

# **Pension Fund**

1. Under Local Government Pension Scheme Regulations the County Council is required to maintain a Pension Fund for certain employees together with the majority of employees of District Councils and other bodies that were formerly under the control of Local Authorities, such as higher education establishments and the civilian employees of Leicestershire Police and Fire Authorities. Teachers, Firefighters and Police Officers all have their own schemes. In addition, certain other bodies are eligible to join if the County Council agrees, and a number of voluntary/charitable bodies and Loughborough University have obtained membership in this way. Membership of the scheme is optional for all employees, although a written election not to join must be made if employees wish to remain outside the scheme.

2. Actuarial Position:

Local Government Pension Funds, in common with other pension funds in both public and private sectors, have periodic valuations to assess the extent to which assets accumulated are adequate to meet future liabilities. To ensure that the fund remains financially sound to meet benefit payments, the actuary recommends the rate of employers' contributions on an individual employer basis for each employing body in the fund on a triennial basis.

The Council's actuary, Hymans Robertson and Co, completed the latest valuation, as at 31 March 2001. This review resulted in a requirement for the common contribution rate of employers contributions to increase from 185% to 215% of an employees contribution. This increase is being phased in over a period of up to 3 years commencing in 2002/03 and be completed in the 2004/05 financial year. This common rate for all employers is adjusted to reflect the individual circumstances of different employing bodies.

3. The average total employers rate during 2001/02 was approximately 183% (172% 2000/01) of the employees' rate. Thus for an employee paying 6% of earnings, the employer on average will pay 10.98% (10.32% 2000/01).

# Fund Account for the Year Ended 31 March 2002

2000/01			2001/02	
£000		Notes	£000	£000
	<b>Contributions and Benefits</b>			
52,640	Contributions Receivable	3	59,171	
11,366	Transfers in	4	13,145	
64,006			72,316	
(43,049)	Benefits payable	5	(44,766)	
(5,954)	Leavers	6	(15,145)	
(742)	Administration Expenses	7	(771)	
(49,745)			(60,682)	
<b>14,261</b>	<b>Net additions (withdrawals) from dealings with members</b>			<b>11,634</b>
	<b>Returns on investments</b>			
34,453	Investment income	8	33,164	
(68,814)	Change in market value of investments	9	(22,767)	
(2,666)	Investment management expenses	11	(2,626)	
<b>(37,027)</b>	<b>Net returns on investments</b>			<b>7,771</b>
<b>(22,766)</b>	<b>Net increase/(decrease) in the fund during the year</b>			<b>19,405</b>
1,347,824	Net assets of the scheme At 1 April			1,325,058
<b>1,325,058</b>	<b>At 31 March</b>			<b>1,344,463</b>

# **Net Assets Statement for the year ended 31 March 2002**

<b>2000/01</b>			<b>2001/02</b>
<b>£000</b>		<b>Notes</b>	<b>£000</b>
	Investments	10	
73,580	Fixed interest securities		92,570
643,474	Equities		689,199
134,698	Index-linked securities		85,231
328,317	Managed and unitised funds		347,922
76,455	Properties		82,082
67,159	Cash deposits and equivalents		45,050
<b>1,323,683</b>			<b>1,342,054</b>
1,375	Current Assets and Liabilities	13	2,409
<b>1,325,058</b>	<b>Net Assets of the Fund at 31 March</b>		<b>1,344,463</b>

# **Notes to the Accounts**

## **1. Introduction**

The accounts have been prepared in accordance with the guidelines set out in the Statement of Recommended Practice, "Financial Reports of Pension Schemes" issued by the Pensions Research Accountants Group in July 1996.

The accounts summarise the transactions of the scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

The actuarial position of the scheme is dealt with in the Pension Fund annual report.

## **2. Accounting policies**

### **a) Employers' Contributions**

Employers' Contributions are accounted for on an accruals basis at the percentage rates recommended by the Actuary. The rates paid during 2001/02, 2000/01 and 1999/00 were set as part of the 1998 Actuarial Valuation.

### **b) Investment Income**

Investment income is accounted for on an ex-dividend basis for all fixed interest investments and UK equity investments. Property rents are accounted for on the date that they become payable. Overseas equity income is accounted for on an 'as received' basis.

### **c) Benefits**

Benefits are accounted for as and when they are paid.

### **d) Death Grants, Transfer Values and Refunds of Contributions**

- i) Transfer values and Refunds of Contributions are accounted for on a cash basis.
- ii) Death Grants are accrued as being payable on the date of death.

### **e) Valuation of Investments**

The Valuation of Investments is carried out as follows:

- i) All UK investments traded within SETS (An automated trading system operated by the London Stock Exchange) are valued using the last SETS traded price. All other UK investments are valued on the basis of middle market prices,
- ii) Pooled investment funds are valued at mid point of the latest prices quoted by their respective managers prior to the year-end,
- iii) Overseas investments are valued on the basis appropriate to the market concerned, using the closing rates of exchange at the year-end,
- iv) Freehold and leasehold properties, other than the Fund's farm have been valued on an open market basis by Adrian Payne of ATIS Real Weatheralls as at 31 March 2002, who is an Associate of the Royal Institute of Chartered Surveyors,

- v) The Fund's farm property has been valued on an open market basis as at 31 March 2002 by Mr Andrew Coombe, Senior Land Agent of Leicestershire County Council. Mr Coombe is an Associate of the Royal Institute of Chartered Surveyors.
- vi) The Fund's last independent valuation of the property investments was carried out by ATIS Real Weatheralls as at 31 March 2002.

