

Annual Report

2012 / 2013

www.cheshirepensionfund.org

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Accessing Cheshire Pension Fund information and services

Pension Fund information is also available in audio, braille, large print and other formats. If you would like a copy in a different format or another language please contact us:

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Introduction

Welcome to the 2012/13 Annual Report for the Cheshire Pension Fund. During the year the Fund has continued to embrace the change that is currently surrounding the Local Government Pension Scheme (LGPS) and at the same time improve the service and support to both employers and members in order that they can make informed decisions with regard to pension provision.

At the time of writing this introduction, the Fund continues to work towards the implementation of the new LGPS that will come into being in April 2014. In addition to influencing this scheme through responding to consultations and advising on key elements of its design, the Fund is also directing a significant level of resource to communicating the changes to both employers and members of the Fund. This will be a key feature of our work in 2013/14 as we aim to meet the challenge that is presented.

Looking back at 2012/13, similar to previous years, it is satisfying to identify a number of key achievements that the Fund, working with employers and members, has achieved. The Funds business plan for the year identified 44 key activities that would need to take place in order to meet its stated objectives. Reviewing the year, it is pleasing to report that 36 of these have been completed, while the remaining tasks, including preparation for LGPS 2014 and large scale procurement projects, will carry forward into 2013/14.

Performance across the Funds key areas of activity are detailed in this report, I would however like to highlight the following notable achievements:

- On the investment side, Fund assets have increased from £2.888bn to £3.232bn as a direct result of the investment strategy delivering the returns it was designed to achieve;
- Within the administration section of the business, in 2012/13 the Fund achieved a delivery rate of 96% of the casework within 5 – 10 working days, compared to its stated objective of 95%; and
- The Fund has recognised the importance of providing regular accurate management information to employers in order for them to manage their pension responsibilities effectively. To this end an employer monitoring tool has been developed that will help employers understand the key issues that are relevant to them and which can be used to inform decision making.

Whilst looking back at 2012/13 is reassuring, the work ahead for both the fund and employers is challenging as not only will we need to work together throughout the year to introduce the new scheme, but other significant pieces of work including the triennial valuation and the completion of an investment strategy review will also be undertaken.

It is acknowledged that the scale of these tasks is not to be underestimated; however, I am confident that by further developing the working relationship between the Fund and its employers and members that we can ensure that all parties can make effective and informed decisions with regard to pension provision.

Mark Wynn *Head of Finance*
Cheshire West and Chester Council

Management Structure

Administering Authority

Cheshire West and Chester Council

Cheshire West and Chester Officers

Julie Gill

Director of Resources

Mark Wynn

Head of Finance

Stephan Van Arendsen

Senior Manager, Corporate Finance

Meic Sullivan-Gould

Interim Head of Legal and Democratic Services

Pension Fund Committee

Councillor Peter Mason

Cheshire East Council (Chairman)

Councillor Frank Keegan

Cheshire East Council

Councillor David Newton

Cheshire East Council

Councillor Peter Raynes

Cheshire East Council

Councillor Don Beckett

Cheshire West and Chester Council

Councillor Mark Henesy

Cheshire West and Chester Council

Councillor Myles Hogg

Cheshire West and Chester Council

Councillor Hilarie McNae

Cheshire West and Chester Council

Councillor John Joyce

Warrington Borough Council

Councillor Mike Wharton

Halton Borough Council

Mrs Olga Kokkinis

Unison (Employee Representative)

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Governance of the Cheshire Pension Fund

Cheshire West and Chester Council is the statutory Administering Authority for the Cheshire Pension Fund. The Fund administers the Local Government Pension Scheme (LGPS) for 148 employers within Cheshire, with over 30,000 contributing members, 23,000 pensioners and beneficiaries and a further 23,000 deferred pensioners. The Fund has assets of £3.232bn and in terms of size and value is within the top 100 UK Pension Funds.

Fund's Governance Objectives

- To ensure that the Governance arrangements of the Fund are conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- To ensure that the Fund is governed and administered by Pension Committee Members and Officers who have appropriate knowledge and skills in order to discharge their responsibilities;
- To understand, manage and monitor the risks to the Fund;
- To ensure that the Fund procures the most appropriate services and goods at the most competitive price; and
- To be accountable to the Fund's members, employers and stakeholders for all decisions made.

Governance Structure

Overall responsibility for managing the Fund lies with the full Council of Cheshire West and Chester Council who have delegated the governance of the Fund to the Director of Resources for Cheshire West and Chester Council advised by the Pension Fund Committee. Monitoring of investment performance and manager monitoring is undertaken by the Investment Sub Committee but ultimate responsibility for this function lies with the full Pension Fund Committee.

