations and similar not-for-profit bodies, or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 268 contributing employer organisations in the Fund including the County Council and just under 82,500 members as detailed below:

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay. Employer contributions are set based on triennial actuarial funding valuations. Rates paid by employers during 2024/25 were determined at the 2022 Valuation, or when a new employer joins the scheme. Rates paid during 2024/25 ranged from 16.3% to 33.4% of pensionable pay. In addition, 52% of employers are paying monetary amounts to cover their funding deficit.

Benefits

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is up-rated annually in line with the Consumer Price Index.

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below:

Pension	Each year is worth 1/80 x final pensionable salary.	Each year is worth 1/60 x final pensionable salary.
Lump Sum	Automatic lump sum of 3/80 x salary.	No automatic lump sum.
	In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

There are a range of other benefits provided under the scheme including early retirement, ill-health pensions and death benefits.

Note 2. Basis of Preparation

The financial statements summarise the Fund's transactions for the 2024/25 financial year and its position at year end as at 31 March 2025.

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounting policies set out below (at Pension Fund Note 3) have been applied consistently to all periods presented within these financial statements.

The financial statements report the net assets available to pay pension benefits. They do not take into account obligations to pay pensions and other benefits that fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net asset statement, in the notes to the account, or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to disclose this information in Pension Fund Note 18.

The financial statements have been prepared on a going concern basis.

Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

On an annual basis, the Code requires the Pension Fund to consider the impact of accounting standards that have been issued but have not yet been adopted and disclose information relating to the impact of these standards. For 2025/26 the Code introduces the following changes to the accounting standards:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to the standard clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

- Changes to the measurement of non-investment assets within the 2025/26 Code including: adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach.

It is not thought that any of these changes will have a significant impact on the Pension Fund financial statements for 2025/26.

Note 3. Significant Accounting Policies

Fund account – revenue recognition

a. Contributions income
Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations using common percentage rates for all Funds which rise according to pensionable pay; and
- Employer contributions are set at the percentage rate recommended by the Fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body.

Additional employers' contributions, for example, in respect of early retirements, are accounted for in the year the event arose.

Any amount due in year but unpaid will be classed as a current financial asset.

b. Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund. They are calculated in accordance with the LGPS Regulations 2013:

- Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged; and
- Bulk transfers are accounted for in accordance with the terms of the transfer agreement.

c. Investment Income

i) Interest income

Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iv) Changes in the net market value of investments

Changes in the net market value of investments are recognised as income/ expense and comprise all realised and unrealised profits/losses during the year. Where the Fund holds accumulation units in pooled funds no dividend or distribution is receivable by the Fund. All dividends and distributions are reinvested in the pooled fund and reflected in the unit price. Changes in the unit price are included in the change in the net market value of investments.

Fund account – expense items

d. Benefits payable

Pensions and lump sum benefits payable are included in the financial statements at the time of payment.

e. Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as part of the overall cost of transactions (e.g. purchase price).

f. Management expenses

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance: Accounting for Local Government Pension Scheme Management Expenses (2016), using the headings shown below. All items of expenditure are charged to the Fund on an accruals basis.

i) **Administrative expenses**

All costs associated with pensions administration are charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

ii) **Oversight and Governance**

All costs associated with the governance and oversight are recharged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

iii) **Investment management expenses**

Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments.

Fees on investments where the cost is deducted at source have been included within investment expenses and an adjustment made to the change in market value of investments.

Fees for the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase and decrease as the value of the investments change.

In addition, the Fund has negotiated with Morgan Stanley Investment Management Ltd (for the Private Markets Portfolio) that an element of their fee will be performance related.

Where an investment manager's fee invoice has not been received by the financial year end, an estimate based upon the market value of their mandate is used for inclusion in the Funds financial statements.

Net assets statement

g. Financial assets
All investment assets are included in the net asset statement on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised by the Fund and are classified as Fair Value through Profit and Loss (FVPL). Any amounts due or payable in respect of trades entered into, but not yet completed at 31 March each year are accounted for as financial instruments held at amortised cost.

The values of investments, as shown in the net asset statement, have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Pension Fund Note 14). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Private market, infrastructure, private equity and property venture valuations are based on the most recent valuations provided by managers at the year-end date. Where more up-to-date valuations are received during the financial statement preparation or audit period, their materiality, both individually and collectively will be considered, and the financial statements revised to reflect these valuations, if necessary. If valuations are not produced by the manager at 31 March, then the latest available valuation is used, adjusted for purchases and sales which occur between the valuation date and 31 March.

The investment in the LGPS asset pool, Border to Coast Pensions Partnership, is also carried at fair value. This has been classified as Fair Value through Other Comprehensive Income (FVOCI) rather than FVPL as the investment is a strategic investment and not held for trading.

h. Foreign currency transactions
Dividends, distributions, interest, purchases and sales of investments in foreign currencies have been accounted for at the spot rates at the date of the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the

end of the reporting period. Any gains or losses arising from these transactions are treated as part of the change in the value of investments in the fund account.

i. Derivatives

The Fund uses derivative financial instruments to manage its exposure to certain risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

Future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract. The contracts are valued using Northern Trust closing spot/forward foreign exchange rates on 31 March.

j. Cash and cash equivalents

Cash comprises: cash in hand, deposits and amounts held by external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimum risk of changes in value.

k. Financial liabilities

A financial liability is recognised in the net assets statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the Fund account as part of the Change in Value of Investments.

Other financial liabilities classed as amortised cost, i.e. the amount carried in the net asset statement is the outstanding principal repayable plus accrued interest.

l. Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is formally assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. At each year end, the promised retirement benefits have been projected using a roll forward approximation from the latest formal funding valuation. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (see Pension Fund Note 18).

m. Additional voluntary contributions

The Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the financial statements in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note for information (see Pension Fund Note 21).

Note 4. Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the Fund is required to make judgements about complex transactions and the value of assets and liabilities where there is an element of uncertainty. Those with the most significant effect include:

- No investments are impaired (further detail on how the fund manages risk is set out in Pension Fund Note 16: Nature and Extent of Risks Arising from Financial Instruments).

