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## **PENSION FUND ACCOUNTS**

Fund Account

Net Assets Statement

Notes to the Pension Fund

## Fund Account

	Note	2010/11 £000	2009/10 £000
<b>Dealings with members, employers and others directly involved in the scheme</b>			
<b>Contributions</b>			
From Employers	12	24,924	24,425
From Members	12	<u>7,564</u>	<u>7,576</u>
Individual Transfers In from other Pension Funds	2(a)	6,746	3,267
Other Income		45	29
<b>Benefits</b>			
Pensions	13	(16,358)	(15,238)
Pensions Increases on Pensions and Lump Sum Benefits	13	(6,399)	(6,514)
Lump Sum Retirement Benefits	13	(3,866)	(6,146)
Lump Sum Death Benefits	13	<u>(208)</u>	<u>(855)</u>
<b>Payments to and on account of leavers</b>			
Individual Transfers Out to other Pension Funds	2(a)	(4,693)	(4,985)
Refund of Contributions		(10)	(2)
State Scheme Premiums		(3)	2
<b>Administrative Expenses</b>	14	<u>(902)</u>	<u>(947)</u>
<b>Net Additions (Withdrawals) from dealings with members</b>		<b>6,840</b>	<b>612</b>
<b>Returns on Investments</b>			
Investment Income	10	7,766	9,039
Taxes on Income (Irrecoverable Withholding Tax)		(154)	(170)
<b>Profit and losses on disposal of investments and changes in value of investments</b>			
Realised	7	26,207	14,378
Unrealised	7	3,681	113,286
<b>Investment Management Expenses</b>	2(c)	<u>(2,936)</u>	<u>(3,702)</u>
<b>Net Returns on Investments</b>		<b>34,564</b>	<b>132,831</b>
<b>Net Increase (Decrease) in the net assets available for benefits during the year</b>		<b>41,404</b>	<b>133,443</b>
<b>Opening Net Assets of the Scheme</b>		<b>554,314</b>	<b>420,871</b>
<b>Closing Net Assets of the Scheme</b>		<b>595,718</b>	<b>554,314</b>

# Net Assets Statement

The objective of the fund's accounts is to provide information about the financial position of the fund. The accounts summarise the transactions of the fund and show the net assets of the fund at the end of the financial year. They do not take account of liabilities to pay pensions and benefits which fall due after the financial year. The actuarial position of the fund, which does take account of such obligations, is set out in note 3.

	Note	31 March 2011 £000	31 March 2010 £000	01 April 2009 £000
<b>Investment Assets</b>				
Fixed Interest Securities				
Public Sector		-	-	3,384
Private Sector		-	-	6,884
Index Linked Securities				
Public Sector		11,871	12,708	8,189
Private Sector		-	-	116
Equities				
UK		96,072	90,968	69,599
Overseas		164,106	155,973	108,275
Pooled Investment Vehicles				
Managed Funds – UK Fixed Interest		63,331	61,005	54,644
Managed Funds – UK Equities		62,786	56,232	28,871
Managed Funds – Overseas Equities		865	904	-
Managed Funds – Libor Plus 1 Fund		59,254	58,095	39,073
Managed Funds – Cash Fund		-	-	125
Managed Funds – Illiquid Strategies Fund of Funds		1,740	1,399	-
Managed Funds – Dynamic Asset Allocation Fund		108,900	102,112	79,841
Managed Funds – Real Return Fund		-	1,486	1,409
Managed Funds – Ruffer Baker Steel Gold Fund		2,504	1,768	1,469
Managed Funds – Red Kite Fund		648	-	-
Managed Funds – Private Equity		12,628	9,199	7,913
Cash Deposits		8,379	4,570	13,054
Other Investment Balances				
Amounts Outstanding on Sale of Investments		765	530	2,012
Investment Income Due		1,061	1,072	1,713
<b>Investment Liabilities</b>				
Amounts Outstanding on Purchase of Investments		(746)	(1,190)	(6,634)
<b>Total Investment Assets</b>	<b>8</b>	<b>594,164</b>	<b>556,831</b>	<b>419,937</b>
<b>Current Assets</b>				
Contributions due from Employers		189	209	273
Combined Benefits		44	31	34
Other Current Assets		1	(15)	-
Cash Balances		1,875	(370)	1,780
<b>Current Liabilities</b>				
Unpaid Benefits		(43)	(1,030)	(768)
Investment Management Expenses		(502)	(1,339)	(375)
Administration Expenses		(10)	(3)	(10)
<b>Net assets of the scheme available to fund benefits at the period end</b>		<b>595,718</b>	<b>554,314</b>	<b>420,871</b>

