

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 employer's contributions to increase from 185% to 215% of an employee's 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 2002/03 was approximately 192% (183% 2001/02) of the employees' rate. Thus for an employee paying 6% of earnings, the employer on average will pay 11.52% (10.98% 2001/02).

Fund Account for the Year Ended 31 March 2003

2001/02			2002/03	
£000		Notes	£000	£000
	Contributions and Benefits			
59,171	Contributions Receivable	3	66,239	
13,145	Transfers in	4	15,856	
72,316			82,095	
(44,766)	Benefits payable	5	(46,411)	
(15,145)	Leavers	6	(11,499)	
(771)	Administration Expenses	7	(922)	
(60,682)			58,832	
11,634	Net additions (withdrawals) from dealings with members			23,263
	Returns on investments			
33,164	Investment income	8	30,190	
(22,767)	Change in market value of investments	9	(302,546)	
(2,626)	Investment management expenses	11	(2,670)	
7,771	Net returns on investments			(275,026)
19,405	Net increase/(decrease) in the fund during the year			(251,763)
1,325,058	Net assets of the scheme At 1 April			1,344,463
1,344,463	At 31 March			1,092,700

Net Assets Statement for the year ended 31 March 2003

2001/02			2002/03
£000		Notes	£000
	Investments	10	
92,570	Fixed interest securities		29,129
689,199	Equities		521,521
85,231	Index-linked securities		23,510
347,922	Managed and unitised funds		401,619
82,082	Properties		77,125
45,050	Cash deposits and equivalents		35,926
1,342,054			1,088,830
2,409	Current Assets and Liabilities	13	3,870
1,344,463	Net Assets of the Fund at 31 March		1,092,700

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 2002/03 were set as part of the 2001 Actuarial Valuation, with the 2001/02 rates being set by 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 (average of buying and selling price at the close of trading),
- 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 Colliers CRE as at 31 March 2003, 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 2003 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

	2001/02 £000	2002/03 £000
Employers		
Normal	37,160	42,352
Advanced payments for early retirements	1,221	1,439
Additional	150	0
Members		
Normal	20,282	22,069
Additional voluntary contributions	358	379
Total	59,171	66,239

4. Transfers In

	2001/02 £000	2002/03 £000
Individual transfers in from other schemes	13,145	15,856
Total	13,145	15,856

5. Benefits Payable

	2001/02 £000	2002/03 £000
Pensions	38,617	40,145
Lump sum retirement benefit	5,155	5,437
Lump sum death benefit	996	818
Net Benefits recharged	(2)	11
Total	44,766	46,411

6. Payments to and on account of leavers

	2001/02 £000	2002/03 £000
Refunds to members leaving scheme	422	369
Payments for members joining state scheme	137	125
Individual transfers to other schemes	14,586	11,005
Total	15,145	11,499

7. Administration Expenses

	2001/02 £000	2002/03 £000
Administration and processing	641	755
Actuarial fees	32	3
Legal and other professional fees	43	43
Computer system costs	55	121
Total	771	922

8. Investment Income

	2001/02 £000	2002/03 £000
Income from fixed interest securities	4,780	3,034
Dividends from equities	16,129	16,448
Income from index-linked securities	2,855	1,765
Income from managed or unitised funds	1,153	1,772
Net rents from properties	6,427	5,834
Interest on cash or cash equivalents	2,129	1,241
Net Currency Profit/(Loss)	(462)	(38)
Commissions from stocklending, underwriting and insurance	153	134
Total	33,164	30,190

9. Investments

	Value at 1/4/02	Net Investments	Change In Market Value	Value at 31/3/03
	£000	£000	£000	£000
Fixed interest securities	92,570	(71,012)	7,571	29,129
Equities	689,199	70,222	(237,900)	521,521
Index-linked securities	85,231	(64,153)	2,432	23,510
Managed and unitised funds	347,922	131,234	(77,537)	401,619
Properties	82,082	(7,616)	2,659	77,125
Cash & Cash Equivalents	45,050	(9,353)	229	35,926
	1,342,054	49,322	(302,546)	1,088,830

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

	2001/02 £000	2002/03 £000
Fixed interest securities		
UK public sector quoted	40,128	7,183
Overseas public sector	52,442	21,946
	92,570	29,129
Equities		
UK quoted	399,251	297,560
Overseas quoted	289,948	223,961
	689,199	521,521
Index Linked Securities		
UK quoted	82,905	23,510
Overseas quoted	2,326	0
	85,231	23,510
Unitised Funds		
Property Funds	0	38,636
Unit Trust – Other	347,922	362,983
	347,922	401,619
Properties		
UK	82,082	77,125
Cash & Cash Equivalents		
Sterling Denominated	38,329	35,926
Foreign Currency	6,721	0
	45,050	35,926
Total Investments	1,342,054	1,088,830

11. *Investment Management Expenses*

	2001/02 £000	2002/03 £000
Administration, management and custody	2,574	2,635
Performance measurement services	15	15
Other advisory fees	37	20
Total	2,626	2,670

12. *Property Investments*

	31 March 2002 £000	31 March 2003 £000
Freehold	63,557	60,040
Long Leasehold (over 50 years unexpired)	8,375	7,695
Short Leasehold (under 50 years unexpired)	10,150	9,390
Total	82,082	77,125

13. *Current Assets & Liabilities*

	2001/02 £000	2002/03 £000
Contributions due from employers	3,041	3,390
Cash Balances	(13)	28
Net securities settlements outstanding	1,659	(2,347)
Tax recoverable	107	207
Income accrued	3,521	3,811
Other Debtors	79	60
Owed to Leicestershire County Council	(4,859)	(207)
Fund Management Fees Outstanding	(641)	(643)
Other Creditors	(485)	(429)
Total	2,409	3,870

14. *Related Party Transactions*

From the information currently available there were no material transactions with related parties in 2002/03.

15. *Contingent Liabilities*

There were no contingent liabilities at 31 March 2003.