



North

Yorkshire County Council

North Yorkshire Pension Fund

Annual Report and Accounts
2005-2006



NORTH YORKSHIRE PENSION FUND

**Annual Report and Accounts
for the Year Ended
31 MARCH 2006**

North Yorkshire County Council
Finance and Central Services

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MANAGEMENT STRUCTURE

Administering Authority:-	North Yorkshire County Council
Pension Fund Committee Members as at 31 March 2006	J Weighell E Broadbent Mrs M-A de Courcey-Bayley R Harrison-Topham J W Marshall H Swiers J Watson J Blackie (appointed by the North Yorkshire Branch of the Association of District Councils) Q Macdonald, City of York Council
Investment Adviser:-	Philip Williams
Fund Managers:-	Baillie Gifford & Co Barclays Global Investors Henderson Global Investors (to 30 June 2005) Standard Life Investments European Credit Management (from 1 July 2005) Crédit Agricole Asset Management (from 1 July 2005) R C Brown Investment Management (from 1 July 2005) Hermes Focus Asset Management Ltd Northern Venture Managers Ltd Yorkshire Fund Managers
Legal Services	Head of Legal Services North Yorkshire County Council Hammond Suddards Edge (to 31 December 2005) Ward Hadaway (from 1 January 2006)
Auditor	Audit Commission
Banker	Barclays Bank Plc
Custodian for Fund Assets: (+ fund accounting and performance measurement)	J P Morgan Worldwide Securities Services (Post Year Event: ABN AMRO Mellon from 1 July 2006)
Shareholder Voting Advisor	Pensions Investment Research Consultants Ltd

PART A - ADMINISTRATION REPORT

1. REPORT OF THE PENSION FUND COMMITTEE

INTRODUCTION

The County Council is the administering authority for the North Yorkshire Pension Fund, and these responsibilities are fulfilled by the Pension Fund Committee (PFC).

The Committee meets six times a year as a minimum, with additional meetings arranged where necessary. The Committee receives professional advice from its independent Investment Adviser, Mr. P Williams, as well as the Treasurer.

INVESTMENT STRATEGY REVIEW

Phase I

The first phase was concluded with the final stages being the selection of fixed income managers. The details of the process are described under **FUND MANAGER SELECTION** below (see **page 6**).

Phase II

The PFC, at its meeting on 26 May 2005, discussed arrangements for the Investment Strategy Phase II.

The issues to be addressed were:

- ➔ how to allocate equities globally within the parameters of the newly agreed 'risk budget'
- ➔ what performance benchmarks(s) are appropriate for the equity arrangement(s) under consideration
- ➔ what is the long-term policy on currency risk arising from non-UK equities (ie what should be the level of exposure hedged back to sterling?)
- ➔ does the Fund wish to use Tactical Asset Allocation Funds or Currency Overlay Funds as a means of managing asset allocation risk and foreign currency exposure respectively?
- ➔ review the niche equity investment managers
- ➔ in light of the above issues consider if the current fund manager structure is fit for purpose?

In order to address these issues a number of workshops were held. The workshops would be led by the Investment Advisor with input from the Treasurer and also at appropriate times, fund managers.

Before embarking on the series of workshops required to formulate Investment Strategy Phase II, it was agreed that a workshop would be held to act as a reminder to Members of the areas covered in Phase I, and as a summary for new Members. This briefing session, known as **Workshop 0**, which was also open to Employing Bodies in

the Fund, took place on 8th September 2005. This became a general review of Strategic Asset Allocation. It was followed by a **briefing session** on the administrative functions of the Fund on 23rd September 2005.

The programme of workshops in respect of Investment Strategy Phase II was as follows:

➔ **Workshop I – Equities, the What, Why and How? 21st October 2005**

What do equities represent today?
Why does NYPF invest in equities?
How best should we allocate investment to equities?
What benchmark choices are there?

with a contribution from Standard Life

➔ **Workshop II – Equity investment strategies-the options 18th November 2005**

with contributions from Baillie Gifford and Barclays Global Investors

➔ **Workshop III – Corporate Governance, issues 23rd February 2006**

Myners Principles, proxy voting guidelines, trustee training, corporate governance, engagement

with contributions from PIRC and Hermes

➔ **Workshop IV – Choosing an equity investment strategy 31st March 2006**

Open discussion on the future approach to equities

The various options raised at Workshop IV were discussed at the PFC meeting on 27 April 2006. Members made the following decisions in respect of the allocation of the Fund's total equity portfolio:-

- ➔ to separate the UK and Global Mandates
- ➔ to allocate 30% of equities to a segregated UK mandate with a FTSE 350 equally weighted benchmark
- ➔ 50% of non-UK equity holdings to be currency hedged
- ➔ to allocate 25% of equities to a global 'unconstrained' equity sub asset class with a global equity benchmark
- ➔ to allocate 5% of equities to a Global Tactical Asset Allocation (GTAA) Fund
- ➔ to terminate the Northern Investors niche holding

The final decision as to the details of the equity asset allocation policy was taken at a special PFC meeting held on 9 June 2006. The Committee decided at this meeting that the current principal equity fund managers would be utilised, and new mandates could be allocated to them, to commence on 1 October 2006. There would be a tendering exercise for the GTAA mandate, and this manager would operate from January 2007.

FUND MANAGER SELECTION

Arising from Investment Strategy Review Phase I, Committee agreed that a fund manager selection process should be set in motion, to appoint a fixed income manager(s). This would involve the transfer of the fixed income assets from the four global balanced mandates, Baillie Gifford (25% of the total Fund), Barclays Global (23%), Henderson Global (22%) and Standard Life (23%) to the new manager(s). The early part of the process had taken place in 2004/05, leaving the following stages to be undergone in 2005/06:

7 April 2005 Receipt of tenders from 9 of the 10 applicants chosen by officers of NYCC, together with the independent investment adviser, Philip Williams, and agreed by a Selection Panel of the Committee on 24 February 2005.

11 - 12 April 2005 Evaluation of tenders by officers of NYCC and Philip Williams, to decide a short list of applicants who would progress to the Tender Clarification stage.

28 April 2005 Tender Clarification Meeting in York for the four investment management firms shortlisted.

29 April 2005 Tenderers informed of outcome.

Two global bond managers were appointed to manage £100m each from 1 July 2005. These were **Crédit Agricole Asset Management** and **European Credit Management Ltd.**. At the end of June the bond portfolios of the balanced managers were stripped out to fund these new global bond mandates.

In both cases the managers have as their benchmark the "least risk portfolio" as identified by the Actuary. This is 85% UK index linked gilts and 15% UK fixed income gilts, in both cases with maturities exceeding 15 years. The managers' target outperformance is 3% p.a.

Meanwhile, at the PFC meeting on 21 April 2005 a decision was made to terminate the contract with **Henderson Global Investors**. The equity assets managed by them were redistributed during June 2005 among Baillie Gifford, BGI and Standard Life. From 1 July 2005 these three managed global equities to a customised benchmark derived pro rata from the equity allocations of the previous balanced mandates.