Any judgements made in relation to specific assets and liabilities, in addition to information stated in the relevant notes, can also be found in Pension Fund Note 3: Significant Accounting Policies.

Note 5. Assumptions Made About the Future and Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made, taking into account, historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the financial statements for the year ended 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are set out in the table on the next page:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Pension Fund Note 18)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to: the discount rate used; salary and pension increases; changes in retirement ages; mortality rates; and expected returns on Fund assets. Details about the actuarial method and assumptions selected by the Fund's actuary, Barnett Waddingham, are set out in Pension Fund Note 18.	At 31 March 2025 the present value of the total obligation was estimated by the actuary to be £2,603.5m. The effects of changes in the individual assumptions can be measured. For example: 1) a 0.5% increase in the discount rate assumption would reduce future pension liabilities by c. £182.5m. 2) a 0.25% increase in earnings inflation would increase the value of future pension liabilities by c. £6.9m. 3) a 0.25% increase in the pension increase rate would increase the value of future pension liabilities by c. £95.8m. 4) a one-year increase in assumed life expectancy would increase the value of future pension liabilities by c. £95.2m.
Hedge Funds (Pension Fund Note 14)	Some hedge fund investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	A fund manager estimates that the sensitivity of valuation of these assets, included at level three in the fair value hierarchy, is +/-10%. This equates to a +/- £21.8m on a carrying value of £218.5m.
Market Value of unquoted level three investments (including: private markets, infrastructure, other property and private equity) (Pension Fund Note 14)	Private markets, infrastructure, other property and private equity are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018) and the Special Guidance issued in March 2020 concerning the impact of Covid-19 on valuations. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Level three investments at 31 March 2025 are valued at £535.7m in the financial statements. There is a risk that these investments may be under or over-stated in the accounts. Private markets by +/-15% or £59.3m on a carrying value of £395.3m. Infrastructure by +/-14% or £8.4m on a carrying value of £59.8m. Property Venture by +/-16% or £12.5m on a carrying value of £77.9m. Private Equity by +/-23% or £0.6m on a carrying value of £2.7m.

Note 6. Contributions Receivable

Contributions receivable are analysed by category below:

	2023/24	2024/25
	£'000	£'000
Employers		
Normal Contributions	115,362	122,703
Deficit Recovery Contributions	5,196	5,433
Additional – Augmentation Contributions	1,126	867
Members		
Normal Contributions	29,552	32,081
Additional years Contributions	131	106

These contributions are analysed by type of Member Body as follows:

Lincolnshire County Council – Administering Authority	58,630	64,513
Scheduled Bodies	89,059	95,861
Admitted Bodies	3,678	816

Note 7. Transfers In From Other Pension Funds

Individual transfers from other schemes	13,006	14,773

There were no material outstanding transfers due to the Pension Fund as at 31 March 2025.

During 2024/25 two academy schools transferred into the Lincolnshire Pension Fund. Houghton Regis Academy, a member of The Greenwood Academies Trust and Bowman Academy, a member of C.I.T. Multi-Academy Trust.

Note 8. Benefits Payable

Benefits payable are analysed by category below:

	2023/24	2024/25
	£'000	**£'000**
Pensions	97,825	107,283
Commutations & Lump Sum Retirement Benefits	20,098	24,367
Lump Sum Death Benefits	2,839	3,752
Total	**120,762**	**135,402**

These benefits are analysed by type of Member Body as follows:

Total	**120,762**	**135,402**

Note 9. Payments To and On Account of Leavers

Individual transfers to other schemes	6,149	10,276
Refunds to members leaving service	414	491
Total	**6,563**	**10,767**

There were no material outstanding transfers due from the Pension Fund as at 31 March 2025.

Note 10. Management Expenses

Administration Costs	1,513	1,700
Investment Management Expenses	10,966	11,512
Oversight and Governance Costs	947	984
Total	**13,426**	**14,196**

The statutory audit fee for the year was £0.094m (£0.083m in 2023/24, plus fee variations of £0.010m).

A further breakdown of the investment management expenses is shown below:

Note 11. Investment Income

During 2024/25 the Fund reviewed outstanding tax reclaims from segregated equity investments held up to 2020/21. The Fund wrote off £0.682m of reclaims which the custodian believes will not now be received.

Note 12. Investments

	31 March 2024 £'000	31 March 2025 £'000
Long Term Investments		
Unquoted Equity Holding in Border to Coast Pensions Partnership	1,182	1,182
Total Long-Term Investments	**1,182**	**1,182**
Investment Assets		
Pooled Investment Vehicles		
Managed by Border to Coast:		
- Bonds	411,138	449,807
- Equities – Global	539,398	521,662
- Equities – Overseas Developed Markets	348,423	349,642
- Equities – UK	277,892	269,997
- Multi Asset Credit	325,269	361,294
- Property	-	15,667
Unitised Insurance Policies:		
- Equities – Global	517,508	529,778
Unit Trusts:		
- Property	130,518	137,378
Other Managed Funds:		
- Infrastructure	66,927	59,845
- Private Equity	3,897	2,671
- Private Markets	568,915	615,096
- Property	98,528	96,697
Total Pooled Investment Vehicles	**3,288,413**	**3,409,534**
Other Investment Assets		
Derivatives:		
- Open Forward Foreign Exchange (FX)	-	-
Cash Deposits	88,882	119,703
Investment Income Due	1,952	824
Total Other Investment Assets	**90,834**	**120,527**
Total Investment Assets	**3,379,247**	**3,530,061**
Investment Liabilities		
Derivatives:		
- Open Forward Foreign Exchange (FX)	(6,425)	(1,568)
Total Investment Liabilities	**(6,425)**	**(1,568)**
Total Net Investment Assets	**3,374,004**	**3,529,675**