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# Notes to the Pension Fund Accounts

## 1. INTRODUCTION

The Pension Fund is a funded, defined benefits scheme established in accordance with statute, which provides for the payment of benefits to employees and former employees of Hammersmith and Fulham Council and the admitted bodies in the fund. These benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. The fund is financed by contributions from employees, the Council, the admitted bodies and from interest and dividends on the fund's investments. The benefits payable are based on an employee's final salary and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

The regulations governing the administration of the pension scheme and those regarding scheme benefits, membership and contributions are updated on a regular basis by central government. A revised scheme came in to effect from 1st April 2008.

The Council has delegated the investment arrangements of the scheme to the Audit and Pensions Committee (the Committee) who decide on the investment policy most suitable to meet the liabilities of the fund and have the ultimate responsibility for the investment policy. The Committee is made up of six elected representatives of the Council, including two opposition party representatives, each having voting rights. Members of the admitted bodies, representatives of the Trade Unions and one co-opted member may attend the committee meetings but have no voting rights.

The Committee reports to the full Council and has full delegated authority to make investment decisions. The Committee obtains and considers advice from the Director of Finance and Corporate Services, and as necessary from the fund's appointed actuary, investment managers and advisor.

The Committee has delegated the management of the fund's investments to professional investment managers, appointed in accordance with the regulations, and whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

The following table is a membership summary of the scheme:

	31 March 2011	31 March 2010
Contributing employees	4,064	4,176
Pensioners receiving	4,285	4,055
Deferred Pensioners	5,217	4,900

The above membership summary includes a number of external bodies which have been admitted to the Fund by admission agreements. Details of these admitted bodies are shown in Notes 12 (contributions receivable) and 13 (benefits payable.)

## 2. ACCOUNTING POLICIES

### (a) General Principles

The accounts have been prepared in accordance with IAS 26 and the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code) issued by the Chartered Institute of Public Finance and Accountancy ("CIPFA"). The accounts have been prepared on an accrual basis in accordance with the Code, apart from transfer values which have been accounted for on a cash basis.

In 2010/2011 there has been a change in the way benefits have been accrued at the year end. From 2010/2011 benefits for employees retiring on the 31st March 2011 have not been accrued. If this practice had been used in 2009/2010 the amount of benefits paid in that year would have reduced by £545,008 and increased by the same amount in 2010/2011.

### (b) Valuation of Investment Assets

Quoted securities and pooled investment vehicles have been valued at the bid price at the balance sheet date. Quoted securities are valued by Northern Trust, the fund's custodian and Pooled Investment Vehicles at the bid prices quoted by their managers.

Where appropriate, market values and cash deposits listed in overseas currencies are converted into sterling at the rates of exchange ruling at the balance sheet date. Unquoted investments are valued at an approximation of their current market value having regard to fair value, latest dealings, professional valuations and other appropriate financial information.

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## 2. ACCOUNTING POLICIES (cont'd)

There are no significant restrictions affecting the ability of the scheme to realise its investments at the accounting date or at the value at which they are included in the accounts apart from the investments in private equity which, by their nature, will be realised over a long period of time.

### (c) Investment Management Expenses

The Panel appointed external investment managers to manage the investments of the Fund. These managers are paid a fee based on the market value of the investments they manage and/or a fee based on performance.

## 3. ACTUARIAL VALUATION

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the London Borough of Hammersmith & Fulham Pension Fund is able to meet its liabilities to past and present contributors and to review employer contribution rates.

The latest full triennial valuation of the London Borough of Hammersmith and Fulham Pension Fund was carried out by Barnett Waddingham, the fund's actuary, as at 31 March 2010 in accordance with the Funding Strategy Statement of the Fund and Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008. The results were published in the triennial valuation report dated 31 March 2011 and this is available on the Council's Internet site.

Rates of contributions paid by the participating Employers during 2010/11 were based on the previous actuarial valuation carried out as at 31 March 2007.

The following statement has been prepared by the Actuary to the Fund.

