

# **NORTH YORKSHIRE PENSION FUND**

**Annual Report and Accounts  
for the Year Ended  
31 MARCH 2004**

North Yorkshire County Council  
Financial Services

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# MANAGEMENT STRUCTURE

<b>Trustees and Administering Authority:-</b>	North Yorkshire County Council County Hall Northallerton North Yorkshire DL7 8AL
<b>Pension Fund Committee:-</b>	Representing North Yorkshire County Council (as at 31 March 2004): D J Ashton J Clark Mrs M-A de Courcey-Bayley T Randerson J W Marshall J K Weighell H Swiers  Representing other North Yorkshire employers: A J Jenkins (appointed by the North Yorkshire Branch of the Association of District Councils) Q Macdonald, City of York Council
<b>Investment Adviser:-</b>	P Williams c/o Sarasin Chiswell Associates Ltd Juxon House 100 St Paul's Churchyard LONDON EC4M 8BU
<b>Fund Managers:-</b>	Baillie Gifford & Co Calton Square Edinburgh EH2 2LL  Barclays Global Investors Murray House 1 Royal Mint Court LONDON EC3N 4HH  Henderson Global Investors 4 Broadgate LONDON EC2M 2DA  Standard Life Investments 1 George Street Edinburgh EH2 2LL  Hermes Focus Asset Management Ltd Lloyds Chambers 1 Portsoken Street LONDON E1 8HZ

<b>Fund Managers continued:</b>	<p>Northern Venture Managers Ltd  Northumberland House  Princess Square  Newcastle Upon Tyne  NE1 8ER</p> <p>YFM Private Equity Ltd  St Martins House  210-212 Chapeltown Rd  Leeds  LS7 4HZ</p>
<b>Actuary:-</b>	<p>Mercer Human Resource Consulting Ltd  30 Exchange Street East  LIVERPOOL  L2 3QB</p>
<b>Solicitor:-</b>	<p>Head of Legal Services  North Yorkshire County Council  County Hall  Northallerton  DL7 8AD</p> <p>Hammond Suddards Edge  2 Park Lane  Leeds  LS3 1ES</p>
<b>Fund Administration:-</b>	<p>Treasurer to the North Yorkshire Pension Fund  North Yorkshire County Council  County Hall  North Yorkshire  DL7 8AL  Email: john.moore@northyorks.gov.uk</p>
<b>Banker</b>	<p>Barclays Bank Plc  193 High Street  Northallerton  DL7 8LJ</p>
<b>Custodian for Fund Assets:  (+ fund accounting and  performance measurement)</b>	<p>J P Morgan Investor Services  6th Floor  60 Victoria Embankment  London  EC4Y 0JP</p>

# FINANCIAL AND MEMBERSHIP SUMMARY

## Financial Summary

Item	1999/2000 £000	2000/2001 £000	2001/2002 £000	2002/2003 £000	2003/2004 £000
Employer/Employee Contributions	39,265	44,684	54,968	59,001	66,627
+ Investment and Other Income	29,853	32,839	27,159	25,727	24,831
= Total Income	69,118	77,523	82,127	84,728	91,458
- Less Benefits paid and Other Expenses	41,107	45,731	47,269	51,160	51,792
= Net Revenue Surplus	28,011	31,792	34,858	33,568	39,666
+ Increase/(decrease) in market value of Investments	68,494	(81,768)	(26,094)	(181,845)	142,127
= Increase/(decrease) in Fund during Year	96,505	(49,976)	8,764	(148,277)	181,793
Net assets at 31 March (Investments included at market value)	773,490	723,514	732,278	584,001	765,794

## MEMBERSHIP SUMMARY

Type	As at 31 March 2000	As at 31 March 2001	As at 31 March 2002	As at 31 March 2003	As at 31 March 2004
Current Contributors	17,343	18,762	19,062	21,010	22,879
Deferred Pensions	5,243	6,142	6,842	8,273	8,770
Pensioners receiving Benefits	9,341	9,527	9,744	10,042	10,444

Deferred pensions represent frozen pensions to be paid at a future date to former employees who have retained their pension rights in the Fund.

The membership statistics are shown in greater detail, as at 31 March 2004, on **page 34**.

# MANAGEMENT REPORT

## 1.0 INTRODUCTION

- 1.1 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.
- 1.2 The Fund is financed by contributions from both employees and employers together with income earned from investments. Any 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 8**).
- 1.3 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 32**.
- 1.4 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 is explained further in **paragraph 2** below.
- 1.5 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.
- 1.6 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:-

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

## 2.0 ACTUARIAL VALUATION AND EMPLOYERS' CONTRIBUTIONS

- 2.1 In common with all other Local Government Pension Funds an Actuarial Valuation is carried out every three years, the most recent Valuation having an effective date of 31 March 2001.
- 2.2 The Valuation as at 31 March 2001, which set the contribution rates for the three years commencing 1 April 2002, showed that a common contribution rate of 200% of employees' contributions was required from employers. This common rate is calculated as being sufficient, together with contributions paid by employees, to meet all liabilities arising in respect of service after the Valuation date. The calculation of the common rate takes particular account of the solvency level of the Fund at the Valuation date (ie the ratio of the Fund's assets to its liabilities).
- 2.3 The common contribution rate is then adjusted having regard to the individual circumstances of each employer. In particular, adjustments are needed to reflect the numbers of starters/leavers/early retirements since the previous Valuation date, all assessed relative to the size of the ongoing employee payroll base from which future contributions have to be derived.
- 2.4 Due mainly to the fact that employers were previously permitted to pay less than the level of contributions immediately required to fund liabilities in full, the value of the Fund's assets at 31 March 2001 represented 79.5% of the Fund's liabilities. Based on the market value of the Fund's assets at Valuation date of £724m, this equated to a deficit of £187m (**see page 25**). Also included on that

page are details of two subsequent interim valuations that have been obtained by the Fund as part of its ongoing monitoring procedures, together with an indication of the funding position at 31 March 2004.

- 2.5 It is therefore necessary for increased rates of employers' contributions to be paid by most of the employing bodies. However, the Government has indicated that it would be appropriate to phase in the increases necessary for employers over a period of years. In essence, this means that the average rate of employer's contribution of approximately 275% in 2002/2003 rose to approximately 290% in 2003/04.
- 2.6 In the 2001 Valuation exercise the contribution rates were calculated using the projected unit actuarial method and the main actuarial assumptions were as follows:

	<i>For Past Service Liabilities</i>	<i>For Future Service Liabilities</i>
Rate of discount	5.6% per annum	6.5% per annum
Rate of pensionable pay inflation	3.8% per annum	4.0% per annum
Rate of price inflation	2.3% per annum	2.5% per annum

- 2.7 Further details regarding the 2001 Actuarial Valuation are shown on **page 25**. The Certificate of the Actuary as at 31 March 2001 and the employer's rates applicable for the three years commencing 2002/03 are shown on **pages 26 to 31**.