The Pension Fund Committee

The Committee has overall responsibility for the management of the Fund; however, it will receive recommendations from the Investment Sub Committee and the Pensions Consultative Forum (PCF) to enable it to discharge its responsibility effectively. *The Pension Fund Committee's key responsibilities are to:*

- To exercise the administering authority's responsibility for the management of the Cheshire Pension Fund, including the management of the administration of the benefits and strategic management of Fund assets;
- To meet quarterly, or otherwise as necessary, to effectively monitor investment activities during the year;
- To have overall responsibility for investment policy and monitor overall performance;
- To oversee the appointment and termination of investment managers;
- To establish performance benchmarks and targets for investment managers;
- To review governance arrangements and the effective use of its advisors to ensure good decision making;
- To oversee the Pensions Consultative Forum (PCF) arrangement and compliance with best practice;
- To receive regular reports from the (PCF) on Scheme administration to ensure that best practice standards are satisfied and met and to satisfy itself and justify to stakeholders that the Fund is being run on an effective basis; and
- To approve and maintain a Statement of Investment Principles, Funding Strategy Statement, Communication Policy, Governance Compliance Statement and publish a Pension Fund Annual Report.

The Investment Sub Committee

The Committee review the investment performance of the Fund and Managers against set objectives, benchmarks and targets and consider if, and to what extent, any recommendation to the Pension Fund Committee may be necessary to ensure the efficient and effective investment performance of the Fund.

The Investment Sub Committee's key responsibilities are to:

- Receive reports from the Fund's investment managers and other service providers on issues that may impact on the Fund's investment strategy and objectives. Consider these reports and to what extent any recommendations to the Pension Fund Committee may be necessary to ensure the efficient and effective investment performance of the Fund;
- Receive and consider any investment manager and service provider issues escalated to the Committee by key Officers; and
- Receive appropriate advice from investment advisors in order to formulate and continually review the structure to ensure effective consideration, implementation and monitoring of investment opportunities for the Fund..

The Pension Consultative Forum

The Fund is keen for all stakeholders to participate in the governance of the Fund and achieves this through the Pension Consultative Forum which consists of employer representatives from Local Authorities, Police, Fire and Rescue (non uniform) Authorities, Housing Associations, Admitted Bodies, Colleges and the Trades Unions. The Forum allows the Fund's stakeholders to bring their own perspective to the management of the Fund.

The Forum's key responsibilities are to:

- Agree the terms and manage, on an ongoing basis, the Service Level Agreements in relation to the provision of administration services;
- Discuss the minutes and updates from the Pension Fund Committee and ensure the flow of information between the Committees and the Forum; and
- Ensure that the Forum's functions are discharged and approve the Annual Administration Reports.

Delegation

The Administering Authority has delegated the following functions:

The Director of Resources sets the appropriate funding target for the Fund.

The day to day management of the Fund is delegated to the Head of Finance who is supported by the Senior Manager – Corporate Finance who heads the Pension Team.

The Head of Finance and Officers within Corporate Finance have delegated powers which include the following key responsibilities:

- Monitoring the activity and performance of the Fund's investment managers including compliance with policy and performance objectives;
- Ensuring that appropriate research is undertaken into new investment initiatives to ensure that the Fund is best placed to deliver the long term financial objectives;
- Monitoring and reconciliation of investment managers and custodians reports;
- Monitor funding levels;
- Maintaining regular dialogue with the Fund's advisors, investment managers and custodians;
- Preparation and maintenance of the Funding Strategy Statement, the Governance Policy Statement and the Communications Policy Statement;
- Calculation and authorisation of all benefit payments; and
- Provision of accurate and reliable membership data for actuarial valuation purposes.

Representation

Representation on the Funds' Committees is outlined below:

Pension Fund Committee

The Committee has the following membership:

Cheshire West and Chester Council	Elected Members	4 (voting rights)
Cheshire East Council	Elected Members	4 (voting rights)
Warrington Borough Council	Elected Members	1 (voting rights)
Halton Borough Council	Elected Members	1 (voting rights)
Employee representative	Unison Representative	1 (non-voting rights)

Decisions are made by a clear majority and the Chairman of the Committee has a casting vote should there be equality in the voting.

Investment Sub Committee

Membership of the Investment Sub Committee is open to voting members of the Pension Fund Committee through nomination, with final approval resting with the Full Committee.

Pension Consultative Forum

The Forum has the following membership:

- A Chairperson (who is also Chairperson of the full Pension Fund Committee)
- An Employee Representative
- Up to two representatives from Cheshire West and Chester Council
- Up to two representatives from Cheshire East Council
- One representative each from Warrington and Halton Borough Councils
- One employer representative from Cheshire Police, Cheshire Fire & Rescue, Colleges, Admitted Bodies, and the Housing Trusts

Governance Compliance Statement

The LGPS regulations require that the Administering Authority, after consultation with such persons as they consider appropriate, prepare, maintain, publish and keep under review a published compliance statement. The Fund's Compliance Statement sets out voting rights, stakeholder representation, frequency of meetings, access to papers, training and any reasons for non compliance with the Government's best practice principles. A link to the Fund's Compliance Statement is provided on the publications page of the report.

Key Risks and Controls

The Committee, as part of their governance role for the fund, also receive a quarterly report on the Fund's delivery of its business plan and progress against its key objectives. This provides a strong foundation for effective business planning and ensures delivery of priorities and management of risk.