12A Reconciliation of Movements in Investments

2024/25	Market Value at 31 March 2024	Purchases and Derivative Payments	Sales and Derivative Receipts	Change in Value during the Year	Market Value at 31 March 2025
	£'000	£'000	£'000	£'000	£'000
Long Term Investments					
Unquoted Equity Holding in Border to Coast Pensions Partnership	1,182	-	-	-	1,182
Total Long-Term Investment	**1,182**	**-**	**-**	**-**	**1,182**
Investment Assets					
Pooled Investment Vehicles					
- Managed by Border to Coast	1,902,120	54,443	(64,657)	76,163	1,968,069
- Unitised Insurance Policies	517,508	-	(806)	13,076	529,778
- Unit Trusts	130,518	253	(1,307)	7,914	137,378
- Other Managed Funds	738,267	143,571	(116,244)	8,715	774,309
Total Pooled Investment Vehicles	**3,288,413**	**198,267**	**(183,014)**	**105,868**	**3,409,534**
Other Investments					
Derivatives:					
- Open Forward Foreign Exchange (FX)	(6,425)	5,621,937	(5,629,295)	12,215	(1,568)
Total Other Investments	**(6,425)**	**5,621,937**	**(5,629,295)**	**12,215**	**(1,568)**
Other Investment Balances					
- Cash Deposits	88,882				119,703
- Investment Income Due	1,952				824
Total Other Investments	**90,834**	**-**	**-**	**-**	**120,527**
Total Net Investment Assets	**3,374,004**	**5,820,204**	**(5,812,309)**	**118,083**	**3,529,675**

Long Term Investments					
Unquoted Equity Holding in Border to Coast Pensions Partnership	1,182	-	-	-	1,182
- Managed by Border to Coast	1,591,374	635,000	(538,846)	214,592	1,902,120
- Unitised Insurance Policies	588,750	2,580	(142,356)	68,534	517,508
- Unit Trusts	140,502	289	(10,383)	110	130,518
- Other Managed Funds	627,856	156,526	(58,047)	11,932	738,267
- Open Forward Foreign Exchange (FX)	7,545	4,160,937	(4,182,671)	7,764	(6,425)
Other Investment Balances					
- Cash Deposits	75,666				88,882
- Investment Income Due	1,950				1,952

12B Investments Analysed by Fund Manager

Fund Manager	31 March 2024		31 March 2025	
	£'000	%	£'000	%
Investments managed by Border to Coast:				
- Global Equity Alpha	539,398	16.0	521,662	14.8
- Sterling Investment Grade Credit	411,138	12.2	449,807	12.7
- Multi-Asset Credit	325,269	9.6	361,294	10.2
- Overseas Developed Market Equity	348,423	10.3	349,642	9.9
- Listed UK Equity	277,892	8.2	269,997	7.7
- Core Global Real Estate	-	-	15,667	0.4
Unitised Insurance Policies:				
- Legal and General (Future World Fund)	517,508	15.3	529,778	15.0
Investments managed outside of the asset pool:				
- Morgan Stanley (Private Markets)	575,246	17.2	629,856	18.0
- Morgan Stanley (Legacy Private Equity)	4,399	0.1	3,754	0.1
- Internally Managed (Property Unit Trusts)	130,518	3.9	137,469	3.9
- Internally Managed (Property)	98,528	2.9	96,778	2.7
- Internally Managed (Infrastructure)	67,231	2.0	60,000	1.7
- Internally Managed (Cash managed by LCC Treasury Management Team)	65,000	1.9	89,000	2.5
- Unallocated Cash	12,272	0.4	13,789	0.4
Total	**3,372,822**	**100.0**	**3,528,493**	**100.0**

12C Fund Assets exceeding 5%

The following table sets out where there is a concentration of investments which exceeds 5% of the total value of the net assets of the scheme (exc. holdings in UK Government Securities).

Fund Manager	31 March 2024		31 March 2025	
Morgan Stanley (Private Markets)	568,915	16.7	615,096	17.3
Legal and General (Future World Fund)	517,508	15.2	529,778	14.9
Border to Coast (Global Equity Alpha)	539,398	15.9	521,662	14.7
Border to Coast (Sterling Investment Grade Credit)	411,138	12.1	449,807	12.7
Border to Coast (Multi-Asset Credit)	325,269	9.6	361,294	10.2
Border to Coast (Overseas Developed Market Equity)	348,423	10.2	349,642`	9.8
Border to Coast (Listed UK Equity)	277,892	8.2	269,997	7.6

Note 13. Analysis of Derivatives

The holding in derivatives is used to hedge exposures to reduce risk in the Fund. The use of any derivatives is managed in line with the investment management agreements in place between the Fund and the investment manager.

The only direct derivative exposure that the Fund has is in forward foreign currency contracts. The Fund's private markets investment manager uses forward foreign exchange contracts to reduce exposure to fluctuations in foreign currency exchange rates.

Open Forward Currency Contracts

Profit (Loss) of Forward Currency Deals and Currency Exchange

The profit or loss from any forward deals and from currency exchange is a result of normal trading of the Fund's managers who manage multi-currency portfolios. For 2024/25 this was a profit of £12.215m (£7.764m profit in 2023/24).

Note 14. Fair Value – Basis of Valuation

All investments assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level One – where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, comprising quoted equities, quoted bonds and unit trusts.

Level Two – where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

Level Three – where at least one input that could have significant effect on the instrument's valuation is not based on observable market data.

The basis of the valuation of each class of investment asset is set out below:

Description of Asset	Basis of Valuation	Observable and Unobservable Inputs	Key Sensitivities Affecting the Valuations Provided
Level One			
Quoted equities and pooled fund investments.	The published bid market price on the final day of the accounting period.	Not Required.	Not Required.
Cash and cash equivalents.	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	Not Required.	Not Required.
Level Two			
Unquoted equity investments, fixed income bonds, unit trusts and pooled fund investments.	Average of broker prices	Evaluated price feeds.	Not Required.
Forward foreign exchange derivatives.	Market forward exchange rates at the year-end.	Exchange rate risk.	Not Required.
Pooled property funds where regular trading takes place.	Closing bid price where bid and offer prices are published. Closing single price where single price published.	NAV-based pricing set on a forward pricing basis.	Not Required.