The Transition Service provided by the Fund's global custodian, JP Morgan, was contracted to carry out the transition of assets required between the six managers so that the new arrangements would be in place by 1 July 2005.

CONTRACT FOR LEGAL SERVICES

In 2005/06 the contract for the provision of legal services was put out to tender, since the contract with Hammond Suddards Edge was due to expire on 31 December 2005.

10 initial responses were received, from which 5 firms were invited to submit full tenders. Ward Hadaway were awarded the contract, which commenced on 1 January 2006, and is for a period of 4 years, renewable for a further 2 years.

FUNDING STRATEGY STATEMENT

On 11 March 2004 the ODPM (now the DCLG) stipulated that Local Authority Pension Funds must produce and maintain a Funding Strategy Statement (FSS), this requirement now being embodied in the LGPS Regulations. The North Yorkshire Pension Fund FSS was agreed at the PFC meeting on 24 February 2005, and can be found on the North Yorkshire Pension Fund website, www.nynet.org.uk/pensionfund. This site can also be accessed from the North Yorkshire County Council website: www.northyorks.gov.uk

STATEMENT OF INVESTMENT PRINCIPLES

An updated Statement of Investment Principles (SIP) was agreed by Committee on **1 September 2005**. The amendments took account of:

- the permitted range for Emerging Markets Equities being increased by Committee on 26 May 2005
- CAAM's request to include money market indicies under 'futures and options' along with repos and reverse repos as permitted financial instruments
- permitting the use of derivatives by a particular fund manager when agreeing the Investment Management Agreement
- removal of two constraints on the use of derivatives
- enabling fund managers to request an increase in the headrooms of particular investment types

The most recent SIP is available on www.nynet.org.uk/pensionfund. This site can also be accessed from the North Yorkshire County Council website: www.northyorks.gov.uk

INVESTMENT PERFORMANCE

Over the year to 31 March 2006, the Fund outperformed the customised benchmark (+1.2%). More details are to be found in the Investment Report (see **page 21**)

CLLR J. WEIGHELL
Chair
Pension Fund Committee

2. MANAGEMENT REPORT

(a) INTRODUCTION

Membership

North Yorkshire County Council operates the North Yorkshire Pension Fund (NYPF) for its own employees (excluding Teachers) together with those of the other local authorities within the County area, and certain other bodies eligible to join the Fund, under the terms of the Local Government Pension Scheme Regulations 1997. The Fund does NOT cover teachers, police and fire-fighters for whom separate statutory arrangements exist.

Membership of the LGPS is not compulsory, although employees over 16 years old are automatically admitted to the Fund unless they elect otherwise.

Employees have various options:-

- to be part of the **North Yorkshire Pension Fund (NYPF)**;
- to be part of the State Second Pension Scheme; or
- to purchase a personal pension plan or a stakeholder pension managed by a private sector company.

The growth in membership numbers over the past 4 years can be seen in the table below:

MEMBERSHIP SUMMARY

Type	As at 31 March 2002	As at 31 March 2003	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006
Current Contributors	19,062	21,010	22,879	25,289	27,987
Deferred Pensions	6,842	8,273	8,770	9,431	10,903
Pensioners receiving Benefits	9,744	10,042	10,444	10,803	11,159

See **Appendix 1** for a detailed analysis of membership numbers at 31 March 2006, with comparative numbers for 31 March 2005.

Income

The Fund is financed by contributions from both employees and employers together with income earned from investments. The surplus of income received from contributions, investments and other sources, net of benefits and other expenses payable, is invested in accordance with a predetermined investment policy (**see page 15**).

The contributions payable by employees are prescribed by the Regulations. Prior to 1998, the rates were 5% or 6% of superannuable pay depending upon the conditions

of service applicable. The 1997 Regulations amended this to a standard rate of 6% with effect from 1 April 1998, unless the member has “lower rate rights” (ie was paying 5% before 1 April 1998). The basis of the employer contribution rates is explained further in sections (b) **Actuarial Valuation** and (c) **Employer Contributions** below.

Benefits

The Benefits payable under the 1997 Regulations are largely mandatory allowing little discretion to the employing bodies. A summary of benefits payable under the Local Government Pension Scheme (LGPS) is provided on **page 30**.

Pensions paid to retired employees are subject to mandatory inflation increases (usually annual), arising out of the Pension Increase Acts. The cost impact of these increases is incorporated into the overall assessment of the contributions paid by employers.

(b) ACTUARIAL VALUATION

In common with all other Local Government Pension Funds an Actuarial Valuation is carried out every three years, known as the Triennial Valuation. The employer contribution rates for 2005/06 were set out in the Triennial Valuation as at 31 March 2004, the results of which are summarised below.

Funding Objective

To achieve and then maintain a funding target that requires assets equal to 100% of the present value of benefits based on completed service including provision for the effects of future salary growth and inflation up to retirement.

Valuation Results

(i) Future Service

The Common Contribution Rate (i.e. the contribution rate in respect of future service only) was calculated at **10.4%** of Pensionable Pay.

(ii) Past Service

The Fund showed a deficit of £524.5 million at the valuation date against the above funding objective and on the actuarial assumptions detailed in the report. This represented a funding level of 59%. An analysis of the results is shown below:

Item	£m
Value of liabilities	
• members in service	583.3
• deferred pensioners	176.3
• pensioners	530.7
Total liabilities (a)	1,290.3
Market value of assets (b)	765.8
Deficit (a-b)	524.5
Funding level (b/a)	59%

The Actuary stated that the deficit of £524.5 million could be eliminated by an average contribution addition of **7.1%** of Pensionable Pay for 30 years. This would imply an average employer contribution rate of 17.5% (17.7% at the previous valuation) of Pensionable Pay.

Funding Plan

The Funding Plan is set out in the Fund's Funding Strategy Statement (FSS). Individual employer funding plans, and the resulting certified contribution rates, were determined by the Actuary in accordance with the FSS. Depending on employers' individual circumstances, different approaches to the funding of benefits were adopted, following the FSS consultation process. This process became known as "controlled flexibility". The standard position adopted by the majority of employers was that contribution rates would be assessed based on recovery of the deficit over a **maximum period of 30 years**, and that any increase in contributions to this required level could be phased in over a period of up to 3 years if desired.

The employer contribution rates for each individual employer for the three years commencing 1 April 2005, are shown on the schedule in **Appendix 2**. The rates in operation for 2005/06 which resulted from the 2004 Valuation are also shown, by employer, on **page 12**.