### **3.0 ADMINISTRATIVE ARRANGEMENTS**

- 3.1 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).
- 3.2 The Pensions Section of Financial Services in NYCC administers all aspects of the benefits regulations, member records etc. Other staff within Financial 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.
- 3.3 At 31 March 2004 approximately 25% of the assets, by value, were managed each by

Baillie Gifford and Co  
Barclays Global Investors  
Henderson Global Investors  
Standard Life Investments.

- 3.4 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. 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 possibly in November 2005.
- 3.5 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 (see **paragraph 4.3** below).

- 3.6 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.
- 3.7 Financial Services staff in the County Council liaise with the fund managers and Investment Adviser on a day to day basis and are, as indicated in **paragraph 3.2**, responsible for all the associated administrative and accounting functions relating to the investments of the NYPF.

#### 4.0 INVESTMENT POLICY

- 4.1 Regulations require the County Council, 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 consist of securities which are not listed on the London Stock Exchange or on a non-UK Exchange "of international repute"
  - (e) no more than 10% of the Fund may consist of securities which are issued by any one body (other than the governments of the UK or Isle of Man), units of any one unit trust, loans to any one person (other than a bank), or any one item of property
  - (f) no more than 10% of the Fund may consist of cash held with any one Bank
  - (g) no more than 10% of the Fund may consist of debt securities or other obligations - with the exception of UK debt securities, other debt securities listed on the London Stock Exchange or on a non-UK Exchange of international repute, or UK or Isle of Man Government securities
  - (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 be invested in any single insurance contract
  - (l) no more than 25% of the Fund may be transferred under stock lending arrangements
- 4.2 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 during its review of the Fund's Investment Strategy that is in progress as part of the work needed to prepare the Funding Strategy Statement for the Fund that has to be in place by 31 March 2005.
- 4.3 As at 31 March 2004 Baillie Gifford managed 26% of the investment portfolio, Barclays Global Investors 23%, Henderson Global Investors 23%, Standard Life Investments 24% and Hermes UK and Hermes European approximately 1.7% each.

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

- **Baillie Gifford / Barclays Global / Henderson Global / Standard Life** - the principal objective is to out-perform the (overall customised) benchmark by 2% per annum over rolling three year periods. The short term objective is for the manager 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%.



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

## 5.0 PERFORMANCE OF THE FUND

- 5.1 The performance of the fund managers is measured and assessed on a quarterly basis using comparative performance statistics. During 2003/04, NYPF participated in an investment performance measurement service operated by the WM Company for the Quarters ended 30 June 2003 and 30 September 2003 and, from 1 July 2003 onwards, in a performance measurement service provided by JP Morgan Investor Services. (Hence there was a quarter in which use of the two services overlapped) The WM Company have been retained for the purpose of providing comparisons with the WM Local Authority Universe, ie the performance of other local authority pension funds.
- 5.2 The WM Company used information collected directly from fund managers. JP Morgan made use of the information found within the Investment Accounting System which they also provide for NYPF. This accounting information is produced from the records JP Morgan hold as Global Custodians for NYPF. Both of these companies, (for the periods they were employed as a full performance measurement service), assessed the rate of return achieved by NYPF in relation to the customised benchmark.
- 5.3 The overall performance of the Fund and of the individual fund managers for the year to 31 March 2004, compared with the customised benchmark is as follows:

<i><b>Fund Manager</b></i>	<i><b>Fund Performance</b></i> %	<i><b>Customised Benchmark</b></i> %	<i><b>+/-</b></i> %
Baillie Gifford & Co.	23.3	24.4	-1.1
Barclays Global Investors	26.5	24.4	+2.1
Henderson Global Investors	25.2	24.4	+0.8
Standard Life Investments	29.0	24.4	+4.6
Hermes UK	54.4	31.0	+23.4
Hermes European	44.4	36.9	+7.5
YHRVCF	0.0	31.0	-31.0
Northern Investors Co.	21.0	31.0	-10.0
<b>Total Fund</b>	<b>26.6</b>	<b>24.4</b>	<b>+2.2</b>

- 5.4 As indicated above the WM Company also provides comparative data on local authority pension funds for the 2003/2004 financial year, as well as annualised returns over longer periods. This shows that the NYPF ranked an above 'average' 12 for the year (which was a great improvement on the ranking of 65 for 2002/03).

## 6.0 FINANCIAL REPORT

- 6.1 Income and Expenditure for the year 2003/2004 and the Net Assets Statement (representing the value of the Fund) as at 31 March 2004 are shown on **pages 11 and 12**. The value of the Fund's assets at 31 March 2003 was £584m and this increased by £182m during the year to give a value of £766m at 31 March 2004.
- 6.2 Contributions for the year were £7.6m more than for the year 2002/03 due to the effect of annual increments and pay increases for employees and an increase in the level of employers' contributions.
- 6.3 Expenditure on benefits increased during the year from £38.3m to £40.7m. This was principally caused by a net increase in the number of pensions in payment from 10,042 to 10,444 (**see page 34**).
- 6.4 Total contributions received during the year amounted to more than the total of benefits paid and administrative expenses by £28.8m. To this surplus was added net investment income of £10.5m, thereby giving an overall net surplus of funds for 2003/2004 of £39.3m (excluding gains and losses on investments).
- 6.5 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 £5.6m more was received in transfer values in 2003/2004 than was paid to other funds in that year.
- 6.6 The main item of expenditure included in Administration Expenses is the service charge from North Yorkshire County Council for pensions administration, accounting expenses etc (£0.8m). The investment related expenses comprise the fees for fund managers (£1.5m) together with other costs of investment and related administration (£0.5m).
- 6.7 The principal items included in the accounts as Debtors are the sale of investments made in March 2004, but not settled until later (£4.6m), accrued dividends (£3.8m), the balance of employees' and employers' contributions due from employing authorities (£5.1m) and transfer values receivable (£0.5m) (**see page 19** for full details).
- 6.8 The principal items included in the accounts as Creditors relate to the purchase of investments made in March 2004 but not settled until later (£4.1m), management fees due (£0.5m) and retirement allowances/death grants payable (£0.3m) (**see page 19** for full details).
- 6.9 At March 2004, 96.5% of the fund assets were invested with a market value of £732m (**see page 12**). In addition, cash held on deposit by fund managers and the County Council at the year end totalled £25m, whilst £9m worth of net debtors increased the total of assets to £766m.
- 6.10 The District Auditor has completed his audit of these accounts and his report is unqualified.