Description of Asset	Basis of Valuation	Observable and Unobservable Inputs	Key Sensitivities Affecting the Valuations Provided
Level Three			
Pooled property, other investment funds and hedge funds where regular trading does not take place.	Valued by investment managers on a fair value basis each year using PRAG guidance.	NAV-based pricing set on a forward pricing basis.	Valuations are affected by any changes to the value of the financial instrument being hedged against.
Other unquoted and private equities (inc. private markets, infrastructure and private equity).	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020).	EBITDA multiple; Revenue multiple; Discount for lack of marketability; and Control premium.	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.
Shares in Border to Coast Pensions Partnership.	Shareholdings in Border to Coast have been valued at cost i.e. transaction price as an appropriate estimate of fair value.	No market for shares held in Border to Coast. Disposal of shares is not a matter in which any shareholder can make a unilateral decision. Partnership is structured so as not to make a profit.	Valuation could be affected by future funding models, post-balance sheet events, or changes to current operating procedures.

Sensitivity of assets valued at level 3

The Fund has determined that the valuation methods described above for level three investments are likely to be accurate within the following ranges, and has set out in the table below the consequent potential impact on the closing value of investments held at 31 March 2025.

	Potential variation in fair value	Value as at 31 March 2025	Potential value on increase	Potential value on decrease
	(+/-)	£'000	£'000	£'000
Infrastructure	14%	59,845	68,223	51,467
Private Equity	23%	2,671	3,285	2,057
Private Markets:				
- Hedge Funds	10%	218,464	240,310	196,618
- Unquoted Holdings	15%	395,294	454,588	336,000
Property Venture	16%	77,933	90,402	65,464

14A Fair Value Hierarchy

The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Financial assets at fair value through profit and loss:				
Pooled Investment Vehicles:				
Managed by Border to Coast		1,952,402	15,667	1,968,069
Unitised Insurance Policies		529,778		529,778
Unit Trusts		137,378		137,378
	1,338	34,431	738,540	774,309
Cash				
Financial liabilities at fair value through profit and loss:				
Derivatives: Forward Foreign Exchange				(1,568)
				(1,568)
Financial assets at fair value through other comprehensive income and expenditure:				
Unquoted Equity Holding in Border to Coast Pensions Partnership			1,182	1,182
			1,182	**1,182**
Net Investment Assets	**18,870**	**2,652,421**	**755,389**	**3,426,680**

Values at 31 March 2024 – Observable Fair Value	Quoted Market Price Level 1	Using Observable		
Financial assets at fair value through profit and loss:				
Pooled Investment Vehicles:				
Managed by Border to Coast		1,902,120		1,902,120
Unitised Insurance Policies		517,508		517,508
Unit Trusts		130,518		130,518
Other Managed Funds		40,131	698,136	738,267
Derivatives: Forward Foreign Exchange		-		-
Cash	13,208			13,208
				3,301,621
Financial liabilities at fair value through profit and loss:				
Derivatives: Forward Foreign Exchange				(6,425)
				(6,425)
Financial assets at fair value through other comprehensive income and expenditure:				
Unquoted Equity Holding in Border to Coast Pensions Partnership			1,182	1,182
				1,182

14B Reconciliation of Fair Value Measurements within Level 3

2024/25	**Market value at 31 March 2024**	**Purchases during the year and derivative payments**	**Sales during the year and derivative receipts**	**Unrealised gains/(losses) ***	**Realised gains/(losses) ***	**Market value at 31 March 2025**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Infrastructure	66,927	296	(3,036)	(4,706)	364	59,845
Private Equity	3,897	(70)	(1,053)	1,592	(1,695)	2,671
Private Markets	568,915	137,687	(110,616)	12,550	5,222	613,758
Property Venture	58,397	20,225	(843)	(10)	164	77,933
Unquoted Equity Holding in Border to Coast Pensions Partnership	1,182	-	-	-	-	1,182
Total	**699,318**	**158,138**	**(115,548)**	**9,426**	**4,055**	**755,389**

2023/24	**Market value at 31 March 2023**	**Purchases during the year and derivative payments**	**Sales during the year and derivative receipts**	**Unrealised gains/(losses) ***	**Realised gains/(losses) ***	**Market value at 31 March 2024**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Infrastructure	68,498	1,839	(1,623)	(1,798)	11	66,927
Private Equity	6,123	223	(2,620)	(868)	1,039	3,897
Private Markets	455,250	135,084	(40,634)	11,087	8,128	568,915
Property Venture	41,187	19,379	(755)	(1,414)	-	58,397
Unquoted Equity Holding in Border to Coast Pensions Partnership	1,182	-	-	-	-	1,182
Total	**572,240**	**156,525**	**(45,632)**	**7,007**	**9,178**	**699,318**

** Unrealised and realised gains and losses are recognised in the profit and losses on disposal and change in market values line of the Fund account.*

Note 15. Financial Instruments

15A Classification of Financial Instruments

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial assets were reclassified during the accounting period.

Financial Assets				
Unquoted Equity Holding in Border to Coast Pensions Partnership				1,182
Pooled Investment Vehicles:				
- Managed by Border to Coast	1,968,069			
- Unitised Insurance Policies	529,778			
- Unit Trusts	137,378			
- Other Managed Funds	774,309			
Derivatives: Forward Foreign Exchange	-			
Cash	17,532	116,418		
Other Investment Balances		824		
Sundry Debtors		4,749		
Financial Liabilities				
Derivatives: Forward Foreign Exchange	(1,568)			
Other Investment Balances				
Sundry Creditors				

	31 March 2024			
	Fair value through profit & loss	Assets at amortised cost	Liabilities at amortised cost	Fair value through comprehensive income
	£'000	£'000	£'000	£'000
Financial Assets				
Unquoted Equity Holding in Border to Coast Pensions Partnership				1,182
Pooled Investment Vehicles:				
- Managed by Border to Coast	1,902,120			
- Unitised Insurance Policies	517,508			
- Unit Trusts	130,518			
- Other Managed Funds	738,267			
Derivatives: Forward Foreign Exchange	-			
Cash	13,208	91,569		
Other Investment Balances		1,952		
Sundry Debtors		3,914		
	3,301,621	**97,435**	**-**	**1,182**
Financial Liabilities				
Derivatives: Forward Foreign Exchange	(6,425)			
Other Investment Balances			-	
Sundry Creditors			(1,489)	
	(6,425)	**-**	**(1,489)**	**-**
	3,295,196	**97,435**	**(1,489)**	**1,182**

15B Net Gains and Losses on Financial Instruments

All realised gains and losses arise from the sale or disposal of financial assets that have been derecognised in the financial statements. The fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