Assumptions

In summary, the **financial** assumptions adopted for the Valuation (2001 assumptions shown in brackets) were as follows:

	Past service	Future service
Investment return (pre retirement)	6.6% pa (5.6% pa)	6.5% pa (6.5% pa)
Investment return (post retirement)	5.1% pa (5.6% pa)	6.5% pa (6.5% pa)
Pensionable Pay increases	4.55% pa (3.8% pa)	4.25% pa (4.0% pa)
Pension increases	2.8% pa (2.3% pa)	2.5% pa (2.5% pa)

The Actuary also adopted various **demographic** assumptions, in respect of early retirement, ill-health retirement, mortality (ie to allow for the trend for people to live longer), withdrawals from the Fund, and the proportion of members who are married and their age differences.

Allowance had also to be made for the significant changes in benefits since the previous Valuation, viz:

- (i) the introduction of benefits for **Councillors** in England and Wales
- (ii) the **Local Government (Amendment) Regulations 2004** which made the following principal changes **from 1 April 2004**:
 - introduction of vesting of benefits after 3 months
 - introduction of the restriction of re-employed pensioners and deferred pensioners to have their service aggregated for benefit calculation purposes

(iii) the **Local Government Pension Scheme (Amendment) (No.2) Regulations 2004** which were to make the following changes, effective from 1 April 2005:

- removal of Rule of 85 retirement terms for benefits earned from scheme membership after 1 April 2005
- normal retirement age of 65 for all members
- increase in the earliest age from which retirement benefits may be paid, other than on grounds of ill health, from 50 to 55

Post year events:-

The Local Government Pension Scheme (Amendment) (No.2) Regulations 2004 were revoked by the Deputy Prime Minister on 13 July 2005 then reinstated as the **Local Government Pension Scheme (Amendment) Regulations 2006**, and **Local Government Pension Scheme Amendment (No.2) Regulations 2006** the provisions of which were operational from April 2006 except for the removal of the Rule of 85, with extended protections for existing members, which took effect in October 2006.

The **Interim Actuarial Review** as at 31 March 2006 was produced in September 2006. It revealed the following results:-

	At 31 March 2006	2004 Valuation
	£m	£m
Market Value of Assets	1,151	766
Total past service liabilities	<u>1,678</u>	<u>1290</u>
Deficit	<u>527</u>	<u>524</u>
Funding Level	69%	59%

The required average contributions rates would be as follows, for the Fund as a whole:-

	At 31 March 2006	2004 Valuation
	%	%
Common Contribution Rate	10.4	10.4
Past Service Addition	6.7	7.1
	<u>(28 years)</u>	<u>(30 years)</u>
Average net contribution rate required by participating employers	<u>17.1</u>	<u>17.5</u>

This review also included an assessment of the options for the New Look Scheme as set out in the 'Where Next? – Options for a new look Local Government Pension Scheme in England and Wales' consultation paper from the Department for Communities and Local Government (DCLG) June 2006.

(c) EMPLOYER CONTRIBUTIONS

The following is a list of the 57 employers who contributed to the Fund in 2005/06, showing the employer's contribution rate per employer which applied in 2005/06. These rates were for most employers, those set by the Actuary in the Triennial Actuarial Valuation as at 31 March 2004.

Scheduled Bodies (43):

Employer	Contribution Rate % of pensionable pay (average)
North Yorkshire County Council	18.7
City of York Council	17.6
Craven District Council	22.9
Hambleton District Council	16.7
Harrogate Borough Council	18.8
Richmondshire District Council	21.1
Ryedale District Council	18.7
Scarborough Borough Council	19.8
Selby District Council	18.9
North Yorkshire Police Authority	18.9
North Yorkshire Fire & Rescue Authority	15.2
North Yorkshire Probation Service	24.0
Yorkshire Dales National Park	19.6
North York Moors National Park	15.5
University of Hull, Scarborough Campus	13.4
Askham Bryan College	16.5
Selby College	12.7
Craven College	12.4
Scarborough Sixth Form College	14.6
Yorkshire Coast College	12.8
York College	12.6
Skipton Town Council	24.2

Employer	Contribution Rate % of pensionable pay
Scheduled Bodies grouped for setting contribution rates:	18.4
Foss Internal Drainage Board Marston Moor Internal Drainage Board Thornton Internal Drainage Board Ouse & Derwent Internal Drainage Board Great Ayton Parish Council Whitby Town Council Fulford Parish Council Sutton-in-Craven Parish Council Selby Town Council Norton on Derwent Town Council Knaresborough Town Council Glusburn Parish Council Richmond Town Council Northallerton & Romanby Joint Burial Committee Northallerton Town Council Malton Town Council Pickering Town Council Hunmanby Parish Council Haxby Town Council Ripon City Council Kirkbymoorside Town Council	

Admitted Bodies (14):

Employer	Contribution Rate % pensionable pay
York St.John College	13.8
York Archaeological Trust	24.3
Yorkshire Tourist Board	9.0
Joseph Rowntree Charitable Trust	17.2
Yorkshire Housing	16.0
Ryedale Sports and Recreation Ltd.	16.5
North Yorkshire Business and Education Partnership	37.4
Raynesway Construction Southern Ltd.	18.8
Northern Procurement Group	17.1
Connexions York & North Yorkshire Ltd.	12.9
York Museum and Galleries Trust	12.5
Craven Housing Ltd	10.1
Yorkshire Coast Homes Ltd	11.7
Richmondshire Leisure Trust	17.3

(d) ADMINISTRATIVE ARRANGEMENTS

North Yorkshire County Council (NYCC) is the statutory administering authority for the NYPF. All aspects of the Fund's management and administration, including investment matters, are overseen by the Pension Fund Committee (PFC).

The Pensions Section of Finance and Central Services in NYCC administers all aspects of the benefits regulations, member records etc. Other staff within Finance and Central Services look after the accounting and management information requirements of the Fund. In contrast all aspects of the day to day management of investment funds are undertaken by independent fund managers (see **page 16.**)

During the year the PFC met on six occasions to consider performance reports from the fund managers. When monitoring the performance of these managers the Committee receives professional advice both from its Investment Adviser and officers of the County Council.

Finance and Central Services staff in the County Council liaise with the fund managers and Investment Adviser on a day to day basis and are responsible for all the associated administrative and accounting functions relating to the investments of the NYPF.

The Corporate Director - Finance and Central Services, acting as Treasurer to the Pension Fund is responsible for preparing the Pension Fund Annual Report in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes 2002*.