JOHN MOORE  
Treasurer of the North Yorkshire Pension Fund

Financial Services  
County Hall  
Northallerton

January 2005

## NORTH YORKSHIRE PENSION FUND

### FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

2002/2003 £000		<u>Notes</u>	£000	£000
	<b>CONTRIBUTIONS AND BENEFITS</b>			
	Contributions receivable			
41,611	Employers		47,192	
1,262	Early Retirement Costs Recharged		1,626	
14,701	Employees or members		16,350	
<u>1,427</u>	AVC Contributions received on behalf of AVC Provider	18	<u>1,459</u>	
59,001	Total Contributions Receivable	12		66,627
9,339	Transfers in			11,958
	<b><u>Less</u></b>			
	Benefits payable			
(32,973)	Pensions		(34,181)	
<u>(5,351)</u>	Lump Sums (including retirement and death grants)		<u>(6,501)</u>	
(38,324)	Total Benefits payable	12		(40,682)
(1,427)	AVC Contributions remitted to AVC Provider	18		(1,459)
	Payments to and on account of leavers			
(351)	Refunds of contributions		(383)	
<u>(8,448)</u>	Transfers out		<u>(6,383)</u>	
(8,799)	Total payments to and on account of leavers			(6,766)
<u>(887)</u>	Administration and other Expenses	13/20		<u>(921)</u>
<u>18,903</u>	<b>Net additions/(withdrawals) from dealings with members</b>			<u>28,757</u>
	<b>RETURNS ON INVESTMENTS</b>			
16,388	Investment income	11/20		12,502
(181,845)	Change in market value of investments (realised & unrealised)			142,498
<u>(1,723)</u>	Investment management expenses	20		<u>(1,964)</u>
<u>(167,180)</u>	<b>Net returns on investments</b>			<u>153,036</u>
(148,277)	<b>NET INCREASE/(DECREASE) IN FUND DURING YEAR</b>			181,793
<u>732,278</u>	<b>OPENING NET ASSETS OF THE SCHEME</b>			<u>584,001</u>
<u>584,001</u>	<b>CLOSING NET ASSETS OF THE SCHEME</b>			<u>765,794</u>

**NET ASSETS STATEMENT  
AS AT 31st MARCH 2004**

31 March 2003 £000		<u>Notes</u>	£000	£000
	<b>INVESTMENT ASSETS</b>	8		
	Fixed Interest Securities			
66,849	Public Sector		97,521	
<u>51,291</u>	Other		<u>35,916</u>	
118,140	Total Fixed Interest Securities			133,437
258,759	Equities	20		347,029
0	Index-Linked Securities			1,892
	Unit Trusts			
0	Property			0
99,640	Other	20		133,914
	Managed Funds			
0	Property			0
<u>86,003</u>	Other	20		<u>115,443</u>
<u>562,542</u>	<b>Total Investment Assets</b>			<u>731,715</u>
	<b>CURRENT ASSETS AND LIABILITIES</b>	10		
14,897	Debtors			14,263
	Cash			
8,780	With Fund Managers		19,946	
6,683	Invested with NYCC		5,243	
<u>(451)</u>	at Bank		<u>(91)</u>	
15,012	Total Cash			25,098
<u>(8,450)</u>	Creditors			<u>(5,282)</u>
<u>21,459</u>	<b>Net Current Assets and Liabilities</b>			<u>34,079</u>
<u>584,001</u>	<b>TOTAL NET ASSETS</b>			<u>765,794</u>

## NOTES TO THE PENSION FUND ACCOUNTS

### 1. General Description of the Fund

The North Yorkshire Pension Fund is a local government pension fund operated under the Local Government Pension Scheme Regulations 1997, providing pensions to employees of the main councils and other admitted bodies in North Yorkshire. The Fund does not cover teachers, police and fire fighters for whom separate statutory pension arrangements exist.

The Fund is financed by contributions from both employees and employers together with income earned from investments. The benefits payable under the 1997 Regulations are largely mandatory although there are some discretions available to the employing bodies. Any monies which are not immediately required to pay pensions and other benefits are invested in accordance with a predetermined investment policy.

The contributions payable by employees are prescribed by the Regulations. With effect from 1 April 1998 a standard rate of 6% of superannuable pay exists, unless the employee has "lower rate rights" (i.e. was paying 5% before 1 April 1998). The employer contributions are determined every three years by an independent valuation of the Fund carried out by the actuary.

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

Membership of the LGPS is not compulsory. Employees have the option of being part of an occupational pension scheme, such as the North Yorkshire Pension Fund (NYPF), or alternatively purchasing a personal plan managed by a private sector company, or participating in the State Earnings Related Pensions Scheme or a Stakeholder Pension. Employees over 16 years old, however, are automatically admitted to the Fund unless they elect otherwise.

### 2. Membership

The following summarises the membership of the Pension Fund at 31st March :-

Category of member	31/03/2004	in year variation +/-	31/03/2003
Contributors	22,879	+1,869	21,010
Deferred Pensioners	8,770	+497	8,273
Pensioners	10,444	+402	10,042
Employer Organisations	56	+2	54

### 3. Administration and Management of the Fund

The County Council is the administering authority for the North Yorkshire Pension Fund. The Council's responsibilities are fulfilled by the Pension Fund Committee, which has powers delegated to it by the County Council. The majority of the assets of the Fund are allocated to four investment managers, which as at 31 March 2004 were as follows:

- Baillie Gifford & Co.
- Barclays Global Investors
- Henderson Global Investors
- Standard Life Investments

In addition , the Fund has made direct investments in the following:

- **Third Hermes UK Focus Fund** ( £15m invested in July 2000)
- **Hermes European Focus Fund** (EUR10m invested in February 2002- a further EUR10m in July 2002)
- **Northern Investors Co. plc** (£3m invested in October 2001)
- **Yorkshire and Humber Regional Venture Capital Fund** (£3m committed, £300K drawdown July 2002)

The investment managers are given wide discretion in the selection of securities in which investment can be made, limited only by the Regulations and any specific instructions given by the Committee. Further details of the investment policy of the Fund are included in Note 7 (see page 17).