	2023/24	2024/25
	£000	£000
Financial Assets		
Fair Value through Profit and Loss	295,168	105,868
	295,168	**106,217**

Note 16. Nature and Extent of Risks Arising from Financial Instruments

Risk and Risk Management

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. the promised benefits payable to members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall Pension Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pensions Committee. Risk management policies have been established to identify and analyse the risks faced by the Pension Fund's operations. These are reviewed regularly to reflect changes in activity and market conditions.

a) Market Risk

Market risk is the loss from fluctuations in equity and commodity prices, interest and foreign exchange rates, and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future prices and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

To mitigate market risk, the Fund invests in a diversified pool of assets to ensure a reasonable balance between different categories, having taken advice from the Fund's Investment Consultant. The management of the assets is split between a number of managers and investment vehicles with different performance targets and investment strategies. Risks associated with the strategy and investment returns are included as part of the quarterly reporting to the Pensions Committee where they are monitored and reviewed.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instrument.

The Fund's investment managers mitigate this price risk through diversification, and the selection of securities and other financial instruments is monitored by the Fund to ensure it is within limits specified in the Fund's investment strategy.

Other Price Risk - Sensitivity Analysis

Following analysis of historical data and expected investment return during the financial year, the Fund, in consultation with a fund manager, has determined that the following movements in market price are reasonably possible for 2025/26; assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same (prior year comparatives are shown on the next page):

Asset Type	Value at 31 March 2025	Potential market movements (+/-)	Value on Increase	Value on Decrease
UK Equities	269,997	18%	318,596	221,398
Global Equities	1,051,440	18%	1,240,699	862,181
Overseas Equities	349,642	18%	412,578	286,706
Bonds	449,807	7%	481,293	418,321
Multi Asset Credit	361,294	8%	390,198	332,390
UK Property	199,644	16%	231,587	167,701
Overseas Property	50,098	16%	58,114	42,082
Infrastructure	59,845	14%	68,223	51,467
Private Equity	229,077	23%	281,765	176,389
Private Debt	62,381	12%	69,867	54,895
Private Real Assets	107,709	15%	123,865	91,553
Other Alternatives	136	15%	156	116
Hedge Funds	218,464	10%	240,310	196,618
Total Assets Available	**3,409,534**		**3,917,251**	**2,901,817**

Interest rate risk

The Fund recognises that interest rates can vary and can affect both income to the Fund and carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A Fund Manager, and experience, suggests that a movement of +/- 100 basis points (+/- 1.0%) in interest rates from one year to the next is likely (+/-150 basis points in 2023/24).

Interest rate risk – sensitivity analysis

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1.0% change in interest rates. This analysis demonstrates that a 1.0% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Assets Exposed to Interest Rate Risk:

Exposure to interest rate risk	Value at 31 March 2025	Percentage movement on 1.0% change in Interest Rates	Impact of 1.0% increase	Impact of 1.0% decrease
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	119,703	-	119,703	119,703
Cash Balances	14,247	-	14,247	14,247
Bonds	449,807	6,747	456,554	443,060

Exposure to interest rate risk	Value at 31 March 2024	Percentage movement on 1.5% change in Interest Rates	Impact of 1.5% increase	Impact of 1.5% decrease
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	88,882	-	88,882	88,882
Cash Balances	15,895	-	15,895	15,895
Bonds	411,138	6,167	417,305	404,971

Income Exposed to Interest Rate Risk	Interest Receivable 2024/25	Percentage movement on 1.0% change in Interest Rates	Impact of 1.0% increase	Impact of 1.0% decrease
	£'000	£'000	£'000	£'000
Cash Deposits, Cash and Cash Equivalents	5,401	81	5,482	5,320
Bonds	-	-	-	-

Income Exposed to Interest Rate Risk	Interest Receivable 2023/24	Percentage movement on 1.5% change in Interest Rates	Value on 1.5% increase	Value on 1.5% decrease
	£'000	£'000	£'000	£'000
Cash Deposits, Cash and Cash Equivalents	4,775	72	4,847	4,703
Bonds	-	-	-	-

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. Following analysis of historical data and in consultation with an investment manager, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 9%, as measured by one standard deviation (8% in 2023/24). A 9% strengthening/weakening of the pound against various currencies in which the Fund holds investments would increase/decrease the net asset available to pay benefits as follows:

Currency risk – sensitivity analysis

Asset Exposed to Currency Risk	Value at 31 March 2025	Percentage Market Movement	Value on Increase	Value on Decrease
Overseas Hedge Funds	218,464	19,662	238,126	198,802
Overseas Infrastructure	13,983	1,258	15,241	12,725
Overseas Other Alternatives	136	12	148	124
Overseas Private Debt	61,341	5,521	66,862	55,820
Overseas Private Equity	229,077	20,617	249,694	208,460
Overseas Property	34,431	3,099	37,530	31,332
Overseas Real Private Assets	106,981	9,628	116,609	97,353
Total	**664,413**	**59,797**	**724,210**	**604,616**

Asset Exposed to Currency Risk	Value at 31 March 2024	Percentage Market Movement	Value on Increase	Value on Decrease
Overseas Hedge Funds	217,649	17,412	235,061	200,237
Overseas Infrastructure	15,540	1,243	16,783	14,297
Overseas Other Alternatives	555	44	599	511
Overseas Private Debt	49,408	3,953	53,361	45,455
Overseas Private Equity	235,256	18,820	254,076	216,436
Overseas Property	40,131	3,210	43,341	36,921
Overseas Real Private Assets	68,509	5,481	73,990	63,028
Total	**627,048**	**50,163**	**677,211**	**576,885**

b) Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. Assets potentially affected by this are investment assets and cash deposits. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The Fund is additionally exposed to credit risk through its daily treasury activities. Credit risk may also occur if an employing body, not supported by central government, does not pay its contributions promptly, or defaults on its obligations.