PART B - INVESTMENT REPORT

1. INVESTMENT POLICY

(a) Regulations

The County Council is required, as administering authority, to invest any NYPF monies which are not immediately required to pay pensions and other benefits. The restrictions that have been applied to NYPF are set out in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998, as subsequently amended by Regulations in 1999 and 2000, as follows:-

- (a) no more than 1% of the Fund may consist of any single sub-underwriting contract
- (b) no more than 2% of the Fund may consist of contributions to any single partnership
- (c) no more than 5% of the Fund may consist of contributions to partnerships
- (d) no more than 10% of the Fund may be deposited with any local authority, or body precepting on a local authority
- (e) no more than 10% of the Fund may consist of securities which are not listed on a recognised stock exchange
- (f) no more than 10% of the Fund may be held in any single holding, unless the investment has been made by an investment manager or the single holding is in units of a unit trust
- (g) no more than 10% of the Fund may consist of cash held with any one Bank
- (h) no more than 15% of the Fund may consist of sub-underwriting contracts, and
- (i) no more than 25% of the Fund may consist of unit trusts managed by the same body
- (j) no more than 25% of the Fund may be invested in open-ended investment companies where the collective investment schemes constituted by the companies are managed by the same body
- (k) no more than 25% of the Fund may consist of unit trusts plus open-ended investment companies where both are managed by any one body
- (l) no more than 25% of the Fund may be invested in any single insurance contract
- (m) no more than 25% of the Fund may be transferred under stock lending arrangements

The Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 2003 provide LGPS fund authorities (e.g. NYPF) with the opportunity to increase exposure to certain types of investments. Proper advice needs to be obtained before these wider limits can be adopted by any Fund. These opportunities will be assessed by the PFC as part of any future proposed changes to the Investment Strategy.

(b) Investment Management arrangements

Following a comprehensive review of the Investment Strategy in 2004, (linked to the Triennial Valuation) and a subsequent manager selection process, two global fixed income managers were appointed from 1 July 2005 to manage £100m each. These are Crédit Agricole Asset Management and European Credit Management.

These fixed income mandates were created from the existing fixed income holdings of the four balanced managers. In addition, a decision was made to terminate the contract with Henderson Global Investors whose equity assets were equally distributed between the three remaining equity managers. The three equity managers (Baillie Gifford, BGI and Standard Life) went on to operate global equity mandates to an NYPF customised benchmark.

Therefore the situation at 31 March 2006 was that global equity mandates were managed by the following

Baillie Gifford and Co
Barclays Global Investors
Standard Life Investments

and fixed income by

Crédit Agricole Asset Management
European Credit Management.

(See also **page 4** which details workshops that have been held to discuss a new asset allocation policy for equities to operate from October 2006.)

The Fund also has a small portfolio of assets (£1.7m) held by R C Brown Investment Management Plc. This equity mandate is based on ethical criteria and has been invested at the request of one particular employing body.

In addition, in July 2000 the Fund allocated £15m to the Third Hermes Lens Focus Fund, which invests in underperforming UK companies and seeks to improve their performance through appropriate stewardship and/or management interventions.

In October 2001 the Fund invested £3m through Northern Venture Managers Ltd in Northern Investors Co PLC. This holding was sold on 20 September 2006.

In February 2002 the Fund invested the equivalent of EUR10m in the Hermes European Focus Fund, with a further EUR10m being invested in July 2002. This Fund operates in the same way as the Third Hermes UK Focus Fund, but in respect of European companies.

Finally the NYPF is committed to an investment of £3m in the Yorkshire and Humber Regional Venture Capital Fund, the first tranche of £300k having been drawdown in July 2002, with further instalments to be drawn down on request.

The following table shows the total of investments and cash held by each Manager and the County Council as at 31st March:

Investment Manager	2006		2005	
	£000	%	£000	%
Baillie Gifford & Co	285,607	24.8	221,607	25.2
Barclays Global Investors	272,194	23.7	201,200	22.9
Henderson Global Investors	-	-	188,791	21.5
Standard Life Investments	282,532	24.6	206,121	23.4
Crédit Agricole Asset Management	139,055	12.1	-	-
European Credit Management	108,238	9.4	-	-
R C Brown Investment Management	1,678	0.1	-	-
Hermes Focus Asset Management-UK	18,547	1.6	16,294	1.9
Hermes Focus Asset Management-Europe	25,107	2.2	17,088	1.9
Northern Investors Co plc	2,943	0.3	3,329	0.4
Yorks & Humber Regional Venture Capital Fund	300	0.0	300	0.0
North Yorkshire County Council (cash & net debtors)	14,327	1.2	24,446	2.8
Total	1,150,528	100.0	879,176	100.0

The following table details the ten largest segregated equity holdings as at 31 March 2006:

Company		Market Value	Percentage of Value of Fund
		£000	%
(1)	B P PLC	25,107	2.2
(2)	HSBC Holdings PLC	19,658	1.7
(3)	Royal Bank of Scotland Group PLC	19,615	1.7
(4)	GlaxoSmithkline PLC	18,444	1.6
(5)	Barclays PLC	11,746	1.0
(6)	Vodafone Group PLC	10,844	0.9
(7)	Royal Dutch Shell	9,693	0.8
(8)	B G Group PLC	7,686	0.7
(9)	Wolseley PLC	5,928	0.5
(10)	Anglo American	5,826	0.5
Total		134,547	11.6

The fund managers are given wide discretion as to the selection of stock and securities in which investment is made. Since April 2001 a **Customised Benchmark** has been in place whereby the PFC defines certain Fund specific benchmark proportions for each asset class; the managers are then monitored against specific performance mandates for each of the defined asset classes.

The Fund specific benchmark established from 1 April 2001 was reviewed in light of the Investment Strategy Review 2004 based upon a risk budgeting exercise and asset liability study. The resulting tactical asset allocation and performance targets to be found in the Statement of Investment Principles (SIP), and in operation as at 31 March

2006, are shown below. (Please, again, note **page 4** which indicates that a change in equity asset allocation would occur in 2006/07).

Table A

Asset Class	Benchmark Proportion	Allocation to Mandate Type
Equity	75%] Global equity
Cash	2%	
Bonds	23%	Fixed Income

The percentages shown in **Table A** exclude the bespoke fund managed by R.C. Brown Investment Management referred to previously.

The PFC has defined Fund specific benchmark proportions and relevant indices for each asset class/mandate type

for the global equity mandate see **Table B** below

for the fixed income mandate see **Table C** below

Table B

Equity / Cash Benchmark

Asset Sub Class	Benchmark Proportion	+2% Performance Target Permitted Range	Benchmark Index
UK Equities	52%	+/- 10%	FTSE All-Share
Overseas Equities	46%	+/- 10%	
US	18%	+/- 5%	FTSE World North America
Europe	16%	+/- 5%	FTSE World Europe Ex-UK
Rest of World	12%	+/- 5%	FTSE World Developed Asia/Pacific
Emerging Markets	0%	0-5%	FTSE World Pacific
Cash	2%	0-5%	Sterling 7 day LIBID

The **permitted range** shown above enables the manager to vary his holding of that asset class in order to achieve the performance criteria according to his assessment of market conditions, etc.

A **benchmark index** is also nominated for each asset class for use in calculating a Fund specific composite performance figure for the global equity mandates, against which individual managers will be monitored and assessed.