During the year the Committee met on six occasions to receive reports from the investment managers. The Committee receives professional advice from its Investment Adviser, Mr. P Williams, as well as the Treasurer. Committee meetings provide a forum for discussion about economic and market trends, monitoring the performance of the investment managers and considering their investment strategies. Financial Services staff liaise with the investment managers and the Investment Adviser on day to day matters and are responsible for associated administrative and accounting functions relating to the Fund.

#### 4. **Scheduled Bodies contributing to the Fund**

The following are the 43 Scheduled Bodies which contributed to the Fund during 2003/04 :

North Yorkshire County Council	Sutton-in-Craven Parish Council
City of York Council	Selby Town Council
Craven District Council	Norton on Derwent Town Council
Hambleton District Council	Knaresborough Town Council
Harrogate Borough Council	Glusburn Parish Council
Richmondshire District Council	Skipton Town Council
Ryedale District Council	Richmond Town Council
Scarborough Borough Council	Northallerton & Romanby Joint Burial Ctte
Selby District Council	Northallerton Town Council
North Yorkshire Police Authority	Malton Town Council
North Yorkshire Fire & Rescue Authority	Pickering Town Council
North Yorkshire Magistrates Courts	Hunmanby Parish Council
North Yorkshire Probation Service	Haxby Town Council
Yorkshire Dales National Park	Ripon City Council
North York Moors National Park	University of Hull, Scarborough Campus
Foss Internal Drainage Board	Askham Bryan College
Marston Moor Internal Drainage Board	Selby College
Thornton Internal Drainage Board	Craven College
Ouse & Derwent Internal Drainage Board	Scarborough Sixth Form College
Great Ayton Parish Council	Yorkshire Coast College
Whitby Town Council	York College
Fulford Parish Council	

(total 43)

There are also 13 other bodies which have been admitted to the Fund. There is therefore a total of 56 bodies contributing to the Fund.

#### 5. **Accounting Policies**

The accounts follow the Statement of Recommended Practice on Financial Reports of Pension Schemes and the CIPFA Code of Practice on Local Authority Accounting, both updated in 2003.

#### **Basis of Preparation**

Except where otherwise stated below the accounts have been prepared on an accruals basis.

### **Fund Account Transactions**

- (a) Benefits payable and withdrawal of contributions have been brought into the accounts on the basis of all valid payments due in the year. Transfer values are those sums payable by, or receivable from, other pension schemes for individuals only and relate to periods of previous pensionable employment. Where possible, transfer values receivable within the financial year are brought into the accounts at the net assets statement date. In a number of cases it is not possible to obtain sufficient information from other pension schemes and these transfers are accounted for on a cash basis. Transfer values paid are charged to the Fund in the year in which they are due.
- (b) Dividends, rents and interest on Government Stocks, loans and deposits have been credited to the Fund in the year in which they are due. Foreign income has been translated into sterling at the date of the transactions, when received during the year, or at the exchange rate applicable at 31st March 2004 where amounts were still outstanding at the year end.
- (c) A proportion of relevant officers' salaries has been charged to the Pension Fund on the basis of actual time spent on investment and related matters and pensions administration. Certain specific expenses have been charged direct to the Fund and other office expenses and related overheads have been charged to the Fund in proportion to the salaries charged.
- (d) The investment managers are paid quarterly fees, in arrears, on a sliding scale based on the market value of the investments managed at the end of each quarter.

### **Other Current Assets and Liabilities**

- (a) Debtors and creditors are raised for all investment transactions made in March but not settled until later.
- (b) Debtors are raised for known contributions due at 31st March. No provision has been made for employees and employers' contributions related to sums due on pay awards for 2003/04 not paid until 2004/05.
- (c) Dividend income accrued at 31st March 2004 but not received until 1st April or afterwards has been brought into the Fund's accounts as a debtor in accordance with the Code.
- (d) The following have been included as creditors in the accounts, also in accordance with the Code
  - (i) Retirement allowances and death grants where the date of leaving/death was up to and including 31st March 2004.
  - (ii) Transfer values where the date of transfer was up to and including 31st March 2004.

### **Valuation of Investments**

Investments are shown in the accounts at their market value which have been determined as follows :-

- (a) Securities quoted in the UK are valued at the last traded price quotations at close of business on 31st March 2004. This can be bid, mid or offer, however should the last traded price not be available the securities in question will automatically default to mid prices.
- (b) Securities quoted overseas are valued at the last traded price quotations of their local stock exchange prior to 31st March 2004. This can be bid, mid or offer, however should the last traded price not be available the securities in question will automatically default to mid prices.
- (c) Unit trusts and managed fund investments are stated at the last mid-point of their bid and offer prices quoted by their respective managers prior to 31st March 2004.

- (d) Other unlisted securities are valued having regard to latest dealings, professional valuations, asset values and other appropriate financial information.
- (e) All overseas securities and cash are translated into sterling at the rate ruling at the balance sheet date.

No allowance has been made for liabilities to pay pensions and other benefits after the 31st March 2004. The actuarial position of the Scheme is dealt with in the Certificate of the Actuary included in the Annual Report.

## 6. Actuarial position of the Fund

In common with other Local Government Pension Schemes an actuarial valuation is carried out every three years.

The latest Valuation of the Fund was conducted as at 31st March 2001. This Valuation is effective for a period of three years beginning with 1st April 2002.

The Valuation showed that a common rate of 200% of employees' contributions (185% in the 1998 Valuation) will be required from employers.

This common rate was calculated as being sufficient, together with contributions paid by employees, to meet all liabilities arising in respect of service after the Valuation date.

The common rate is then adjusted having regard to the individual circumstances of each employer, particularly to reflect the numbers of starters/leavers/early retirements since the last Valuation date and relative to the size of the ongoing payroll base from which future contributions will be derived.

Due mainly to the fact that scheduled bodies were previously permitted to pay less than the level of contributions required to fund liabilities in full, the value of the Fund's assets at 31 March 2001 represented 79.5% of the Fund's liabilities. Based on the actuarial value of the Fund's assets at Valuation date of £724m, the deficit to be funded amounted to £187m.

The next valuation will be based on the Fund position as at 31 March 2004. Initial estimates produced by the Actuary indicate that the Fund's assets at that date of £766m would represent around 65% of the Fund's liabilities.