### **2010 Valuation Results**

The 2010 valuation certified a common contribution rate of 21.5% of pensionable pay to be paid by each employing body participating in the London Borough of Hammersmith and Fulham Pension Fund. In addition to this each employing body has to pay an individual adjustment to reflect its own particular circumstances and funding position within the Fund. Details of each employer's contribution rate are contained in the Statement to the Rates and Adjustment Certificate in the triennial valuation report.

### **Contribution Rates**

The contribution rates were calculated using the Projected Unit Method.

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

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

### **Asset Value and Funding Level**

The smoothed market value of the Fund's assets as at 31 March 2010 for valuation purposes was £531.7m which represented 74% (70% at 31st March 2007) of the Fund's accrued liabilities at that date allowing for future increases in pay and pensions in payment.

To be consistent with the market related valuation of assets the liabilities were valued allowing for expected future investment returns and increases to benefits as determined by market levels at the valuation date as follows:

- Rate of return on investments - 6.7% per annum
- Rate of increases in pay - 5.0% per annum
- Rate of Increases to pensions in payment - 3.0% per annum

### **Post Valuation Events – Changes in market conditions**

Since March 2010 investment returns have been slightly less than assumed at the 2010 valuation and liabilities may have slightly increased due to a decrease in the real discount rate underlying the valuation funding model.

Overall we estimate that the funding level as at 31 March 2011 will be slightly less than as at the 2010 valuation.

The next actuarial valuation is due as at 31 March 2013 and the resulting contribution rates required by the employers will take effect from 1 April 2014. We will continue to monitor the financial position of the Fund.

**Alison Hamilton FFA**

**Partner, Barnett Waddingham**

**05 May 2011**

## 4. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

The table below shows the total net liability of the Fund as at 31st March 2011. The figures have been prepared by the fund's actuary only for the purposes of providing the required information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.

In calculating the required numbers the actuary adopted methods and assumptions that are consistent with IAS19.

	31 March 2011	31 March 2010
	£'000	£'000
Present Value of Promised Retirement Benefits*	899,733	1,023,750
Fair Value of Scheme Assets (bid value)	(595,718)	(554,314)
Net Liability	<b>304,015</b>	<b>469,436</b>

\*Present Value of Promised Retirement Benefits comprises of approximately £774,653,000 and £125,080,000 in respect of vested benefits and non-vested benefits respectively as at 31 March 2011.

## 5. MANAGEMENT OF INVESTMENTS

The investment strategy of the Fund consists of having four main portfolios, UK Equity, Global (ex UK) Equity, Dynamic Asset Allocation and a Matching Fund (to match some of the Fund's liabilities). Each portfolio represents approximately 25% of the total Fund. The investment strategy is designed to give diversification and specialisation and achieve optimum return against acceptable risk.

Within the four portfolios external investment managers have been appointed with clear strategic benchmarks which place maximum accountability for performance against that benchmark on the investment manager.

The UK Equity portfolio is managed by Majedie Asset Management, the Global (ex UK) portfolio by MFS International (UK) Ltd, the Dynamic Asset Allocation portfolio is split 75% to Baring Asset Management Ltd and 25% to Ruffer LLP and the Matching Fund is split equally between Goldman Sachs Asset Management and Legal and General Investment Management.

Additionally, the Panel has agreed to invest up to £15 million in four private equity fund of funds. Two are managed by Invesco, which has approximately 75% invested in the United States and 25% in Europe, and the other two are managed by Unigestion which are invested almost entirely in Europe.

The market value and proportion of the investments managed by each fund manager at 31st March is as follows:

	31 March 2011		31 March 2010	
	Market Value	Total	Market Value	Total
	£000	%	£000	%
Majedie Asset Management	155,398	26.2	143,787	25.8
MFS International	156,527	26.3	147,747	26.5
Baring Asset Management	108,900	18.3	102,112	18.3
Ruffer LLP	37,708	6.3	34,882	6.3
Goldman Sachs	59,262	10.0	58,099	10.4
Legal and General	63,335	10.7	61,006	11.0
Invesco Private Equity	6,677	1.1	5,201	0.9
Unigestion Private Equity	6,316	1.1	3,904	0.7
Barings English Growth Fund	41	0.0	93	0.1
	<b>594,164</b>	<b>100.0</b>	<b>556,831</b>	<b>100.0</b>

The Panel has appointed Northern Trust as its global custodian. They are responsible for safe custody and settlement of all investment transactions, collection of income and the administration of corporate actions.