Table C**Fixed Income Benchmark**

Asset sub Class	Benchmark Proportion	Permitted Range	Benchmark Index	Out-performance Target
Index linked gilts (longer than 15 years)	85%	+/- 1%	FTSE UK Index-Linked Gilts	+3%
Fixed Interest gilts (longer than 15 years)	15%	+/- 1%	FTSE UK Gilts	+3%

The split shown in the above table between the index linked and fixed interest gilts equates to the least risk portfolio; this is an actuarially designed portfolio that is the closest match possible to the Fund's liabilities, and represents the least risk investment position. By using the least risk portfolio with an out-performance target of 3% as the benchmark for this mandate, then assuming the target is met this portion of the Fund's assets should move in line (or better) relative to the Fund's liabilities.

The performance criteria for the individual investment managers are as follows:

Equity - global

- **Baillie Gifford / Barclays Global / Standard Life** - the principal objective is to out-perform the customised equity benchmark (per **Table B**) by 2% per annum over rolling three year periods. The short term objective is for the Fund to limit the risk of underperforming the benchmark by more than 5% in any one year. In pursuit of this aim these managers undertake to use best endeavours to constrain predicted tracking error to a maximum of 4%.

Equity - niche

- **Hermes UK ,Northern Investors and Yorkshire and Humber Regional Venture Capital Fund** - the objective is to out-perform the UK Equities element of the **Table B** benchmark (ie the FTSE All Share).
- **Hermes European** - the objective is to out-perform the European Equities element of the **Table B** benchmark (ie the FTSE World Europe ex UK).

Equity - ethical

- **RC Brown** - the objective is to out-perform the UK Equities element of the **Table B** benchmark (ie the FTSE All Share).

Fixed income

- **Crédit Agricole Asset Management / European Credit Management** - the asset allocation is that set out in **Table C** but the performance target is to exceed the Least Risk Portfolio (85% Index Linked Gilts / 15% Fixed Interest Gilts) by 3% p.a.

The Fund specific benchmark is a composite performance figure based on the specified indices measured over the defined period but weighted according to the benchmark proportions (see **Tables B/C** above). For performance measurement purposes this composite benchmark figure is re-balanced at the start of each quarter to the initial proportions as set out in **Tables B/C**.

(c) Custody of Investments

In 2005/06 the Fund employed J P Morgan Worldwide Securities as global custodian for all the Fund's assets except:-

- (i) Hermes Focus Funds who use their own custodianship arrangements with J P Morgan
- (ii) Northern Investors plc, where NYPF has contracted with Cazenove & Co to act as custodian. (Please note that this holding has now been sold, ie on 20 September 2006)
- (iii) Yorkshire and Humber Regional Venture Capital Fund, whose bankers are the Royal Bank of Scotland plc
- (iv) Internally Managed Cash which is held either in the North Yorkshire Pension Fund Account, or swept to North Yorkshire County Council's County Fund Account, both held at Barclays Bank, Northallerton

During the year a review of the Fund's global custody and related services provision was undertaken, using the services of Thomas Murray Investor Services (Thomas Murray) as consultant. The process started with Thomas Murray benchmarking the Fund's arrangements (with JP Morgan Worldwide Securities Services) against best market practice. It was evident from this exercise that substantial savings in global custody fees and better contract terms could ensue from a full tendering exercise. A contract was agreed with Thomas Murray in October 2005 for them to act as consultant in a full tendering process.

The first stage of the process was the issuing of an OJEU Notice on 27 October 2005. An open tendering procedure was adopted, with tenders, known in the industry as Requests for Proposal (RFP's), to be sent by the candidates to the offices of Thomas Murray by 22 December 2005. Officers of the County Council were provided with access to the RFP's on Thomas Murray's website. A presentation was made at County Hall on 2 February 2006 of Thomas Murray's analysis of the RFP's and a shortlist of 3 firms, including JP Morgan, was decided upon who were to appear at clarification meetings at County Hall on 14 and 15 March 2006. After these meetings, it was agreed that there were more issues to be resolved with two of the firms, so due diligence was carried out at their offices in London on 5 and 6 April 2006. From scoring of the due diligence, ABN AMRO Mellon Global Securities Services was chosen, to commence operations from 1 July 2006.

2. PERFORMANCE OF THE FUND

The performance of the fund managers is measured and assessed on a quarterly basis using comparative performance statistics. During 2005/06, NYPF participated in an investment performance measurement service provided by JP Morgan Worldwide Securities Services. The WM Company, who provided a performance measurement service to NYPF up until 30 September 2003, have been retained for the purpose of providing comparisons with the WM Local Authority Universe, ie the performance of other local authority pension funds.

JP Morgan, who were the Fund's Global Custodian, made use of the information found within the Investment Accounting System, which they also provided for NYPF, in assessing the rate of return achieved by NYPF in relation to the customised benchmark.

The overall performance of the Fund and of the individual fund managers for the year to 31 March 2006, compared with the customised benchmark is shown on the following table:

<i>Fund Manager</i>	<i>Share of Fund %</i>	<i>Fund Performance %</i>	<i>Customised Benchmark %</i>	<i>+/- %</i>
Baillie Gifford & Co.*	24.8	26.7	23.4	3.3
Barclays Global Investors*	23.7	24.0	23.4	0.6
Standard Life Investments*	24.6	25.9	23.4	2.5
Crédit Agricole Asset Management*	12.1	9.3	6.9	2.4
European Credit Management*	9.4	8.2	6.9	1.3
R C Brown Investment Management*	0.1	19.8	21.9	2.1
Hermes UK	1.6	13.8	28.0	-14.2
Hermes European	2.2	46.9	36.0	10.9
YHRVCF	0.0	0.0	28.0	-28.0
Northern Investors Co.	0.3	-11.7	28.0	-39.7
Internally Managed Cash	1.2	4.7	4.5	0.2
Total Fund	100.0	26.7	25.5	+1.2

* mandate wef 1 July 2005, so 9 months results shown.

As indicated above, the WM Company also provided comparative data on local authority pension funds for the 2005/2006 financial year, as well as annualised returns over longer periods. This shows that the NYPF ranked highly at 12th for the year.

PART C - FINANCIAL REPORT

Income and Expenditure for the year 2005/2006 and the **Net Assets Statement** (representing the value of the Fund) as at 31 March 2006 are shown on **pages 24 and 25**.

The value of the Fund's assets at 31 March 2005 was £879m and this increased by £271m during the year to give a value of **£1,150m** at 31 March 2006.

Contributions for the year were £5.9m more than for the year 2004/05 due to the effect of annual increments and pay increases for employees.

Expenditure on benefits increased during the year from £42.7m to £45.5m. This was principally caused by a net increase in the number of pensions in payment from 10,803 to 11,159 (**see page 8**).

Total contributions received during the year amounted to more than the total of benefits paid and administrative expenses by £35.8m. To this surplus was added net investment income of £14.7m, thereby giving an overall net surplus of funds for 2005/06 of £50.5m (excluding gains and losses on investments).