At every meeting the Pension Fund Committee receives a report on the key risks which might prevent the Fund from delivering its key objectives. Each risk is initially assigned a score designed to reflect the likelihood of it occurring and also the reputational, financial and resource impacts faced by the Fund if it were to occur. Risks are then considered against a series of mitigations designed to reduce their likelihood and/or impact.

The risks are regularly reviewed in light of new information, with new risks added and old risks removed according to circumstance. The full risk management framework is presented at each Pension Fund Committee meeting with particular attention drawn to the highest risks and those that have changed score since the last report.

An example of the kind of risks facing the Fund and the steps taken to mitigate them is given below:

Key risk	Summary of control mechanisms
Inappropriate Investment and Funding Strategy set that increases risk of future contribution rate increases	Fund commissions probabilistic modelling from the fund's actuary to test the likelihood of success of achieving 100% solvency across 1000's of different economic scenarios
Investment Strategy is static, inflexible and does not meet employers and the Fund's objectives	Formal de-risking strategy is being developed which allows Fund to de-risk within defined parameters and when certain triggers have been achieved. Employer classification and separate investment strategies for groups of employer allows that the benefits of de-risking are felt at employer level
Insufficient time to respond and implement 2014 Scheme - e.g. regulation changes are enacted retrospectively	Active engagement in the development of LGPS 2014 through consultations, sharing of knowledge with other Funds, LGA and professional advisors. Training and preparation of staff to ensure readiness Early communication with employers and Scheme members

Member Training Report

The Cheshire Pension Fund is keen to maintain and develop the knowledge and skills of its trustees on a continual basis. In order to achieve this, the Fund continues to seek the most appropriate structure to deliver a comprehensive training package that supports the delivery of a first class service to employers and members alike.

During the first quarter of 2012, the Funds trustees and officers completed the CIPFA knowledge and skills framework questionnaire, which aimed to identify the knowledge base of those involved. It was pleasing that all parties had a strong base of knowledge for all aspects of the LGPS. Following completion of this exercise, the Fund has developed a 2 year training and skills programme that will see each area of the knowledge and skills framework be the subject of a dedicated training session.

The programme is delivered by industry experts and stakeholders of the Fund and is directly linked not only to knowledge and skills framework but also the

key activities that will be of interest to the Funds employers and members. The programme was approved by the Pension Fund Committee on 15 June 2012 and will continue to see the delivery of a session every quarter. This training and education programme has been developed in accordance with the Funds Policy statement on the subject and both of these documents can be found on the Funds website and as stated have been formally approved by the Pension Fund Committee.

In addition to this formal plan the Fund will supplement these defined sessions with additional training and education to reflect current issues e.g. specific asset classes in advance of a procurement process, and seminars and conferences held by industry recognised professionals and the Funds existing advisors and fund managers.

On the rise of the approval of the 2 year training plan, during 2012/13 the following sessions were held for all members of the committee:

Topic Covered	Date	Delivered By
LGPS- Valuation	4 September 2012	Funds Actuary-Hymans Robertson
Product Knowledge- Absolute Return	7 December 2012	Fauchier Partners / Arrowgrass
Equity Strategies	14 March 2013	Baillie Gifford / GMO

The Pension Fund Committee has designated the Director of Resources, Julie Gill to be responsible for ensuring that the policy in respect of training and education is implemented.

As the officer nominated by the pensions committee responsible for ensuring that the authority's training policies and strategies are implemented, the Director of Resources can confirm that the officers and members charged with the financial management and decision-making of the pension scheme collectively possessed the requisite knowledge and skills necessary to discharge those duties and make the decisions required during the reporting period.

Julie Gill Director of Resources

Administration Report

Overview

This year has proved to be a challenging year in terms of the administration of the Local Government Pension Scheme. In the last year we have been actively preparing the Fund's stakeholders for the introduction of the new LGPS from April 2014, and at the same time completed the review of our team structure which has been successfully implemented from 1st April 2013. We are confident that with the new structure in place the Fund will be in a prime position to meet the challenges of the LGPS 2014 whilst maintaining the high quality of service that our stakeholders have come to expect.

During the last year it is a testament to the dedication and professionalism of the pension staff that these challenges were met whilst also maintaining a high level of service and improving on our already impressive service level agreements.

Collaboration - Partnerships

The collaboration with other Administering Authorities has continued throughout the year, and we have produced several key documents within the collaborative group to share expertise and costs. The goal is to continually exploit these opportunities and to enhance the service to the Fund's Stakeholders.

Business Plan – Governance Reporting

Every year we identify the key administration and communications challenges facing the Fund and include them in the Fund's Business Plan. These actions are constantly monitored in order to guarantee that our demanding and stretching targets are met on time. This enables us to

- Set out the objectives for the year
- Provide a basis for measuring actual performance and delivery against those targets
- Form the basis for reporting progress to the Pension Fund Committee and the Pension Consultative Forum
- Provide staff, partners and customers with a clear vision of the Fund's administration and communications objectives

Measuring our Administration Costs

The Cheshire Pension Fund participates in the Chartered Institute of Public Finance and Accountancy Pensions Administration Benchmarking Club (CIPFA). The club compares a wide range of statistics with other Administering Authorities in England and Wales to assess performance, with a drive to raising the standard of administration and keeping the service cost effective.