## 6. FUND PERFORMANCE

Northern Trust is also employed to monitor the investment performance of the fund. Performance is measured on a financial year basis against a customised benchmark. Until 31st December 2008, the benchmark was calculated based on the split between Equities, UK Gilts, UK Index-Linked gilts and UK Corporate Bonds. From 1st January 2009, following the implementation of a new investment strategy, the benchmark was changed to more reflect the performance against the Fund's liabilities. The benchmark was defined as a portfolio of index-linked gilts with an average duration of 18 years in line with the Fund's liabilities with an outperformance target of the benchmark of 1.75% per annum.

The performance compared to the benchmark is as follows:

	2010/11 %	2009/10 %	3 Years % pa	5 Years % pa
Fund	6.4	33.1	8.8	6.3
Benchmark + 1.75% per annum	8.6	14.0	2.1	1.8
Difference	-2.2	19.1	6.7	4.5

## 7. INVESTMENT ASSETS - MOVEMENTS IN YEAR

The table below shows a reconciliation of the movement in the total investment assets of the fund for 2010/11 and 2009/2010.

	2010/11 £000	2009/10 £000
<b>Market Value of Investment Assets at 1st April</b>	<b>556,831</b>	<b>419,937</b>
<b>Movements in Year</b>		
Purchase of Investments	206,069	176,563
Sale of Investments	(203,101)	(162,170)
Realised Profit/(Loss) on Sales	26,207	14,378
Unrealised Profit/(Loss) in Market Value	3,681	113,286
Change in Cash Deposits	3,809	(8,484)
Change in Debtors and Creditors	668	3,321
<b>Market Value of Investment Assets At 31st March</b>	<b>594,164</b>	<b>556,831</b>

The table below shows a reconciliation of the movement by major asset class of the fund in 2010/2011.

	Equities £000	Fixed Income £000	Pooled Investment Vehicles £000	Private Equity £000	Cash £000	Debtors & Creditors £000	Total £000
<b>Value at 31 March 2010</b>	<b>246,940</b>	<b>12,707</b>	<b>283,002</b>	<b>9,200</b>	<b>4,570</b>	<b>412</b>	<b>556,831</b>
<b>Movements in Year</b>							
Purchase of Investments	185,789	6,231	11,686	2,363	-	-	206,069
Sale of Investments	(183,623)	(7,837)	(10,693)	(948)	-	-	(203,101)
Realised Profit/(Loss) on Sales	24,622	502	528	555	-	-	26,207
Unrealised Profit/(Loss) in Market Value	(13,550)	268	15,505	1,458	-	-	3,681
Change in Cash Deposits	-	-	-	-	3,809	-	3,809
Change in Debtors and Creditors	-	-	-	-	-	668	668
<b>Value at 31 March 2011</b>	<b>260,178</b>	<b>11,871</b>	<b>300,028</b>	<b>12,628</b>	<b>8,379</b>	<b>1,080</b>	<b>594,164</b>

The total amount of direct transaction costs incurred in the purchase and sale of investments in 2010/2011 was £600,124 (£350,122 in 2009/2010.)

## 8. INVESTMENT ASSETS (All investments are quoted unless stated)

	31 March 2011		31 March 2010	
	£000	£000	£000	£000
<b>United Kingdom</b>				
Fixed Interest - Private Sector		-		-
Index Linked Securities - Public Sector		6,084		4,885
Index Linked Securities - Private Sector		-		-
Equities		96,072		90,968
Pooled Investment Vehicles				
Managed Fund - Majedie UK Equity Funds	62,786		56,232	
Managed Fund - L & G 2055 Index Linked Gilt	63,331		61,005	
Managed Fund - Ruffer Real Return Fund	-		1,486	
Managed Fund - Goldman Sachs Libor Plus 1 Fund	59,254		58,095	
Managed Fund - Baring Dynamic Asset Allocation Fund	108,900		102,112	
Managed Fund - Ruffer Illiquid Strategies Fund of Funds	1,740		1,399	
Managed Fund - Ruffer Baker Steel Gold Fund	2,504	298,515	1,768	282,097
Managed Fund - Private Equity (Unquoted)		41		93
<b>Total United Kingdom</b>		<b>400,712</b>		<b>378,043</b>
<b>Overseas</b>				
Fixed Interest - Public Sector		-		-
Fixed Interest - Private Sector		-		-
Index Linked Securities - Public Sector		5,787		7,823
Equities				
North America	78,233		73,016	
Japan	11,716		14,335	
Europe (ex UK)	52,218		64,751	
Pacific Basin	10,417		3,148	
Other	11,522	164,106	723	155,973
Pooled Investment Vehicles				
Managed Fund - Ruffer Japanese Fund		865		904
Managed Fund - Red Kite Fund		648		-
Managed Fund - Private Equity (Unquoted)				
Invesco - North America	6,591		5,199	
Unigestion - Europe	5,996	12,587	3,907	9,106
<b>Total Overseas</b>		<b>183,993</b>		<b>173,806</b>
Cash Deposits		8,379		4,570
Other Investment Balances				
Amounts outstanding on Sale of Investments		765		530
Amounts outstanding on Purchase of Investments		(746)		(1,190)
Investment Income Due		1,061		1,072
<b>Total Value of Investments</b>		<b>594,164</b>		<b>556,831</b>