It is therefore unlikely that the rate of employers' contributions will be able to be reduced in the short term. Indeed the Government has indicated that it would be appropriate to phase, over an extended period of years, the increases necessary for scheduled bodies to establish a fully funded position.

The contribution rates were calculated using the projected unit actuarial method.

The main actuarial assumptions for the 2001 Valuation were as follows:

	<b>For future service liabilities</b>
Rate of Discount	6.5 % per annum
Rate of Pensionable Pay Inflation	4.0 % per annum
Rate of Price Inflation	2.5 % per annum

\* plus salary scale for officers to allow for incremental increases

At the Valuation the allowance for non-ill health early retirements before age 60 was changed. No allowance was made for such retirements on the basis that they will be funded by additional lump sum payments, from employers, as and when they occur.

## 7. Investment Policy



The Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 as subsequently any pension fund monies which are not immediately required to pay pensions and other benefits. The Regulations set the limits for classes of investments and require the County Council to have a suitably diversified portfolio of investments. Apart from these legal constraints and prohibitions on trading in speculative derivatives and on stock lending and, from time to time, requiring a certain minimum level of investment held in cash, bonds and other similar securities, the County Council places no restrictions on the investment managers regarding the type of investment.

During 2002/03, following a review of fund manager performance, the existing investment arrangements were redefined. With effect from 1st November 2002, the majority of the assets of the Fund are invested on behalf of NYPF by four investment managers. Approximately 25% of the assets, by value, are now managed each by Baillie Gifford, Barclays Global Investors, Henderson Global Investors and Standard Life Investments.

The Fund has adopted a global balanced approach to each of these investment mandates in order to provide diversification and spread of risk. This approach allows the Fund to combine exposure to the growth element of equities whilst the more stable asset classes, such as bonds, provide more predictable investment returns.

Since 1 April 2001, the Pension Fund Committee has defined specific benchmark proportions for each asset class, within the global mandate framework, together with permitted ranges within which the investment manager may vary his holding of that asset class. These permitted ranges vary depending upon the performance target defined for the investment manager. A benchmark index is also nominated for each asset class for use in calculating a Fund specific composite performance figure against which individual managers will be monitored.

## 8. Analysis of Investments

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

Investment Manager	2004		2003	
	£000's	%	£000's	%
Baillie Gifford & Co.	195,956	25.6	152,834	26.1
Barclays Global Investors	177,706	23.2	134,522	23.0
Henderson Global Investors	172,042	22.5	131,384	22.5
Standard Life Investments	179,844	23.5	133,614	22.9
Hermes Focus Asset Management-UK	14,022	1.8	9,081	1.6
Hermes Focus Asset Management-Europe	13,306	1.7	9,212	1.6
Northern Investors Co plc	2,918	0.4	2,408	0.4
Yorks & Humber Regional Venture Capital	300	0.0	300	0.1
North Yorkshire County Council	9,700	1.3	10,646	1.8
<b>Total</b>	<b>765,794</b>	<b>100.0</b>	<b>584,001</b>	<b>100.0</b>

The following table shows the total of investments analysed by type as at 31st March :

		2004 £000's	2003 £000's
UK Assets	listed	321,842	239,273
	unlisted	-	-
Foreign Assets	listed	409,872	323,269
	unlisted	-	-

Total Invested	731,714	562,542
Cash and other Short Term Assets/Liabilities	<u>34,080</u>	<u>21,459</u>
Total	<u>765,794</u>	<u>584,001</u>

During the year, the various managers sold £298.8m of investment assets (2002/03 : £663.8m) and purchased £335.0m of investment assets (2002/03: £710.7m). ( The high level of investment activity in 2002/03 reflected the transition to new fund managers in November 2002).

#### 9. Details of the ten largest equity holdings as at 31st March 2004

	Market Value £000	Percentage of Value of Fund %
1. Vodafone Group PLC	21,267	2.8
2. BP PLC	15,961	2.1
3. HSBC Holdings PLC	14,089	1.8
4. Royal Bank of Scotland Group PLC	13,427	1.8
5. GlaxoSmithkline PLC	13,338	1.7
6. Barclays	6,789	0.9
7. Astrazeneca	5,489	0.7
8. Shell Transport and Trading	5,367	0.7
9. HBOS	4,779	0.6
10. BAT	<u>4,084</u>	<u>0.5</u>
Total	<u>104,590</u>	<u>13.6</u>

#### 10. Other Current Assets and Liabilities

	2003/04 £000	2002/03 £000
<b>Debtors</b>		
Investment Transactions	4,637	5,762
Accrued Dividends	3,813	3,474
Contributions due from Employing Authorities	5,115	4,917
Pensions Rechargeable	27	53
Withholding Taxes Recoverable	129	191
Interest on Deposits	0	133
Value Added Tax	0	0
Transfer Values In	530	345
Other	<u>12</u>	<u>22</u>
Total	<u>14,263</u>	<u>14,897</u>
<b>Creditors</b>		
Investment Transactions	4,062	7,224
Management Fees	510	461
Retirement Allowances/Death Grants	277	182
Transfer Values Out	81	179
Income Tax on Pensions	246	246
Other	<u>106</u>	<u>158</u>
Total	<u>5,282</u>	<u>8,450</u>

## 11. Investment Income

	<b>2003/04</b> <b>£000</b>	<b>2002/03</b> <b>£000</b>
Fixed Interest Securities	3,705	5,901
Dividends from Equities	8,269	9,363
Income from Managed Funds	0	60
Income from Properties	0	0
Income from Unit Trusts	0	132
Interest on Cash Deposits	527	904
Underwriting Commission	<u>1</u>	<u>29</u>
Total	<u>12,502</u>	<u>16,389</u>

## 12. Contributions & 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 Actuary. Benefits represent the amounts paid in pensions and lump sums (including retirement and death grants).

	<b>2003/04</b> <b>£000</b>	<b>2002/03</b> <b>£000</b>
<b>Contributions Receivable</b>		
North Yorkshire County Council	26,236	22,719
Other scheduled bodies	35,982	31,611
Admitted bodies	2,950	3,244
AVC Contributions	<u>1,459</u>	<u>1,427</u>
Total	<u>66,627</u>	<u>59,001</u>

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. These contributions are identified as separate lines in the accounts. A statement of the value of these investments is given in Note 18.