### 3. Contributions Receivable

	2000/01 £000	2001/02 £000
<b>Employers</b>		
Normal	32,584	37,160
Advanced payments for early retirements	730	1,221
Additional	0	150
<b>Members</b>		
Normal	18,922	20,282
Additional voluntary contributions	404	358
<b>Total</b>	<b>52,640</b>	<b>59,171</b>

### 4. Transfers In

	2000/01 £000	2001/02 £000
Individual transfers in from other schemes	11,366	13,145
<b>Total</b>	<b>11,366</b>	<b>13,145</b>

### 5. Benefits Payable

	2000/01 £000	2001/02 £000
Pensions	36,750	38,617
Lump sum retirement benefit	5,201	5,155
Lump sum death benefit	1,100	996
Benefits recharged	(2)	(2)
<b>Total</b>	<b>43,049</b>	<b>44,766</b>

**6. Payments to and on account of leavers**

	<b>2000/01 £000</b>	<b>2001/02 £000</b>
Refunds to members leaving scheme	343	422
Payments for members joining state scheme	106	137
Individual transfers to other schemes	5,505	14,586
<b>Total</b>	<b>5,954</b>	<b>15,145</b>

**7. Administration Expenses**

	<b>2000/01 £000</b>	<b>2001/02 £000</b>
Administration and processing	642	641
Actuarial fees	0	32
Legal and other professional fees	41	43
Computer system costs	59	55
<b>Total</b>	<b>742</b>	<b>771</b>

**8. Investment Income**

	<b>2000/01 £000</b>	<b>2001/02 £000</b>
Income from fixed interest securities	4,362	4,780
Dividends from equities	15,657	16,129
Income from index-linked securities	3,656	2,855
Income from managed or unitised funds	986	1,153
Net rents from properties	5,934	6,427
Interest on cash or cash equivalents	3,851	2,129
Net Currency Profit/(Loss)	(141)	(462)
Commissions from stocklending, underwriting and insurance	148	153
<b>Total</b>	<b>34,453</b>	<b>33,164</b>

## 9. Investments

	Value at 1/4/01	Net Investments	Change In Market Value	Value at 31/3/02
	£000	£000	£000	£000
Fixed interest securities	73,580	21,556	(2,566)	92,570
Equities	643,474	65,457	(19,732)	689,199
Index-linked securities	134,698	(50,128)	661	85,231
Managed and unitised funds	328,317	22,471	(2,866)	347,922
Properties	76,455	4,305	1,322	82,082
Cash & Cash Equivalents	67,159	(22,523)	414	45,050
	<b>1,323,683</b>	<b>41,138</b>	<b>(22,767)</b>	<b>1,342,054</b>

The change in the value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

## 10. Analysis of Investments

	2000/01 £000	2001/02 £000
<b>Fixed interest securities</b>		
UK public sector quoted	23,840	40,128
Overseas public sector	49,740	52,442
	<b>73,580</b>	<b>92,570</b>
<b>Equities</b>		
UK quoted	435,907	399,251
Overseas quoted	207,567	289,948
	<b>643,474</b>	<b>689,199</b>
<b>Index Linked Securities</b>		
UK quoted	119,541	82,905
Overseas quoted	15,157	2,326
	<b>134,698</b>	<b>85,231</b>
<b>Unitised Funds</b>		
Unit Trust – Other	<b>328,317</b>	<b>347,922</b>
<b>Properties</b>		
UK	<b>76,455</b>	<b>82,082</b>
<b>Cash &amp; Cash Equivalents</b>		
Sterling Denominated	57,364	38,329
Foreign Currency	9,795	6,721
	<b>67,159</b>	<b>45,050</b>
<b>Total Investments</b>	<b>1,323,683</b>	<b>1,342,054</b>

### 11. *Investment Management Expenses*

	2000/01 £000	2001/02 £000
Administration, management and custody	2,632	2,574
Performance measurement services	17	15
Other advisory fees	17	37
<b>Total</b>	<b>2,666</b>	<b>2,626</b>

### 12. *Property Investments*

	31 March 2001 £000	31 March 2001 £000
Freehold	63,995	63,557
Long Leasehold (over 50 years unexpired)	1,735	8,375
Short Leasehold (under 50 years unexpired)	10,725	10,150
<b>Total</b>	<b>76,455</b>	<b>82,082</b>

### 13. *Current Assets & Liabilities*

	2000/01 £000	2001/02 £000
Contributions due from employers	2,591	3,041
Cash Balances	67	(13)
Net securities settlements outstanding	(2,642)	1,659
Tax recoverable	36	107
Income accrued	3,186	3,521
Other Debtors	59	79
Owed to Leicestershire County Council	(898)	(4,859)
Fund Management Fees Outstanding	(616)	(641)
Other Creditors	(408)	(485)
<b>Total</b>	<b>1,375</b>	<b>2,409</b>

### 14. *Related Party Transactions*

From the information currently available there were no material transactions with related parties in 2001/02.

### 15. *Contingent Liabilities*

There were no contingent liabilities at 31 March 2002.