## 9. TOP TEN EQUITY HOLDINGS

The largest 10 equity holdings of the Fund as at 31 March 2011 was:

Holding	Country	Market Value	
		£'000	% Holding
Royal Dutch Shell	United Kingdom	9,204	1.55
Vodafone Group	United Kingdom	8,990	1.51
BP	United Kingdom	8,167	1.37
GlaxoSmithKline	United Kingdom	7,614	1.28
HSBC	United Kingdom	4,923	0.83
Danaher Corporation	Switzerland	4,284	0.72
Unilever	Netherlands	3,898	0.66
AstraZeneca	United Kingdom	3,861	0.65
Oracle	Germany	3,833	0.65
BHP Billiton	Switzerland	3,482	0.59
<b>Total</b>		<b>58,256</b>	<b>9.81</b>
<b>Total Value of Investments</b>		<b>594,164</b>	



## 10. INVESTMENT INCOME

The table below shows a breakdown of the investment income for the year.

	2010/11 £000	2009/10 £000
Income from Fixed Interest Securities	5	124
Dividends from Equities	7,732	7,876
Income from Index-Linked Securities	179	173
Interest on Cash Deposits	124	148
Currency profit/(loss)	(343)	671
Other	69	47
<b>Total</b>	<b>7,766</b>	<b>9,039</b>

## 11. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

As at 31st March 2011, the fund had a commitment to invest a further £5.3million in the four private equity fund of funds managed by Invesco and Unigestion. It is anticipated that these commitments will be spread over the next four years.

## 12. CONTRIBUTIONS RECEIVABLE

From 1st April 2008 a new scheme came in to effect and employees' contributions are now calculated on a sliding scale based on a percentage of their gross pay. The Council, scheduled and admitted bodies are required to make balancing contributions determined by the fund's actuary to maintain the solvency of the fund.

The table below shows a breakdown of the total amount of employers' and employees' contributions made during the year by the Council and each admitted body.

	Employers'		Employees'	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
LB Hammersmith and Fulham	20,761	20,241	5,951	6,039
H & F Homes	1,353	1,485	617	666
LBHF Councillors	66	60	16	15
Mortlake Crematorium Board	62	59	15	15
London Oratory School	89	90	39	40
Burlington Danes Academy	104	109	48	50
F M Conway Ltd	100	86	34	26
Urban Partnership Group	63	69	17	19
H&F Community Law Centre	20	27	5	8
Family Mosaic	169	148	44	44
Disabilities Trust	5	5	1	1
Thames Reach	6	12	2	4
Medequip Assistive Technology	14	14	4	3
Eden Food Service	262	110	87	35
Family Mosaic Supporting People	21	15	9	6
Glencross Cleaning Ltd	3	3	2	2
Inspace Partnerships Ltd	65	62	21	18
H & F Bridge Partnership	396	486	224	205
Keir	144	146	44	43
Keir - Non HR Contract	4	4	2	1
P H Jones Ltd	5	6	2	2
Irish Cultural Centre	6	6	1	1
Hammersmith Academy	1	0	0	0
Financial Data Management	3	0	2	0
E C Harris LLP	55	0	23	0
Crime Reduction Initiatives	5	0	2	0
Quadron	208	259	67	67
Serco	763	737	231	209
Tendis	25	25	7	7
Turners	146	161	47	50
<b>Grand Totals</b>	<b>24,924</b>	<b>24,425</b>	<b>7,564</b>	<b>7,576</b>

### 13. BENEFITS PAYABLE

The tables below show a breakdown of the total amount of benefits payable for 2010/11.