	<b>2003/04</b> <b>£000</b>	<b>2002/03</b> <b>£000</b>
<b>Benefits Payable</b>		
North Yorkshire County Council	18,968	17,789
North Yorkshire County Council	20,723	19,529
Other scheduled bodies		
Admitted bodies	<u>991</u>	<u>1,006</u>
Total	<u>40,682</u>	<u>38,324</u>

## 13. Administration Expenses

	<b>2003/04</b> <b>£000</b>	<b>2002/03</b> <b>£000</b>
Administration and Processing	847	816
Actuarial Fees	38	51
Legal and Audit Fees	<u>36</u>	<u>20</u>
Total	<u>921</u>	<u>887</u>

## 14. Taxation

### (a) United Kingdom Tax

The Fund is an exempt approved Fund under the Finance Act 1970 and is therefore not liable to UK income tax on interest, dividends and property income or to capital gains tax.

### (b) Value Added Tax

As North Yorkshire County Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities, including expenditure on investment and property expenses.

### (c) Withholding Taxes

Investment income from overseas suffers a withholding tax in the country of origin, except for income from the United States and certain European countries, where reciprocal agreements are in force and partial exemption exists.

## 15. Material Transactions with related parties

During the year no material transactions arose with related parties, other than those disclosed elsewhere in the Statement of Accounts.

No material related party transactions occurred in respect of members of the Pension Fund Committee during 2003/04

## 16. Stock Lending Arrangements

The Fund had no stock released to a third party under a stock lending arrangement within a regulated market at the period end. (2002/03 : none)

## 17. Material Contingent Liabilities

The Fund had no material contingent liabilities at the period end. (2002/03 : none)

## 18. Additional Voluntary Contributions (AVCs)

As stated in **Note 12** members may make Additional Voluntary Contributions (AVCs) which are invested in insurance policies with the Prudential Assurance Company Limited on behalf of the individual members concerned. Additional Voluntary Contributions received from employees and paid to the Prudential Assurance Company Limited for 2003/04 were £1,459,082 (£1,426,985 in 2002/03).

As at 31 March 2004 there were 2,416 active members in the AVC Fund (2,472 as at 31 March 2003), and there were 116 withdrawals from the AVC Fund during 2003/04 (84 during 2002/03).

The total value of the AVC Fund provided by these contributions as at 31 March was :

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
With Profits Retirement Benefits	12,115	11,066
Unit Linked Retirement Benefits	161	98
Deposit Fund Benefits	<u>3</u>	<u>1</u>
Total	<u>12,279</u>	<u>11,165</u>
Death in Service Benefits in Force	6,424	6,840

The change in value of the AVC Fund during the year was :

	<b>2003/04 £000</b>	<b>2002/03 £000</b>
<b>Opening Balance</b>	11,165	9,905
<b>Income</b>		
Contributions received	1,459	1,427
Interest and Bonuses / Change in Market Value	444	464
Transfers In	158	68
<b>Expenditure</b>		
Life Assurance Premiums	(19)	(19)
Retirement Benefits	(429)	(388)
Transfers Out and Withdrawals	(482)	(282)
Death - Return of Funds	<u>(17)</u>	<u>(10)</u>
<b>Closing Balance</b>	<u>12,279</u>	<u>11,165</u>

## 19. Statement of Investment Principles (SIP)

The Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 1999 require administering authorities to prepare, and review from time to time, a written statement recording the investment policy of the pension fund. The Pension Fund Committee approved the first version of the SIP for the North Yorkshire Pension Fund on 22 June 2000. The SIP is reviewed as and when necessary with the latest version being available from the Treasurer.

## 20. Prior Year Adjustments

1. There has been a change in accounting policy whereby Withholding Taxes deducted from dividends on Overseas Equities, offset by recoveries of tax, either received or outstanding, are now to be shown within Investment Income. Previously these had been included as Investment Expenses. The Withholding Taxes deducted and recoverable in 2002/03 amounted to net income of £28K. The adjustment that has been made to the 2002/03 comparative accounts is, therefore, to increase Investment Income by £28K, and to increase Investment Expenses by the same amount. The 2003/04 figures also reflect the new policy.
2. A revised method of differentiating between Administration Expenses and Investment Expenses has been implemented in the 2003/04 accounts. This has necessitated the same method being used in the 2002/03 comparative figures, resulting in a decrease in the Administration Expenses of £35K and a consequent increase in Investment Expenses of the same amount.

The overall impact of amendments (1) and (2) can be summarised as follows:

	<b>Admin Expenses £'000</b>	<b>Investment Income £'000</b>	<b>Investment Expenses £'000</b>
Reported in the 2002/03 Statement of Accounts	(922)	16,360	(1,660)
(1) Treatment of Withholding Taxes	-	28	(28)
(2) Realignment of Expenses	35	-	(35)
2002/03 comparative figures for 2003/04 Accounts	<u>(887)</u>	16,388	<u>(1,723)</u>

3. An examination of asset holdings has led to a reclassification of the assets in the Net Assets Statement for 2002/03. The differences between the entries in the published accounts for 2002/03 and the comparative figures reported in the 2003/04 accounts are as follows:

	Reported in the 2002/03 Statement of Accounts £'000	Amendment £'000	2002/03 comparative figures for 2003/04 £'000
Equities	428,578	(169,819)	258,759
Unit Trusts - Other	15,824	83,816	99,640
Managed Funds	-	86,003	86,003

# NORTH YORKSHIRE PENSION FUND

## AUDITOR'S REPORT

We have audited the Pension Fund accounts, on pages 11 to 22 which have been prepared in accordance with the accounting policies set out on pages 14 to 16.

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 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

### **Respective Responsibilities of Director of Financial Services and Auditors**

The Director of Financial Services for North Yorkshire County Council is responsible for the preparation of the financial statements in accordance with the Statement of Recommended Practice on Financial Reports of Pension Schemes 2002. Our responsibilities as independent Auditors are established by Statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements present fairly:

- the financial transactions of its Pension Fund during the year and the amount and disposition of the Fund's assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

We review whether North Yorkshire County Council's Statement of Assurance and Internal Control reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. We report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the Corporate Governance Statement of Assurance and Internal Control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the authority's corporate governance procedures or its risk and control procedures. Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

We read the other information published with the statement of accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

### **Basis of Opinion**

We carried out our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant audit standards issued by the Audit Practices Board.

An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by or on behalf of the Fund in the preparation of the financial statements and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion on the Pension Fund accounts**

In our opinion the statement of accounts presents fairly the financial transactions of North Yorkshire Pension Fund during the year ended 31st March 2004, and of the amount and distribution at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

### **Certificate**

We certify that we have completed the audit of accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

M.Kirkham  
District Auditor  
Audit Commission

Date



# ACTUARIAL VALUATION

## Valuation as at 31 March 2001

The following table sets out the position in relation to past service as at 31 March 2001.