Cost per member

As part of the CIPFA benchmarking process we are required to calculate the cost per member of administering the fund. The costs are measured by taking into account cost member/measurement, which is then broken down by staff costs, payroll costs, overheads and income. The cost per member is the combined cost of administering active, deferred and pensioner members.

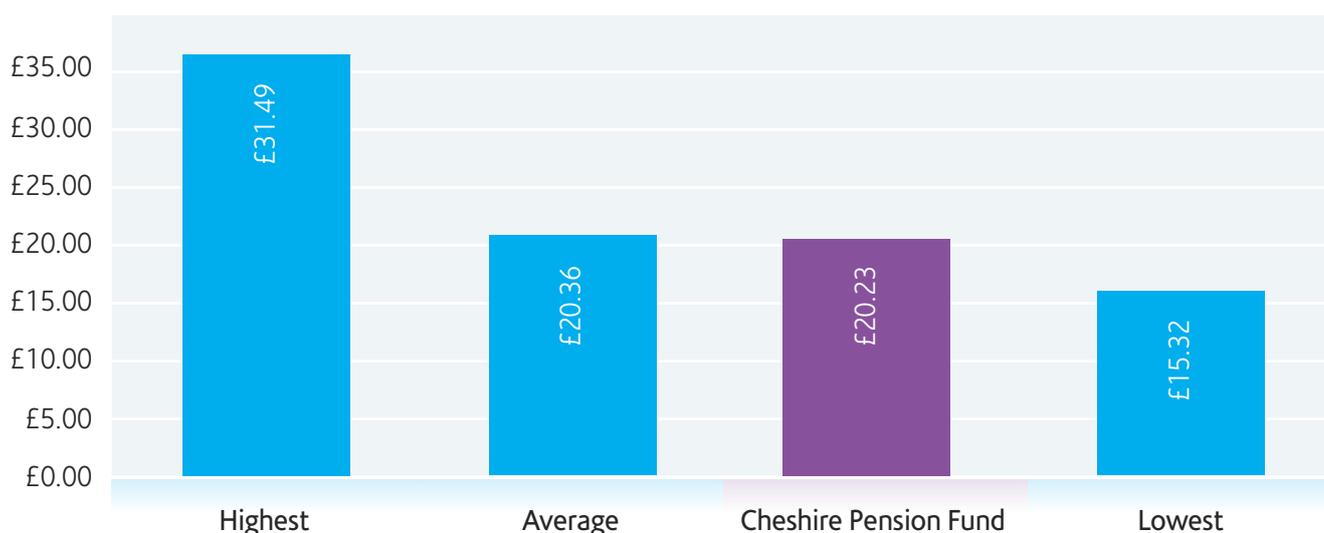
In the latest CIPFA statistics (2011/12) the **average** cost per member within the club was **£20.87** per member. **Whereas the Cheshire Pension Fund cost** for the same period is below the average at **£20.23**.

Comparison with similar sized Funds

The Fund also took the opportunity to compare our costs against 10 Local Government Administering Authorities with a similar sized membership for the 2011/12 financial year.

The **average** cost per member for 2011/12 was **£20.36** per member, and once again the Fund's costs were slightly below that average at **£20.23** per member.

Comparison of unit cost per member 2011/12



The **highest** cost per member within the group was **£31.49**, and the **lowest** was **£15.32**.