	Pensions		Pension Increases	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
LB Hammersmith and Fulham	15,100	14,388	6,317	6,423
Councillors	1	-	1	-
H & F Homes	752	505	49	62
Mortlake Crematorium Board	37	21	4	5
H&F Community Law Centre	45	10	3	2
Burlington Danes Academy	11	-	3	-
H&F Police Consultative Group	5	5	1	1
ROOM the National Council	4	5	1	1
Family Mosaic	81	86	13	13
Greenwich Leisure Ltd	2	2	1	-
Blythe Neighbourhood Council	1	1	-	1
Inspace Partnerships Ltd	35	36	1	1
Turners	5	2	-	-
Urban Partnership Group	3	2	-	-
Eden Food Service	1	-	-	-
F M Conway Ltd	7	-	-	-
H & F Bridge Partnership	227	148	5	5
Quadron	13	11	-	-
Serco	28	16	-	-
<b>Grand Totals</b>	<b>16,358</b>	<b>15,238</b>	<b>6,399</b>	<b>6,514</b>

	Lump Sum Retirement Benefits		Lump sum Death Benefits	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
LB Hammersmith and Fulham	2,642	4,430	191	614
Councillors	7	-	-	-
H & F Homes	535	1,282	-	241
Mortlake Crematorium Board	147	8	-	-
H&F Community Law Centre	46	-	-	-
Burlington Danes Academy	47	6	-	-
Family Mosaic	1	17	-	-
Inspace Partnerships Ltd	49	64	-	-
Eden Food Service	15	-	-	-
F M Conway Ltd	17	-	-	-
H & F Bridge Partnership	301	240	17	-
Keir	-	4	-	-
Quadron	2	-	-	-
Turners	-	37	-	-
Urban Partnership Group	-	17	-	-
Serco	57	41	-	-
<b>Grand Totals</b>	<b>3,866</b>	<b>6,146</b>	<b>208</b>	<b>855</b>

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## **14. RELATED PARTIES**

The Council was a related party to the fund. Details of the relationship are disclosed in Note 1 to the Pension Fund Accounts. In accordance with the regulations the Council's expenses in administering the scheme are charged to the Fund. The amount charged by the Council for 2010/2011 was £817,172 (2009/2010 - £861,449).

During 2010/2011 as a result of the day to day administration of the fund the pension fund borrowed monies from the Council or invested any surplus monies with the Council. The pension fund paid £1,841 in interest to the Council during 2010/2011. At 31st March 2011 the Council owed the Pension Fund £124,815.

Some of the elected representatives and senior officers of the Council who attended the Audit and Pensions Committee were members of the Pension Fund and made contributions to the fund in accordance with the regulations. No other material transactions with related parties of the fund during 2010/2011 were identified.

## **15. STOCK LENDING AGREEMENTS**

The Fund did not participate in stock lending or underwriting.

## **16. STATEMENT OF INVESTMENT PRINCIPLES**

The Panel approved a Statement of Investment Principles on 16th March 2010 and this is available in the Pension Fund Annual Report on the Council's Internet site. The Statement shows the Authority's compliance with the Myner's principles of investment management.

## **17. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC'S)**

The pension fund's AVC providers are Zurich Assurance and the Equitable Life Assurance Society, although no employees are currently contributing to the Equitable Life scheme apart from four members who contributed £369.96 for death-in-service cover.

The total market value of the separately invested AVC's with Equitable Life Assurance at the year end was £306,481.24.

At the year end there were 69 members of the Zurich Assurance AVC scheme. The total value of the contributions paid to Zurich in 2010/2011 was £46,417.86 and the total market value of the separately invested AVC's with Zurich Assurance at 5 April 2011 was £870,678.54.

In accordance with Regulation 4(2) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009 the contributions paid and the assets of these investments are not included in the Pension Fund Accounts.

The AVC providers secure benefits on a money purchase basis for those members electing to pay AVCs. Members of the AVC schemes each receive an annual statement confirming the amounts held in their account and the movements in the year. The fund relies on individual contributors to check that deductions are accurately reflected in the statements provided by the AVC provider.

## **18. POST BALANCE SHEET EVENTS**

At the 31st August 2011 the market value of the investments of the Fund had decreased to approximately £581.59 million due to the fall in global stock markets since the date of the balance sheet.

## **19. TRANSITION TO IFRS**

There are no material differences on transition to the IFRS-based Code.