The Pension Fund's bank account is held at Barclays, which holds an 'A+' long term credit rating (Fitch Credit Rating Agency) and it maintains its status as a well-capitalised and strong financial organisation. The management of the cash held in this account is carried out by the Council's Strategic Finance Manager - Treasury, in accordance with an agreement signed by the Pensions Committee and the Council. The agreement stipulates that the cash is pooled with the Council's cash and managed in line with the policies and practices followed by the Council, as outlined in the CIPFA Code of Practice for Treasury Management in the Public Services and detailed in its Treasury Management Practices. At 31 March 2025 the balance at Barclays was £102.247m (£79.895m at 31 March 2024).

The Pension Fund closely monitors employer contributions each month. All contributions from employers, due to the Fund for March 2025, were received by the end of May 2025. The Fund's default policy for admission bodies joining the Fund is under a pass-through arrangement. Under a pass-through arrangement, the letting authority retains the pensions risk. The admission body is responsible for paying the agreed contribution rate and also additional costs as set out in each admission agreement e.g. redundancy and early retirement costs.

c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund takes steps to ensure that it has adequate cash resources to meet its commitments.

The Fund holds a working cash balance in its own bank account to cover the payment of benefits and other lump sum payments. At an investment level, the Fund holds a large proportion of assets in instruments that can be liquidated at short notice (pooled equities and bonds), normally within a week. As at 31 March 2025, these assets totalled £2,120.886m (£2,094.359m as at 31 March 2024), with a further £133.950m held in cash (£104.777m as at 31 March 2024).

Currently, the Fund is cash flow positive each month (i.e. contributions received exceed pensions paid). This position is monitored regularly and reviewed at least every three years alongside the Triennial Valuation.

Note 17. Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022 and the next valuation is due to take place as at 31 March 2025.

Description of Funding Policy

Details of the funding policy are set out in the Funding Strategy Statement (FSS), in summary, the key points are to:

- Ensure that pension benefits can be met as and when they fall due over the lifetime of the Fund;
- Ensure the solvency of the Fund;
- Set levels of employer contribution rates to target a 100% funding level over an appropriate time period and using appropriate actuarial assumptions, while taking into account the different characteristics of participating employers;
- Build up the required assets in such a way that employer contribution rates are kept as stable as possible, with consideration of the long-term cost efficiency objective; and
- Adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other employers and ultimately the taxpayer from an employer defaulting on its pension obligations.

Further details are contained in the FSS.

Actuary's Statement

The last full triennial valuation of the Lincolnshire Pension Fund (the Fund) was carried out as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 30 March 2023.

Asset value and funding level

The results for the Fund at 31 March 2022 were as follows:

- The market value of the Fund's assets as at 31 March 2022 was £3,071m.
- The Fund had a funding level of 101% i.e. the value of assets for valuation purposes was 101% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a surplus of £18m.

Contribution Rates

The employer contribution rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- the annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due;
- plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on a whole Fund level was 24.1% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2023.

In addition, each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions. This secondary rate is based on their particular circumstances and so individual adjustments are made for each employer.

Details of each employer's contribution rate are contained in the Rates and Adjustments Certificate in Appendix 5 of the triennial valuation report.

Assumptions

The key assumptions used to value the liabilities at 31 March 2022 are summarised below:

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the 2022 valuation report.

Updated position since the 2022 valuation

Assets

Investment returns on the Fund's assets over the three years to 31 March 2025 have been higher than assumed at the previous actuarial valuation. The Fund also has a positive cash flow and so the market value of assets at 31 March 2025 has increased since the formal valuation.

Liabilities

Inflation over the three years to 31 March 2025 has been higher than the long-term average assumed at the 2022 valuation. However, this has been largely offset by changes in financial assumptions underlying the valuation funding model. The value of liabilities has overall increased mainly due to interest accruing on those liabilities and due to further accrual of members' benefits over the period.

Overall position

Both the value of assets and the value of liabilities are estimated to have increased by similar amounts and so the funding level is estimated to be similar to that at the last formal valuation.

The 2025 valuation of the Fund is now underway, which will set revised contributions for all employers due over the period from 1 April 2026 to 31 March 2029.

The Fund also continues to monitor the funding level using LGPS Monitor on a regular basis.

Matthew Paton FFA
Associate, Barnett Waddingham LLP

Note 18. Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary, also undertakes a valuation of the pension fund liabilities adopting methods and assumptions that are consistent with IAS19 on an annual basis.

Introduction

Pension expense calculations have been undertaken in respect of pension benefits provided by the Local Government Pension Scheme (the LGPS) to members of the Lincolnshire Pension Fund as at 31 March 2025. The calculations take into account current LGPS Regulations, as amended, as at the date of this report.

The LGPS is a defined benefit statutory scheme administered in accordance with the regulations and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS website here and the Fund's membership booklet.

This report is prepared in accordance with the actuary's understanding of IAS26 and complies with Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) as issued by the Financial Reporting Council (FRC). In calculating the disclosed numbers, they have adopted methods and assumptions that are consistent with IAS19.

This report should be read in conjunction with the post accounting date briefing note for disclosures as at 31 March 2025. A copy of this can be requested from the Fund.

Valuation Data

Data Used

The following items of data have been used in the calculations:

- 31 March 2022 - results of the latest funding valuation;
- 31 March 2024 - results of the previous IAS26 report;
- 31 March 2025 - actual Fund returns to;
- 31 March 2025 - Fund asset statement;
- 31 March 2025 - Fund income and expenditure items to; and
- 31 March 2025 - details of any new unreduced early retirement payments out to.

The data is provided by the administering authority and has been checked for reasonableness by the actuary, including consistency with previous valuation data where relevant and is sufficient for this purpose. Although some of these data items have been estimated, the actuary does not believe that they are likely to have a material effect on the results of this report. There have not been any material changes or events since the data was prepared.

Employer Membership Statistics

The table below summarises the membership data, as at 31 March 2022.

Member Data Summary	Number	Salaries / Pensions £'000	Average Age
Active Members	24,013	397,111	46
Deferred Pensioners	28,653	30,628	49
Pensioners	25,949	85,232	72

Payroll

The total estimated pensionable payroll for the employers in the Fund is £519,702,000 for the year to 31 March 2025 (£478,740,000 for the year to 31 March 2024).

Unfunded benefits

Unfunded benefits are excluded from the calculations as these are liabilities of employers rather than the Fund.