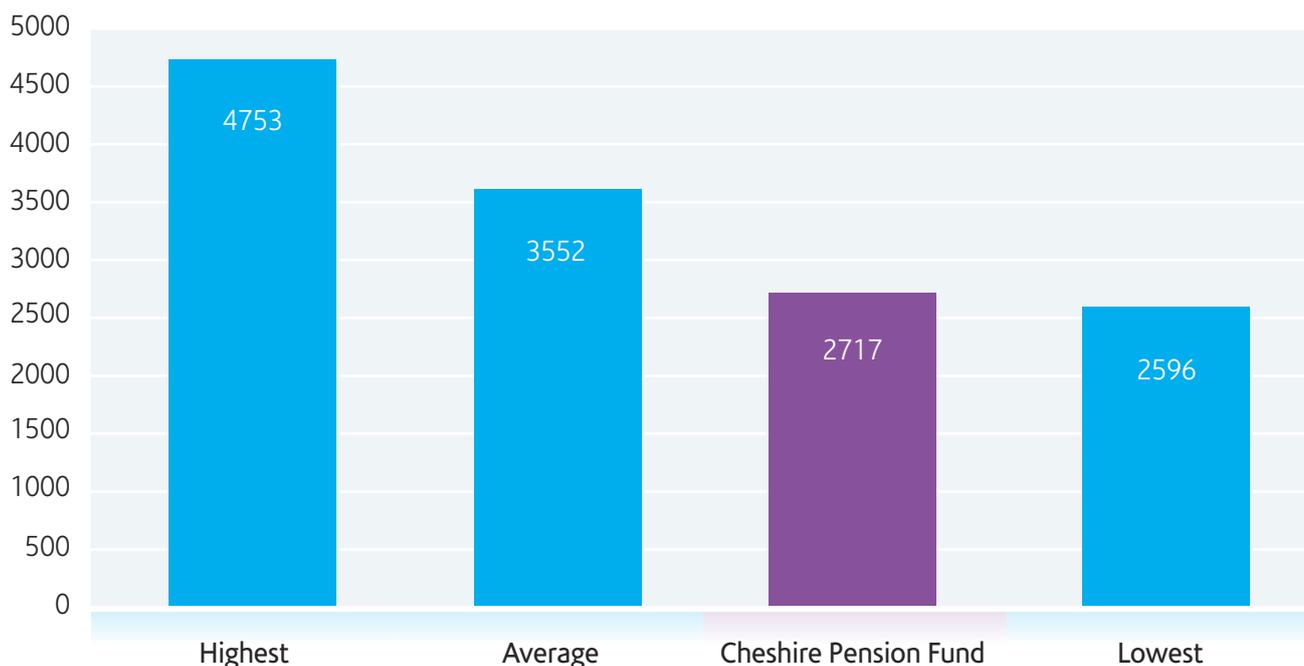
At the time of going to print we are waiting for CIPFA to produce the statistics for 2012/13 for other Administering Authorities, however for this period the Cheshire Pension Fund has completed the statistical analysis and the costs have reduced further to **£19.09** per member.

Number of scheme members per Full Time Equivalent employee

This measure is used to gauge the number of scheme members that can be supported by each Full Time Equivalent (FTE) member of administration staff employed by the Fund.

The CIPFA data to compare against other funds is not available for 2012/13, so a comparison of the data based on the 2011/12 financial year is shown in the table below:

Scheme members per FTE employees 2011/2012



Service Standards

One of the key administration objectives is to provide an efficient and effective service to our members and deliver against our published service levels. Key to this is the receipt of accurate and timely information from our employers and over the years we have worked closely with our employers to ensure efficient processes are in place to exchange information.

Our service standards are measured against the industry recognised CIPFA standards. The target is measured from the point at which the last piece of information needed is received.

The following tables demonstrate that as with the 2011/2012 financial year, 96% of the Fund's benchmarked work for the year 2012/13 was completed within CIPFA recommended timescales. This high standard has now been maintained for 2 consecutive years.

This year processing retirement estimates became the biggest single area of work within the Fund, and just fewer than 100% of these cases were processed within the target timescales. In 2012/13 we processed just under 2,600 estimates and over 1,400 actual retirements and again we achieved outstanding success rate of 99% completed against the national benchmarks.

	Target for completion (days)	Number of cases (processed)	% processed within target
Letter Detailing Transfer In Details	10	430	91.70
Letter Detailing Transfer Out Quote	10	586	97.00
Processing a Refund	10	128	93.60
Retirement Estimates	5	2599	99.70
Actual Retirement Letter	5	1411	98.40
Death Acknowledgment	5	739	98.80
Dependant Benefits Letter	10	219	94.00
Deferred Benefits Notification	10	2415	96.50

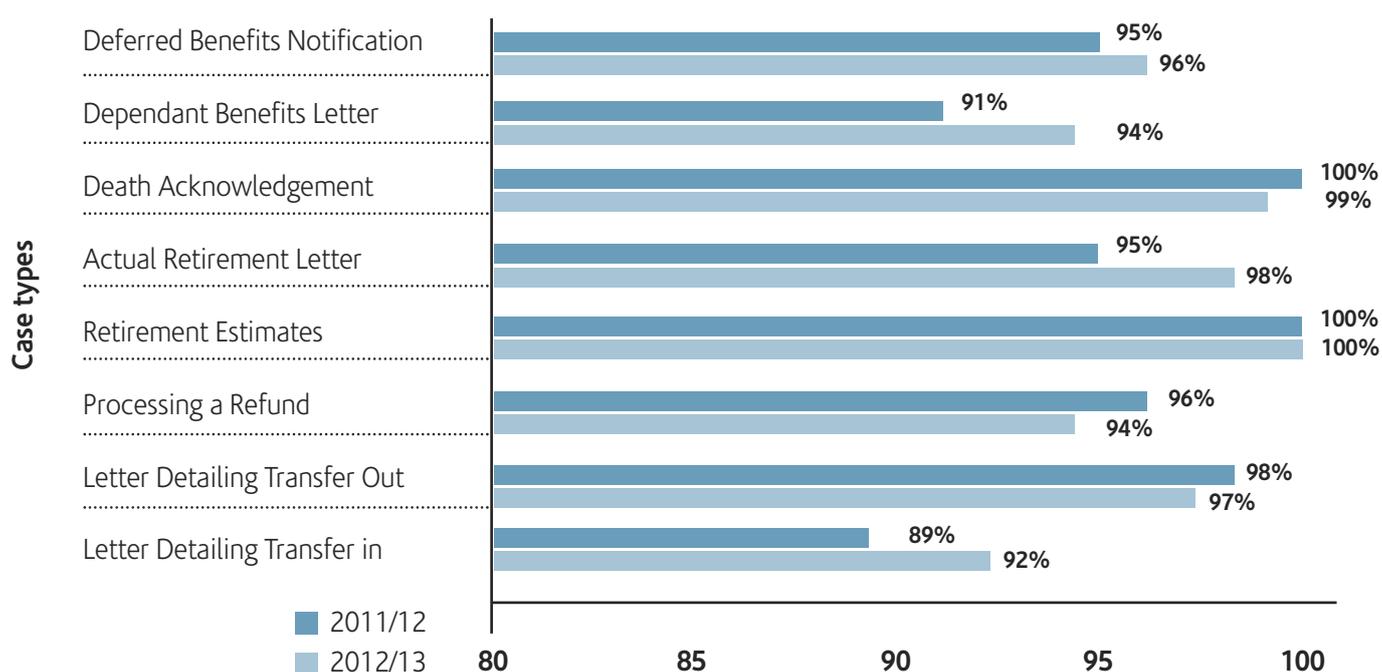
Average number of benchmarked cases per staff member