	<i>£m</i>
Market Value of Assets	723.5
Value of Liabilities	
- active members	434.1
- deferred pensioners	100.0
- pensioners (including dependants)	<u>376.0</u>
Deficit	<u>£186.6m</u>

This represents a funding level relative to the liabilities of the Fund of 79.5%.

## Interim Review as at 31 March 2002

The following is the assessment by the Actuary of the solvency position as at 31 March 2002

	<i>£m</i>
Market Value of Assets	732
Total Past Service Liabilities	<u>977</u>
Deficit	<u>£245m</u>

This represents a funding level relative to the liabilities of the Fund of 75%

## Interim Review as at 31 March 2003

The following is the assessment by the Actuary of the solvency position as at 31 March 2003

	<i>£m</i>
Market Value of Assets	584
Total Past Service Liabilities	<u>1,062</u>
Deficit	<u>£478m</u>

This represents a funding level relative to the liabilities of the Fund of 55%

## Position as at 31 March 2004

The Actuary's assessment of the solvency position as at 31 March 2004 will be incorporated in the full Triennial Valuation as at that date. The latest assessment has indicated the following:

	<i>£m</i>
Market Value of Assets	766
Total Past Service Liabilities	<u>1,290</u>
Deficit	<u>£524m</u>

This represents a funding level relative to the liabilities of the Fund of 59.4%.



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# Local Government Pension Scheme Regulations 1997

## Rates and Adjustments Certificate issued in accordance with Regulation 77

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### **Regulation 77(3)**

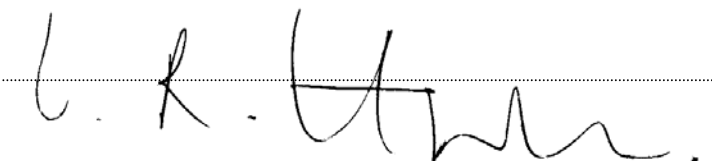
I hereby certify that, in my opinion, the Common Rate of employer's contributions payable in each year of the period of three years beginning 1 April 2002 should be at the rate of 200 per cent of employee contributions. I hereby certify that, in my opinion, the amount of the employer's contribution rate payable in each year of the period of three years beginning with 1 April 2002, as set out above, should be individually adjusted by the rate per cent of employee contributions set out in the attached Schedule.

A further individual adjustment shall be applied in respect of each non-ill health early retirement prior to age 60 occurring in the period of the Rates and Adjustments Certificate. This further individual adjustment will be calculated in accordance with guidance provided from time to time by the Fund's actuary to the Administering Authority.

### **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 arising will be met by additional contributions. Allowance for ill health retirements has been included in each employer's contribution rate, on the basis of the method and assumptions set out in this report.

**C R Hull**



A handwritten signature in black ink, appearing to read 'C. R. Hull', is written over a horizontal dotted line.

**28 March 2002**

**Date of signing**

# Schedule to the Rates and Adjustments Certificate Dated 28 March 2002

Major Scheduled Bodies	2002/03		2003/04		2004/05	
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %
North Yorkshire County Council	85	285	100	300	115	315
City of York Council	65	265	80	280	95	295
Ryedale District Council	65	265	80	280	100	300
Harrogate Borough Council	60	260	75	275	95	295
Richmondshire District Council	145	345	150	350	155	355
Selby District Council	90	290	100	300	115	315
Craven District Council	155	355	165	365	175	375
Hambleton District Council	-15	185	10	210	35	235
Scarborough Borough Council	115	315	130	330	145	345
North Yorkshire Police Authority	85	285	100	300	115	315

Other Scheduled Bodies	2002/03		2003/04		2004/05	
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %

Askham Bryan College	105	305	105	305	105	305
Craven College	45	245	45	245	45	245
York College	25	225	25	225	25	225
Selby College	30	230	30	230	30	230
Yorkshire Coast College	55	255	55	255	55	255
Scarborough Sixth Form College	95	295	95	295	95	295
University of Hull, Scarborough Campus	70	270	70	270	70	270
Fulford Parish Council	95	295	130	330	160	360
Whitby Town Council	95	295	130	330	160	360
Great Ayton Parish Council	95	295	130	330	160	360
Northallerton and Romanby Burial Board	95	295	130	330	160	360
Selby Town Council	95	295	130	330	160	360
Glusburn Parish Council	95	295	130	330	160	360
Foss Internal Drainage Board	95	295	130	330	160	360
Skipton Town Council	95	295	130	330	160	360
Ouse and Derwent Internal Drainage Board	95	295	130	330	160	360
Marston Moor Internal Drainage Board	95	295	130	330	160	360
Norton on Derwent Town Council	95	295	130	330	160	360
Thornton Internal Drainage Board	95	295	130	330	160	360
Richmond Town Council	95	295	130	330	160	360
Malton Town Council	95	295	130	330	160	360
Northallerton Town Council	95	295	130	330	160	360
Pickering Town Council	95	295	130	330	160	360
Hunmanby Parish Council	95	295	130	330	160	360
Haxby Town Council	95	295	130	330	160	360
Tadcaster Town Council	95	295	130	330	160	360
Ripon City Council	95	295	130	330	160	360
Knaresborough Town Council	95	295	130	330	160	360
North Yorkshire Fire & Rescue Authority	95	295	95	295	95	295
North Yorkshire Moors National Park	55	255	55	255	55	255

	2002/03		2003/04		2004/05	
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %
<b>Other Scheduled Bodies</b>						
Yorkshire Dales National Park	70	270	70	270	70	270
North Yorkshire Probation Committee	105	305	115	315	130	330
North Yorkshire Magistrates Courts Committee	70	270	90	290	110	310

	2002/03		2003/04		2004/05	
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %
<b>Admitted Bodies</b>						
York St John College	0	200	0	200	0	200
Yorkshire Housing	0	200	0	200	0	200
Yorkshire Tourist Board	-70	130	-70	130	-70	130
York Archaeological Trust Limited	-80	120	-45	155	-10	190
Joseph Rowntree Charitable Trust	-10	190	-10	190	-10	190
Ryedale Sports and Recreation Limited	50	250	50	250	50	250
North Yorkshire Business & Education Partnership	165	365 (21.8% of payroll)	165	365 (21.8% of payroll)	165	365 (21.8% of payroll)
Raynesway	112	312 (16.7% of payroll)	112	312 (16.7% of payroll)	112	312 (16.7% of payroll)
Northern Procurement Group	147	347 (20.8% of payroll)	147	347 (20.8% of payroll)	147	347 (20.8% of payroll)

It has been assumed that for the following bodies with no pensionable employees the proportion of increases stated below will continue to be recharged.