Early retirements

The calculations include 19 new early retirements during the year which were not allowed for at the previous accounting date. The total annual pension that came into payment was £204,400 (46 in the previous financial year totalling £253,200).

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2025 is calculated to be 3.88% based on actual Fund returns as set out in the data section above.

The estimated asset allocation for Lincolnshire Pension Fund as at 31 March 2025 is as follows (noting that due to rounding they may not total 100%):

Asset Breakdown	31 March 2024		31 March 2025	
	£'000	%	£'000	%
Equities	1,683,221	50%	1,671,079	47%
Bonds	461,537	14%	512,188	15%
Property	229,045	7%	249,742	7%
Cash/temporary investments	85,592	3%	120,141	3%
Infrastructure	136,004	4%	167,554	5%
Absolute Return Fund	778,729	23%	808,971	23%
Total	**3,374,003**	**100%**	**3,529,675**	**100%**

Actuarial methods and assumptions

Details of the actuarial methods and derivation of the assumptions used can be found in the 31 March 2025 briefing note (a copy of this can be requested from the Fund). The key assumptions used are set out below.

Financial Assumptions	31 March 2024 % p.a.	31 March 2025 % p.a.
Discount Rate	4.90%	5.85%
Pension Increases (CPI)	2.90%	2.90%
RPI inflation	3.20%	3.20%
Salary Increases	3.90%	3.90%

Projected unit method is used in the calculations.

The actuary has allowed for actual ONS CPI inflation observed between March 2024 and March 2025, this is reflected in the experience loss/(gain) on defined benefit obligation figure in the results.

The demographic assumptions adopted are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022, except for an update of the CMI projection model. Details of the post-retirement mortality assumption are set out in the table on the next page; further details of the demographic assumptions adopted can be found in the briefing note corresponding to this report, and the Fund's actuarial valuation report.

Post Retirement Mortality	31 March 2024	31 March 2025
Base table	S3PA	S3PA
Multiplier (M/F)	130% / 120%	130% / 120%
Future Improvements model	CMI_2022	CMI_2023
Long term rate of improvement	1.25% p.a.	1.25% p.a.
Smoothing parameter	7.0	7.0
Initial additional parameter	0.0% p.a.	0.0% p.a.
2020 weight parameter	0%	0%
2021 weight parameter	0%	0%
2022 weight parameter	25%	15%
2023 weight parameter	N/A	15%

The assumed life expectancies, based on the assumptions set out above, are set out in the table below:

Life Expectancy from age 65 years	31 March 2024	31 March 2025
Retiring Today		
Males	19.5	19.5
Females	22.7	22.7
Retiring in 20 years		
Males	20.8	20.8
Females	24.1	24.1

Fund Duration

The estimated Macaulay duration of the Fund as at the accounting date, using the assumptions set out above is 16 years.

Results

The net surplus as at 31 March 2025 is estimated to be £928.049m.

Net pension asset in the statement of financial position as at:	31 March 2024 £'000	31 March 2025 £'000
Present value of the defined benefit obligation	(2,929,372)	(2,603,542)
Fair value of Fund assets (bid value)	3,374,003	3,529,675
Net surplus/(liability) in balance sheet	**444,631**	**926,133**

The present value of the defined benefit obligation consists of £2,577.376m (£2,896.446m as at 31 March 2024) in respect of vested obligation and £26.166m (£32.926m as at 31 March 2024) in respect of non-vested obligation.

The figures presented in this report are prepared on an IAS19 basis and therefore will differ from the results of the 2022 triennial funding valuation (see Pension Fund Note 17) because IAS19 stipulates the discount rate applied.

Note 19. Current Assets

Note 20. Current Liabilities

Note 21. Additional Voluntary Contributions

Scheme members may make additional contributions to enhance their pension benefits. All Additional Voluntary Contributions (AVC) are invested in a range of investment funds managed by the Prudential plc. At the year end, the value of AVC investments (excluding any final bonus) amounted to £7.761m (£7.596m in 2023/24). Member contributions of £0.738m (£0.766m in 2023/24) were received by the Prudential and £1.600m (£1.800m in 2023/24) was paid out to members in the year to 31 March 2025.

The value of AVC funds and contributions received in the year are not included in the Fund Account and Net Assets Statement.

Note 22. Related Party Transactions

Lincolnshire County Council
The Lincolnshire Pension Fund is administered by Lincolnshire County Council. During the reporting period, the Council incurred costs of £0.353m (£0.303m in 2023/24) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses.

The Council is also the single largest employer of members of the Pension Fund and contributed £51.039m (£46.445m in 2023/24) to the Fund in 2024/25. All monies owing to and due from the Fund were paid by the statutory deadline and accounted for in the financial year.

The Treasury Management section of the Council acts on behalf of the Pension Fund to manage the cash position held in the Pension Fund bank account. This is amalgamated with the Council's cash and lent out in accordance with the Council's Treasury Management policies. During the year, the average balance in the Pension Fund bank account was £85.949m (£74.272m in 2023/24) and interest of £4.582m (£3.825m in 2023/24) was earned over the year.

Pensions Committee
Each member of the Pension Fund Committee is required to declare their interests at each meeting and is also asked to sign an annual declaration disclosing any related party transactions. Three Committee members: J Balchin (Employee Representative), S Larter (Small Scheduled Bodies Representative) and T Hotchin (Academy Sector Representative) were contributing members of the Pension Fund during 2024/25. S Larter (Small Scheduled Bodies Representative) is also a deferred member of the scheme. Cllr M Allen, Cllr Mrs

Overton and Cllr P Key (District Council Representative) were in receipt of a pension from the Lincolnshire Pension Fund.

Border to Coast Pensions Partnership

Lincolnshire Pension Fund is a minority shareholder in Border to Coast Pensions Partnership. It holds a £1 A share which gives the Fund one vote. The Fund also holds £1.182m (£1.182m in 2023/24) of regulatory share capital (B shares). These are included within long term investments in the net asset statement. At 31 March 2025 the Fund had invested in six sub-funds managed by Border to Coast Pensions Partnership (details shown in Note 12) and 55.8% of fund assets were under the management of Border to Coast at 31 March 2025 (56.4% at 31 March 2024). During 2024/25 the Fund paid Border to Coast £5.102m (£5.875m in 2023/24) to manage these assets and the company.