To calculate the average it has been necessary to identify the number of staff that specifically deals with casework within the department. As at 31st March 2013 there were **14.5 full time equivalent** members of staff that processed casework, and in total there were **8,527** benchmarked cases during the year.

It should be noted that although the 14.5 full time equivalent members of staff deal predominantly with the benchmarked processes, this is not their sole area of work and they continue to carry out many other functions as well.

On average each full time equivalent member of staff processed **588** cases.

Comparison of performance between 2011/12 and 2012/13



Internal Dispute Resolution Procedure 2012/13

There are times when Scheme members, employers and the administering authority may find themselves in disagreement about a pension issue. The first approach in such situations is for those involved to talk to each other to reach resolution. However, should this not prove possible, LGPS regulations provide for an Internal Disputes Resolution Procedure (IDRP).

A stage 1 appeal is raised with a scheme member's employer or administering authority within 6 months of the date the disagreement came to light. If no resolution can be found at stage 1, the case is referred to a nominated person representing the administering authority, who has had no previous involvement with the case, within 6 months of the first decision (stage 2).

Fortunately such instances are few and far between and the table below shows the total number of resolved cases during 2012/13.

Stage	Cases Submitted during 12/13	Outstanding cases resolved in 12/13*	Outstanding cases as % of benchmarked workload	Dismissed	Upheld
1st	2	4	0.05	4	0
2nd	0	3	0.04	3	0
Total	2	7	0.09	7	0

***Includes cases submitted from previous financial years**

The total number of cases resolved during the year amounted to less than **0.1%** of the total benchmarked workload.

Fund's membership profile over a 5 year period

For the first time in 5 years the total number of active membership increased from the previous year to **30,683**, while membership numbers overall have increased at a consistent rate with previous years.

However the fund has also seen an increase in members drawing benefits from the Fund, and a rise in the number of members with deferred benefits as shown in the table below.

Membership Category					
	March 2013	March 2012	March 2011	March 2010	March 2009
Activities	30,683	30,464	31,297	31,687	32,499
Pensioners	23,474	22,648	21,563	20,642	19,009
Deferreds	23,413	21,684	20,148	18,566	16,329
Total	77,570	74,796	73,008	70,895	67,837

Analysis of membership profile

The tables below show how the membership for each year from 2009 to 2013 is broken down in 8 different age groups.

Active Members

Age Group	1st April 2013	1st April 2012	1st April 2011	1st April 2010	1st April 2009
Under 25	1,396	1,300	1,419	1,596	1,742
25 - 29	1,976	2,071	2,216	2,302	2,349
30 - 34	2,704	2,607	2,663	2,649	2,745
35 - 39	3,447	3,625	3,877	4,055	4,276
40 - 44	5,106	5,155	5,418	5,489	5,552
45 - 49	5,818	5,882	5,899	5,855	5,792
50 - 54	5,093	4,872	4,811	4,734	4,862
55 and over	5,143	4,952	4,994	5,007	5,181
Total	30,683	30,464	31,297	31,687	32,499

Pensioners

Age Group	1st April 2013	1st April 2012	1st April 2011	1st April 2010	1st April 2009
Under 25	218	209	197	191	190
25 - 29	-	0	0	1	1
30 - 34	5	7	7	5	8
35 - 39	14	15	16	16	20
40 - 44	31	49	60	73	75
45 - 49	147	145	151	178	176
50 - 54	487	588	704	767	522
55 and over	22,572	21,635	20,428	19,411	18,017
Total	23,474	22,648	21,563	20,642	19,009

Deferred Members

Age Group	1st April 2013	1st April 2012	1st April 2011	1st April 2010	1st April 2009
Under 25	885	942	932	846	790
25 - 29	1,746	1,600	1,493	1,428	1,209
30 - 34	2,183	1,964	1,806	1,622	1,450
35 - 39	2,727	2,716	2,635	2,586	2,351
40 - 44	3,951	3,701	3,571	3,374	3,032
45 - 49	4,693	4,357	3,928	3,459	2,935
50 - 54	4,088	3,617	3,239	2,902	2,562
55 and over	3,140	2,787	2,544	2,349	2,000
Total	23,413	21,684	20,148	18,566	16,329

Communication Strategy

The Fund recognises that it has a responsibility to communicate effectively through the Trustees, employers, members and stakeholders of the Fund. In our Communication Strategy we set out the functions and activities that will be delivered during the Scheme Year. The Strategy is updated each year to identify our key functions and activities.