Transfer values are payable between organisations when an employee leaves one pension fund, and joins another, in order to provide for the future pension which the latter will have to meet. For NYPF the net impact was that £3.0m more was received in transfer values in 2005/06 than was paid to other funds in that year.

The main item of expenditure included in Administration Expenses is the service charge from North Yorkshire County Council for pensions administration, accounting expenses etc (£0.9m). The investment related expenses comprise the fees for fund managers (£2.2m) together with other costs of investment and related administration (£0.7m).

The principal items included in the accounts as Debtors are the sale of investments made in March 2006, but not settled until later (£2.1m), accrued dividends (£5.4m), the balance of employees' and employers' contributions due from employing authorities (£6.6m), interest on internally invested cash not credited to the Fund until after 31 March 2006 (£0.1m) and transfer values receivable (£0.4m) (**see page 26** for full details).

The principal items included in the accounts as Creditors relate to the purchase of investments made in March 2006 but not settled until later (£4.6m), management fees due (£0.7m) and retirement allowances/death grants payable (£0.1m) (**see page 26** for full details).

No account is taken of liabilities to pay pensions and other benefits after 31 March 2006. The Triennial Actuarial Valuation and Interim Actuarial Reviews (**see pages 9-11**) take account of the long term liabilities of the scheme.

At March 2006, 96.9% of the fund assets were invested with a market value of £1.115bn (**see page 25**). In addition, cash held on deposit by fund managers and the County

Council at the year end totalled £26m, whilst £9m worth of net debtors increased the total of assets to £1.150bn.

The Audit Commission have completed their audit of these accounts, and this Annual Report, and their report is unqualified. **(see page 29)**

JOHN MOORE
Treasurer of the North Yorkshire Pension Fund

November 2006

NORTH YORKSHIRE PENSION FUND
FUND ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

2004/2005 £000		£000	£000
	CONTRIBUTIONS AND BENEFITS		
	Contributions receivable		
53,697	Employers - Normal	58,202	
343	- Special	286	
1,683	- Early Retirement Costs Recharged	1,832	
17,703	Employees - Normal	18,986	
218	- Additional Voluntary	267	
73,644	Total Contributions Receivable		79,573
11,960	Transfers in		14,955
	<u>Less</u>		
	Benefits payable		
(35,849)	Pensions	(37,781)	
(6,101)	Commutation of Pensions and Lump Sum Retirement Benefits	(6,736)	
(728)	Lump Sums Death Benefits	(958)	
(42,678)	Total Benefits payable		(45,475)
	Payments to and on account of leavers		
(241)	Refunds of contributions	(159)	
(149)	State Scheme Premiums	(39)	
0	Transfers out - Group Transfers	(1,456)	
(10,736)	- Individual Transfers	(10,549)	
(11,126)	Total payments to and on account of leavers		(12,203)
(1,034)	Administration and other Expenses		(1,011)
30,766	Net additions/(withdrawals) from dealings with members		35,839
	RETURNS ON INVESTMENTS		
14,969	Investment income		17,728
70,032	Change in market value of investments		220,843
(203)	Taxation		(221)
(2,182)	Investment management expenses		(2,837)
82,616	Net returns on investments		235,513
113,382	Net Increase/(Decrease) in Fund during year		271,352
765,794	Opening Net Assets of the Scheme		879,176
879,176	Closing Net Assets of the Scheme		1,150,528

NORTH YORKSHIRE PENSION FUND
NET ASSETS STATEMENT AS AT 31ST MARCH 2006

31st March
2005
£000

£000 £000

INVESTMENT ASSETS

	Fixed Interest Securities		
118,994	Public Sector	73,911	
<u>35,155</u>	Other	<u>65,086</u>	
154,149	Total Fixed Interest Securities		138,997
387,277	Equities		523,878
0	Index-Linked Securities		98,054
150,472	Unit Trusts		266,579
142,038	Managed Funds		87,613
Short Term Investment Assets			
15,667	Cash and Cash Funds		12,672
0	Total Return Interest Rate Swaps		5,478
16,977	Debtors		7,561
(11,836)	Less Creditors		(4,631)
<u>854,744</u>	Total Investment Assets		<u>1,136,201</u>

OTHER CURRENT ASSETS AND LIABILITIES

	Debtors		
6,316	Cash		7,151
19,218	Invested with NYCC	8,766	
<u>(117)</u>	At Bank	<u>(705)</u>	
19,101	Total Cash		8,061
(985)	Creditors		(885)
<u>24,432</u>	Net Current Assets and Liabilities		<u>14,327</u>
<u>879,176</u>	TOTAL NET ASSETS		<u>1,150,528</u>

Additional Information:

Current Assets and Liabilities

	2005/06 £000	2004/05 £000
Debtors		
Investment Assets		
Investment Transactions	2,123	13,029
Accrued Dividends	5,404	3,920
Withholding Taxes Recoverable	34	28
	<u>7,561</u>	<u>16,977</u>
Other Assets		
Contributions due from Employing Authorities	6,569	5,637
Pensions Rechargeable	21	29
Interest on Deposits	141	209
Value Added Tax	18	212
Transfer Values In	360	144
Other	42	85
	<u>7,151</u>	<u>6,316</u>
Total Debtors	<u>14,712</u>	<u>23,293</u>
Creditors		
Investment Assets		
Investment Transactions	4,631	11,836
	<u>4,631</u>	<u>11,836</u>
Other Assets		
Management Fees	712	666
Retirement Allowances/Death Grants	82	141
Transfer Values Out	36	74
Other	55	104
	<u>885</u>	<u>985</u>
Total Creditors	<u>5,516</u>	<u>12,821</u>

Investment Income

	2005/06 £000	2004/05 £000
Fixed Interest Securities	5,515	4,193
Dividends from Equities	10,995	9,591
Income from Unit Trusts	13	0
Interest on Cash Deposits	1,205	1,182
Underwriting Commission	0	3
	17,728	14,969

Contributions and Benefits

Contributions represent the total amounts receivable from the various employing authorities in respect of their own contributions and those of their pensionable employees. The employer's contributions are made at a rate determined by the Fund's actuary. Benefits represent the amounts paid in pensions and lump sums (including retirement and death grants).

	2005/06 £000	2004/05 £000
Contributions Receivable		
North Yorkshire County Council	32,915	30,289
Other scheduled bodies	42,752	39,986
Admitted bodies	3,906	3,369
	79,573	73,644

Members of the Fund can make Additional Voluntary Contributions (AVCs) which are invested in insurance policies with Prudential Assurance Company Limited on behalf of the individual members concerned.

	2005/06 £000	2004/05 £000
Benefits Payable		
North Yorkshire County Council	20,423	19,962
Other scheduled bodies	23,338	21,298
Admitted bodies	1,714	1,418
	45,475	42,678

Administration Expenses

	2005/06 £000	2004/05 £000
Administration and Processing	927	859
Actuarial Fees	40	106
Legal and Audit Fees	44	69
	1,011	1,034

The analysis above does not include investment expenses, £2.837m in 2005/06 (£2,182m in 2004/05).