Note 23. Key Management Personnel

The key management personnel of the Fund are the Deputy Chief Executive and Executive Director of Resources, Assistant Director Finance, Head of Lincolnshire Pension Fund, and Accounting, Investment and Governance Manager. The Fund does not employ any staff directly. Lincolnshire County Council employs the staff involved in providing the duties of the Administering Authority for the Fund. The proportion of employee benefits earned by key management personnel relating to the Pension Fund are: £0.148m short term benefits (£0.144m in 2023/24) and £0.036m post-employment benefits (£0.035m in 2023/24).

Note 24. Contractual Capital Commitments

At 31 March 2025 the Fund had outstanding capital commitments (investments) to ten investment vehicles, amounting to £76.962m (£102.096m as at 31 March 2024). These commitments relate to outstanding call payments due on unquoted limited partnerships making investments in private equity, property or infrastructure funds. The amounts 'called' by these funds are irregular in both size and timing over the lifetime of the funds.

Note 25. Events After the Balance Sheet Date

There have been no events after the balance sheet date that require adjustment or disclosure within the financial statements.

Glossary of Terms

Actuary – An independent consultant who advises the Fund and every three years formally reviews the assets and liabilities of the Fund and produces a report on the Fund's financial position, known as the Actuarial Valuation.

Administering Authority – The administering authority has a legal responsibility to maintain and manage the their LGPS fund. The administering authority for Lincolnshire Pension Fund is Lincolnshire County Council.

Admitted Body – Private contractors that are admitted to the LGPS to protect member pension rights following a TUPE transfer, or a body which provides a public service which operates otherwise than for the purposes of gain.

Alternatives – Investment products other than traditional investments of stocks, bonds, cash or property. The term is used for tangible assets such as infrastructure and property and financial assets such as private equity, private debt and derivatives.

Asset Allocation – Distribution of investments across asset categories, such as cash, equities and bonds. Asset allocation affects both risk and return, and is a central concept in financial planning and investment management.

Asset Pooling – In the context of the LGPS, this is the collaboration of several LGPS Funds to pool their investment assets in order to generate savings from economies of scale, as requested by MHCLG: 'significantly reducing costs whilst maintaining investment performance'.

Auto Enrolment – UK employers have to automatically enrol their staff into a workplace pension if they meet certain criteria and repeat this process every three years to re-enrol any employees who have opted out.

Bonds – Certificate of debt issued by a government or company, promising regular payments on a specified date or range of dates, usually with final capital payment at redemption.

Career Average Revalued Earnings (CARE) Scheme – The pension at retirement will relate to your average salary over your career (while paying into the pension scheme). More precisely for the LGPS, it is based on pensionable earnings, increased in line with inflation as measured by the Consumer Price Index (CPI).

CIPFA – Chartered Institute of Public Finance and Accountancy.

Consumer Price Index (CPI) – The rate of increase in prices for goods and services. CPI is the official measure of inflation of consumer prices of the United Kingdom.

Counterparty – The other party that participates in a financial transaction. Every transaction must have a counterparty in order for the transaction to complete. More specifically, every buyer of an asset must be paired up with a seller that is willing to sell and vice versa.

Custodian – Organisation which is responsible for the safekeeping of assets, income collection and settlement of trades for a portfolio, independent from the asset management function.

Defined Benefit – An employer-sponsored retirement plan where employee benefits are assessed based on a formula using factors such as salary history and duration of employment.

Derivative – Financial instrument whose value is dependent on the value of an underlying index, currency, commodity or other asset.

Diversification – Risk management technique which involves spreading investments across a range of different investment opportunities, thus helping to reduce overall risk. Risk reduction arises from the different investments not being perfectly correlated. Diversification can apply at various levels, such as diversification between countries, asset classes, sectors and individual securities.

Equities – Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

Fiduciary Duty – A legal obligation of one party to act in the best interest of another. The obligated party is typically a fiduciary, that is, someone entrusted with the care of money or property.

Final Salary – One type of defined benefit pension scheme where employee benefits are based on the person's final salary when they retire. The LGPS Scheme has moved from this to a CARE (career average) scheme from 2014.

Funding Level – The ratio of a pension fund's assets to its liabilities. Normally relates to defined benefit pension funds and used as a measure of the fund's ability to meet its future liabilities.

IFRS – International Financial Reporting Standards. Aim to standardise the reporting and information disclosed in the financial accounts of companies and other organisations globally.

Infrastructure – The public facilities and services needed to support residential development, including highways, bridges, schools, and sewer and water systems. A term usually associated with investment in transport, power and utilities projects.

Investment Strategy – The investor's long-term distribution of assets across various asset classes, taking into consideration their objectives, their attitude to risk and timescale.

Liabilities – Financial liabilities are debts owed to creditors for outstanding payments due to be paid. Pensions liabilities are the pension benefits and payments that are due to be paid when someone retires.

Market Value – The price at which an investment can be bought or sold at a given date.

Pooled Investment Fund – A fund managed by an external Fund Manager in which a number of investors buy units. The total fund is then invested in a particular market or region. The underlying assets the funds hold on behalf of clients are quoted assets such as fixed interest bonds and equity shares. They are used as an efficient low-risk method of investing in the asset classes.

Portfolio – Block of assets generally managed under a single mandate.

Private Debt – A loan extended to an unquoted company by a private investor rather than a commercial bank.

Private Equity – Shares in unquoted companies, the shares are not on offer to the general public through stock markets. Usually high risk, high return in nature.

Return – Increase in value of an investment over a period of time, expressed as a percentage of the value of the investment at the start of the period.

Risk – Likelihood of a return different from that expected and the possible extent of the difference. Also used to indicate the volatility of different assets.

Scheduled Body – Public sector employers or designating bodies that have an automatic right and requirement to be an employer within the LGPS.

Settlement – Payment or collection of proceeds after trading a security. Settlement usually takes place sometime after the deal and price are agreed.

Target – Managers are set a target for investment performance such as 1% above benchmark per year over three year rolling periods.

Triennial Actuarial Valuation – Every three years the actuary formally reviews the assets and liabilities of the Lincolnshire Fund and produces a report on the Fund's financial position.