A full copy of the Funds Communication Strategy can be located in the publication section of the Annual Report.

The New Local Government Pension Scheme (LGPS) 2014

With the introduction of the News LGPS in April 2014 every aspect of the scheme will be changing. It is therefore essential that we use the most effective communication vehicles to get the right information to the right groups of people at the right time.

Key to the success of the communication exercise will be working with our employers to cascade the information to members and engage with non members about the benefits of membership of the LGPS.

Outlined below are the key features of the new scheme and communicating these changes to employers and members will be our main objective in 2013/14.

LGPS 2014 - Key Features

	LGPS 2014	Existing Scheme
Basis of Pension	Career Average Revalued Earnings (CARE)	Final Salary (FS)
Accrual Rate	1/49th	1/60th
Revaluation Rate	By order of HMT	Based on Final Salary
Contribution Flexibility	Yes, members can pay 50% contributions for 50% of the pension benefit	No
Normal Pension Age	Equal to the individual member's State Pension Age (minimum 65)	65
Lump Sum Trade Off	Trade £1 of pension for £12 lump sum	Trade £1 of pension for £12 lump sum
Death in Service Lump Sum	3 * pensionable pay	3 * pensionable pay
Death in Service Survivor Benefits	1/160th accrual basis	1/160th accrual basis
Ill health Provisions	Three tiers	Three tiers
Indexation of Pension in Payment	Pensions Increase Orders (currently CPI)	Pensions Increase Orders
Qualifying period for benefits	2 Years	3 months

Employer Focus

2012-13 was another busy year both for the Administering Authority and the Fund's employers, old and new. The recent surge in the number of new employers being admitted into the Fund continued with 34 more employers being welcomed into the Fund in the year ending 31 March 2013.

The Cheshire Pension Fund acts as a looking glass, with the makeup of its employers reflecting back how public services are delivered locally. For example, a change in how education is delivered was reflected by 13 new Academies and 2 Free Schools being admitted into the Fund during the year. This brought the total number of Academies to 30, with a further 3 Free Schools by the end of the Financial Year.

Local Authorities continue to review and change how they deliver services and in 2012-13 we welcomed a new Community Interest Company delivering neighbourhood and wellbeing services and a new Charitable Trust delivering Cultural and Heritage services, both in the Warrington area.

The more 'traditional' type of outsourcing of Local Authority Services to private sector companies also continued, with 9 private sector contractors admitted to the scheme providing services as diverse as Waste Collection, Highways Maintenance, School Cleaning and Catering to Management of a Theatre.

Finally, reform of police authorities across the UK resulted in the newly elected Police & Crime Commissioner for Cheshire becoming a significant scheme employer within the Fund.

The employer make up of the Fund has changed dramatically over the years. Revisiting the annual report from 1993, the Fund had 9 County and District Councils and 46 employers actively paying in to the Fund. Now 20 years later with the number of Councils having reduced to the 4 Unitary Councils, the total number of employers paying in has still increased more than threefold to over 140.

The increase in the number of employers in the Fund and their diversity in terms of size, membership profile, financial covenant and time horizon in the LGPS sets both the Administering Authority and the employers challenges in managing pension liabilities.

The Administering Authority aims to provide a holistic approach to supporting employers on their 'cradle to grave' journey through membership of the LGPS.