PART D - AUDITOR'S REPORT

Independent auditors' report to the Members of North Yorkshire County Council on the pension fund annual report

I have examined the financial statements included in the Pension Fund Annual Report which comprise the Fund Account, the Net Assets Statement and the related notes.

This report is made solely to North Yorkshire County Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of Chief Finance Officer and auditors

The Chief Finance Officer is responsible for preparing the Annual Report in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes 2002'. My responsibility is to report to you my opinion on the consistency of the financial statements within the Annual Report with the statutory financial statements. I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the statutory financial statements.

Basis of opinion

I conducted my work in accordance with paragraphs 15-18 of Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board.

Opinion

In my opinion the financial statements included in the Annual Report are consistent with the statutory financial statements of the Authority for the year ended 31 March 2006.

Mark Kirkham 2 November 2006

**Mark Kirkham
District Auditor
Audit Commission**

PART E - SCHEME BENEFITS

Introduction

The Local Government Pension Scheme (LGPS) is a very comprehensive scheme providing a wide range of benefits for members and their families. This summary does not intend to give details of all the benefits provided by the scheme or of all the specific conditions that must be met before these benefits can be obtained. This summary is provided as an illustrative guide only and more detailed information, including the scheme booklet *A Guide to the LGPS*, can be obtained by contacting the Pensions Section at County Hall, Northallerton, (telephone 01609 780780 extension 2340).

Normal Retirement Age

65 for both men and women (earlier voluntary retirement allowed from age 60 subject to minimum service conditions).

On retirement, normally, both a pension and a lump sum retirement grant are payable both related to length of service and final pay.

Pension (Normal)

Based on average pensionable pay for the last year of service or the better of the two previous years if this gives a higher figure. Pensions are calculated on a fraction of $\frac{1}{80}$ th for each year of membership of the scheme.

Pension (Ill Health)

Based on average pensionable pay for the last year of service, $\frac{1}{80}$ th for each year as follows:

Service of 2 years and less than 5 years	- actual
Service between 5 and 10 years	- doubled
Service 10 to 13 $\frac{1}{3}$ years	- enhanced to 20 years
Service 13 $\frac{1}{3}$ years and above	- 6 $\frac{2}{3}$ years to be added

Enhanced Service is not to exceed that which could have been earned by normal retirement age, or would produce a maximum of 40 years.

Lump Sum Retirement Grant

Based on average pensionable pay for the last year of service, $\frac{3}{80}$ ths for each year of service, with appropriate enhancement in respect of ill health, if appropriate.

Death Grant

(i) Death in Service

A lump sum death grant usually equal to two times pensionable pay would be payable to the member's spouse, or nominee.

(ii) Death after Retirement

A death grant is payable in certain circumstances where death occurs after retirement. Retirement pensions are guaranteed for five years and where death occurs within that period, a death grant is payable.

Widows/Widower's Pension

(i) Short Term Benefits

Pension equal in value to 3 months pensionable pay is paid to the widow/widower. If there are any children under age 17 or still in full time education, then this pension will be paid for 6 months.

(ii) Long-Term Benefits

Based on 50% of spouse's pension at date of retirement

OR

for death in service, calculated as if ill-health retirement had taken place on the date of death (again 50% of spouse's pension) provided there are two years' service completed. This is payable for life.

Children's Pension

Each child (maximum of two) under age 17, or still in full-time education, will receive a pension of at least 25% of the parent's pension at the date of retirement or, for death in service, 25% of the parent's pension based on ill health retirement on the date of death.

Pension Increases

Pensions are increased in accordance with the Social Security Pensions Act 1975. All pensions paid from the scheme are protected against inflation, rising in line with the Retail Price Index.

Contracting Out Status (with effect from 1 April 2002)

The LGPS is contracted-out of the State Second Pension Scheme (S2P). This means that members pay reduced National Insurance contributions and that they do not earn a pension under S2P. Instead, the LGPS must guarantee to pay a pension that in general is as high as the pension which would have been earned in the State Earnings Related Pension Scheme (SERPS) / S2P. For contracted-out membership or and between 6 April 1978 and 5 April 1997, a Guaranteed Minimum Pension (GMP) is calculated by the Inland Revenue which is the minimum pension which must be paid from the North Yorkshire Pension Fund to the member. For membership after 5 April 1997, the LGPS has guaranteed that the benefits it provides will, in general, be no less favourable than those provided under a Reference Scheme prescribed under the Pensions Act 1995.

AVC's

A facility is available for scheme members to make Additional Voluntary Contributions (AVCs). The Pension Fund Committee has appointed the Prudential as the nominated provider for this purpose. Further details are available from the Prudential Pensions Connection Team on 0845 6070077.

PART F - STATEMENT OF PENSION FUND COMMITTEE RESPONSIBILITIES

The Pension Fund Committee holds the following delegated powers

- 1.** To exercise the powers of the County Council to invest monies forming part of the Pension Fund, including:-
 - ◆ investment in property;
 - ◆ appointment of managers to manage and invest Fund monies on the County Council's behalf;
 - ◆ receiving reports from the managers at least once every three months setting out the action they have taken under their appointment;
 - ◆ receiving reports every three months reviewing the investments made by the Investment Manager;
 - ◆ from time to time considering the desirability of continuing or terminating the appointments; and
 - ◆ from time to time reporting to the Executive.

- 2.** To exercise all the County Council's powers as administering authority for the North Yorkshire Pension Fund, subject to any specific instructions that might be given from time to time by the Council.

- 3.** To carry out the County Council's functions relating to local government pensions under
 - ◆ The Local Authority (Discretionary Payments) Regulations 1996;
 - ◆ The Local Authority Pension Scheme Regulations 1997; and
 - ◆ The Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998, and subsequent amendments

PART G - COMPLIANCE STATEMENT

Myners Compliance and SIP

The central proposal to emerge from the Myners' Review of Institutional Investment published in 2001 was the establishment of a set of non-mandatory (but accountable) principles to improve practice and process in institutional investment management. These principles have been reviewed and revised recently by HM Treasury.

Under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1999, as amended in 2002, the Fund is required to report its compliance with Myners principles in the Statement of Investment Principles (SIP) – **see page 7**.

Trustee Training

The County Council as administrators of the Fund supports the practice of regular training to ensure PFC Members are familiar with the issues on which they are required to make decisions. This is achieved by their attendance at training seminars, courses and conferences provided by external providers, and at internally provided workshops and training events.

Corporate Governance

The present policy on corporate governance is that NYPF has instructed Pension Investment Research Consultants Limited (PIRC) to execute voting rights for all UK Equities held by the Fund. Votes are executed according to predetermined Shareholder Voting Guidelines agreed with PIRC by the PFC. PIRC currently instructs the Fund Custodian by email of voting recommendations for each FTSE All Share holding.