Former Employer (No pensionable employees)	Proportion of Pension Increases to be Recharged (%)
Filey Town Council	0
DoT 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
Sutton in Craven Parish Council	0
Harrogate Society for the Blind	0

**Notes:**

1. The contribution rates for the employers marked with an ‘\*’ are subject to review at times specified when the original rates were set.
2. Additional contributions may be paid on top of those set out above, subject to the agreement of the Administering Authority and actuary, where warranted by the circumstances of the body in question.
3. The Administering Authority may revise the contribution rates set out above in the period of this schedule, on actuarial advice, with the agreement of the bodies affected.

**EFFECTIVE EMPLOYER CONTRIBUTION RATES**  
(expressed as a percentage of Employee Pay based on an officer paying 6%)

Employing Organisation	EMPLOYERS' CONTRIBUTIONS		
	2002/03 %	2003/04 %	2004/05 %
North Yorkshire County Council	17.1	18.0	18.9
Craven DC	21.3	21.9	22.5
Hambleton DC	11.1	12.6	14.1
Harrogate BC .	15.6	16.5	17.7
Richmondshire DC	20.7	21.0	21.3
Ryedale DC	15.9	16.8	18.0
Scarborough BC	18.9	19.8	20.7
Selby DC	17.4	18.0	18.9
City of York Council	15.9	16.8	17.7
North Yorkshire Police Authority	17.1	18.0	18.9
Askham Bryan College	18.3	18.3	18.3
Selby College	13.8	13.8	13.8
York College	13.5	13.5	13.5
Craven College	14.7	14.7	14.7
Scarborough 6th Form College	17.7	17.7	17.7
Yorkshire Coast College	15.3	15.3	15.3
Great Ayton PC	17.7	19.8	21.6
Whitby TC	17.7	19.8	21.6
Fulford PC	17.7	19.8	21.6
Foss IDB	17.7	19.8	21.6
Marston Moor IDB	17.7	19.8	21.6
Pickering TC	17.7	19.8	21.6
Hunmanby PC	17.7	19.8	21.6
Haxby TC	17.7	19.8	21.6
Tadcaster Town Council	17.7	19.8	21.6
Selby TC	17.7	19.8	21.6
Norton-on-Derwent TC	17.7	19.8	21.6
Ouse & Derwent IDB	17.7	19.8	21.6
Thornton IDB	17.7	19.8	21.6
Glusburn PC	17.7	19.8	21.6
Skipton TC	17.7	19.8	21.6
Richmond TC	17.7	19.8	21.6
University College Scarborough	17.7	19.8	21.6
N'ton & Romanby Joint Burial Board	17.7	19.8	21.6
Northallerton TC	17.7	19.8	21.6
Malton TC	17.7	19.8	21.6
Ripon City Council	17.7	19.8	21.6
Knaresborough TC	17.7	19.8	21.6
North Yorkshire Fire & Rescue Authority	17.7	17.7	17.7
North York Moors National Park Authority	15.3	15.3	15.3
Yorkshire Dales National Park Authority	16.2	16.2	16.2
North Yorkshire Probation Committee	18.3	18.9	19.8
North Yorkshire Magistrates Courts Committee	16.2	17.4	18.6
York St John College	12.0	12.0	12.0
York Archaeological Trust	7.2	9.3	11.4
Yorkshire Tourist Board	7.8	7.8	7.8



Employing Organisation	EMPLOYERS' CONTRIBUTIONS		
	2002/03 %	2003/04 %	2004/05 %
J Rowntree Charitable Trust	11.4	11.4	11.4
Yorkshire Housing (RHA)	12.0	12.0	12.0
Ryedale Sports & Recreation Ltd.	15.0	15.0	15.0
North Yorkshire Business & Education Partnership*	21.8	21.8	21.8
Raynesway*	16.7	16.7	16.7
Northern Procurement Group*	20.8	20.8	20.8

NB : This schedule is based on the Actuary's Report as at 31/03/2001 and takes no account of employers joining or leaving the Scheme after that date.

\* The Actuary has shown these rates in his Rates and Adjustments Certificate. They are percentages of pensionable pay rather than percentages of employees' contributions. These rates take account of members paying 5% in employees' contributions as well as those paying 6%.

# SUMMARY OF 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 or 'AVC's'. 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.



## MEMBERSHIP STATISTICS

Employer (1)	SUMMARY OF ACTIVE MEMBERS		SUMMARY OF DEFERRED MEMBERS		SUMMARY OF PENSIONERS	
	Pensionable Employees as at 31/3/2003 (2)	Pensionable Employees as at 31/3/2004 (3)	Deferreds as at 31/3/2003 (4)	Deferreds as at 31/3/2004 (5)	Pensioners as at 31/3/2003 (6)	Pensioners as at 31/3/2004 (7)
North Yorkshire County Council	10,353	11,255	4,590	4,787	5,480	5,688
North Yorkshire Police Authority	709	888	237	262	311	322
North Yorkshire Fire & Rescue Authority	106	118	2	3	13	14
North Yorkshire Probation Committee	206	232	64	73	81	92
North Yorkshire Magistrates Courts Committee	127	131	51	59	58	62
North York Moors National Park	113	121	25	30	13	19
Yorkshire Dales National Park	123	133	37	39	13	14
Raynesway	246	303	-	16	7	11
<b>DISTRICTS</b>						
Craven	259	225	107	117	205	204
Hambleton	344	351	130	143	199	201
Harrogate	1,095	1,141	471	490	628	642
Richmondshire	277	288	116	121	176	179
Ryedale	226	236	111	113	218	226
Scarborough	949	949	363	386	842	847
Selby	333	344	202	205	256	259
<b>UNITARY AUTHORITIES</b>						
York	4,074	4,501	1,168	1,262	1,134	1,225
<b>COLLEGES</b>	927	943	324	374	127	174
<b>OTHER EMPLOYERS</b>	543	720	275	290	281	265
<b>TOTAL</b>	<b>21,010</b>	<b>22,879</b>	<b>8,273</b>	<b>8,770</b>	<b>10,042</b>	<b>10,444</b>



## NOTES





## NOTES