The scope of the policy is under review with the intention of extending the range of companies where NYPF's interest can be voted, for example to overseas holdings.

NYPF, as a member of the Local Authority Pensions Fund Forum (LAPFF), receives research and advice in relation to voting issues and local authority pension fund good practice.

Securities Lending and Commission Recapture

NYPF prohibits its fund managers and custodian from securities lending, or operating a commission recapture arrangement with brokers.

MEMBERSHIP STATISTICS

Employer (1)	SUMMARY OF ACTIVE MEMBERS		SUMMARY OF DEFERRED MEMBERS		SUMMARY OF PENSIONERS	
	Pensionable Employees as at 31/3/2005 (2)	Pensionable Employees as at 31/3/2006 (3)	Deferreds as at 31/3/2005 (4)	Deferreds as at 31/3/2006 (5)	Pensioners as at 31/3/2005 (6)	Pensioners as at 31/3/2006 (7)
North Yorkshire County Council	12,998	15,587	4,977	5,625	5,878	6,064
North Yorkshire Police Authority	963	1,050	285	324	332	338
North Yorkshire Fire & Rescue Authority	117	120	12	17	15	21
North Yorkshire Probation Committee	288	280	83	103	94	100
North Yorkshire Magistrates Courts Committee (1)	136	0	58	187	71	74
North York Moors National Park	122	127	36	37	22	24
Yorkshire Dales National Park	139	142	48	49	17	20
Raynesway	274	251	25	42	22	26
DISTRICTS						
Craven	238	249	126	143	205	214
Hambleton	366	381	150	162	204	202
Harrogate	1,169	1,168	537	612	639	640
Richmondshire (2)	303	275	139	148	181	195
Ryedale	230	225	112	119	229	232
Scarborough	938	926	428	482	839	836
Selby	340	319	209	234	257	264
UNITARY AUTHORITIES						
York	4,884	5,056	1,459	1,747	1,307	1,375
COLLEGES	1,327	1,330	636	679	354	376
OTHER EMPLOYERS	457	501	111	193	137	158
TOTAL	25,289	27,987	9,431	10,903	10,803	11,159

Notes (1) Responsibility has passed to Central Government for Magistrates Courts Services, so no longer entitled to be members of the LGPS
(2) Some employees were transferred to Richmondshire Leisure Trust (within 'OTHER EMPLOYERS')

Actuarial Certificate

Local Government Pension Scheme Regulations 1997 (as amended)

Rates and Adjustments Certificate issued in accordance with Regulation 77

Regulation 77(3)

I hereby certify that, in my opinion, the Common Rate of employers' contributions payable in each year of the period of three years beginning 1 April 2005 should be at the rate of 10.4 per cent of Pensionable Pay.

I hereby certify that, in my opinion, the amount of the employers' contribution rate payable in each year of the period of three years beginning with 1 April 2005, as set out above, should be individually adjusted as set out in the attached Schedule.

A further individual adjustment shall be applied in respect of each non-ill health early retirement occurring in the period of the Rates and Adjustments Certificate. This further individual adjustment will be calculated in accordance with methods agreed from time to time between the Fund's actuary and the Administering Authority.

The contribution rates set out in the attached Schedule represent the minimum contribution which may be paid by each employer. Additional contributions may be paid if requested by the employer concerned.

Regulation 77(7)

As noted above, no allowance for non-ill health early retirements has been made in determining the results of the valuation, on the basis that the costs rising will be met by additional contributions. Allowance for ill health requirements has been included in each employer's contribution rate, on the basis of the method and assumptions set out the report.

Signature:

Name:

Date of Signing:



A handwritten signature in black ink, appearing to read 'C. R. Hume', is written above a horizontal line.

Actuarial Certificate

Schedule to the Rates and Adjustments Certificate dated 14 March 2005

	2005/06		2006/07		2007/08	
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %
Major Scheduled Bodies						
North Yorkshire County Council	8.2	18.6	8.3	18.7	8.4	18.8
City of York Council	7.2	17.6	7.2	17.6	7.2	17.6
Ryedale District Council	8.3	18.7	9.3	19.7	9.8	20.2
Harrogate Borough Council	8.4	18.8	9.5	19.9	10.6	21.0
Richmondshire District Council	10.5	20.9	10.5	20.9	10.5	20.9
Selby District Council	8.5	18.9	8.5	18.9	8.5	18.9
Craven District Council	12.5	22.9	13.5	23.9	14.5	24.9
Hambleton District Council	6.3	16.7	6.3	16.7	6.3	16.7
Scarborough Borough Council	9.4	19.8	9.4	19.8	9.4	19.8
North Yorkshire Police Authority	8.5	18.9	8.5	18.9	8.5	18.9

	2005/06		2006/07		2007/08	
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %
Admitted Bodies						
York St John College	3.4	13.8	3.4	13.8	3.4	13.8
Ryedale Housing	5.6	16.0	5.6	16.0	5.6	16.0
Yorkshire Tourist Board	-1.4	9.0	-0.2	10.2	0.9	11.3
York Archaeological Trust Limited	13.9	24.3	13.9	24.3	13.9	24.3
Joseph Rowntree Charitable Trust	6.8	17.2	6.8	17.2	6.8	17.2
Ryedale Sports and Recreation Limited	6.1	16.5	6.1	16.5	6.1	16.5
North Yorkshire Business and Education Partnership	27.0	37.4	27.0	37.4	27.0	37.4
Raynesway	8.4	18.8	8.4	18.8	8.4	18.8
Northern Procurement Group	6.7	17.1 + £14,000 p.a.	6.7	17.1 + £14,000 p.a.	6.7	17.1 + £14,000 p.a.
Connexions	2.5	12.9	2.5	12.9	2.5	12.9
York Museum & Gallery Trust	2.1	12.5	2.1	12.5	2.1	12.5
Craven Housing	-0.3	10.1	-0.3	10.1	-0.3	10.1
Yorkshire Coast Homes	1.3	11.7	1.3	11.7	1.3	11.7

Other interested bodies with no pensionable employees

Former Employers	Proportion of Pension Increases to be Recharged %
Filey Town Council	0
Department of Transport DVLC	100
Yorkshire Water Authority	100
Department of Social Security	0
St Sampsons Social Club	0
Ashville College	0
Selby Area Internal Drainage Board	0
Buy from the Blind Guild	0
Harewood Housing Society Limited	0
Harrogate Society for the Blind	0

A bulk transfer is pending in respect of Harrogate College former Fund members. Active members of the Fund in respect of the Magistrates Courts Committee will transfer to the Principal Civil Service Pension Scheme on 31 March 2005. From that date we have assumed that the Department for Constitutional Affairs (DCA) will be liable for the deficit payments required in respect of the pensioner and deferred pensioner liabilities, which will remain with the Fund. If the DCA's participation in the Fund were to be terminated the deficit position would be revised on a risk-free basis of assessment