<p>New Employers</p>	<p>All new employers are invited to attend employer training sessions to make them aware of the roles and responsibilities of being an employer in the LGPS. These bi-monthly meetings were augmented in 2012-13 by dedicated training for Academies to reflect the continued growth in schools converting</p>
<p>Ongoing Support and Communication</p>	<p>The Administering Authority use a range of different mediums to communicate key strategic issues to employers, for example through bi-annual Employer Meetings, Publication of Annual Employer newsletters, whilst also maintaining a dedicated employers website which acts as a repository for factsheets, guidance notes and updates on the scheme regulations and other pensions related topics.</p> <p>In communicating to employers in 2012-13, the Administering Authority focused on four key strategic themes, the 2013 triennial valuation, Auto Enrolment, the launch of the new 2014 scheme and developing a tool to support employers in understanding and monitoring their pension liabilities.</p> <p>2013 Triennial Valuation</p> <p>In advance of the 2013 valuation, at the Employer Meeting in November 2012, the Fund's actuary presented a set of interim valuation results to aid employers in understanding the key drivers and the likely direction of travel of the results. Employers were also issued with their own individual interim results and 38 employers took up the offer of the opportunity of individual meetings with the Administering Authority to discuss the potential impact of the results.</p> <p>The issues discussed at these meetings can have a significant impact on employers, but it is heartening to receive the positive feedback from employers for providing them with the opportunity to consider and discuss an early warning of how the results may pan out.</p> <p>Auto-enrolment</p> <p>A key strategic issue which came into force for large employers in 2012 and will follow for smaller employers over the coming months and years is the changes to work place pensions where employers must automatically enrol certain members of their workforce into a pension scheme and as an employer also make a contribution towards it.</p> <p>Although auto enrolment is ultimately the responsibility of each employer, the Administering Authority has sought to support employers and raise their awareness of their responsibilities under the initiative, through training sessions with the major employers, publication of a guide to auto enrolment and issuing a questionnaire to gauge their readiness for the new arrangements. Auto enrolment has also been a regular item on the Employers newsletter.</p> <p>LGPS 2014</p> <p>The LGPS is facing arguably the biggest change in its history from 1st April 2014 as it moves from being a final salary scheme to a Career Average Revalued Earnings Scheme. The Administering Authority has recognised the need to provide support to employers in the build up to the introduction of the new scheme. This support has been focused on helping employers deliver two separate, but key roles.</p>

<p>Ongoing Support and Communication continued</p>	<p>LGPS 2014 continued</p> <p>Firstly, ensuring that employers recognise and understand their revised responsibilities under the new scheme, and secondly recognising the key role that employers will play in cascading information about the new scheme to members and engage with non members about the benefits of membership of the LGPS.</p> <p>Communicating the LGPS 2014 to employers formed a significant component of the Fund's communication strategy in 2012-13, and was a major agenda item at the last two Employer Meetings. This face to face communication was also reinforced by a dedicated section on the website and regular updates to employers via Newsletters and circulars.</p> <p>The importance of this communication will continue in 2013-14 and forms a key element of the Communication Strategy in the lead up to 1st April 2014 and implementation of LGPS 2014.</p> <p>Monitoring an Employers Pension Liabilities</p> <p>As commented earlier, the increase in the number of employers in the Fund and their diversity in terms of size, membership profile, financial covenant and time horizon in the LGPS has set both the Administering Authority and the employers' challenges in managing pension liabilities.</p> <p>Monitoring individual employers' pension liabilities has become more important as each may face different economic, financial and political pressures which impact on their membership of the LGPS.</p> <p>The Administering Authority has recognised these challenges and developed and implemented a system and process to monitor employers funding levels, cashflows, membership profile and other key inputs that could impact on employers' pension liabilities and the associated risk to the Fund.</p> <p>These monitoring tools have been further developed into an 'employer monitoring pack' which Officers share with employers on a regular basis to a) raise the employers awareness of their current pension obligations b) ensure that the employer is regularly made aware of any material changes to their pension obligations and c) allow time for Officers, employers and other parties to work in partnership to address any issues.</p>
<p>Exiting the Scheme</p>	<p>As well as the increase in the number of employers joining the scheme, there has been an increase in the number of employers either leaving the scheme or their time frame of continued membership of the LGPS is quickly diminishing. This could be due to a finite time of LGPS membership through for example a fixed term contract coming to an end, or as membership matures if an employer has closed access to the scheme to new members.</p> <p>The Administering Authority has developed strategies to help employers exit the scheme in a planned and affordable manner and where appropriate, these strategies will form an integral part of the 2013 valuation contribution setting strategy. During 2012-13 the Administering Authority supported 2 employers to exit the scheme by setting affordable exit plans and another 3 employers have existing exit payment plans in place.</p>

Looking Forward

At the time of writing, the Actuary is busy over the summer months performing the actuarial calculations with the expectation that individual results will be available to employers by the end of November 2013. As we look forward to the outputs of the 2013 valuation being available in the autumn, the Actuary will again attend the Employers meeting in November where he will present the whole fund results. This will be followed by the opportunity again, to meet with the Administering Authority to discuss, what this time, will be employer's real results.

Employers are reminded that as part of the valuation process, the Administering Authority will be consulting on a revision to the Funding Strategy Statement. This key document forms a central plank in the valuation process and sets the framework for how the actuary carries out the valuation and sets employers' contribution rates.

As it is such a key document in the process, employers are reminded to review the document when it becomes available and to feedback with any views they may have.

Any revision to employer's contribution rates will come into force on 1st April 2014, a landmark day in the history of the LGPS as the new scheme is also implemented on the same day.

New employers who joined the Fund between 1 April 2012 and 31 March 2013

Admitted Bodies

Curzon Cinemas Ltd

Dataspire

Foundation Enterprises
NW Ltd

HQ Theatres Limited

Livewire

Local Solutions

May Gurney

Northgate Managed
Services

Plus Dane Housing
Association

Ringway Infrastructure
Services Limited

Taylor Shaw

Tommy Thumbs

Warrington Cultural Trust

Academies

All Hallows Catholic College

Beamont Collegiate Academy

Catholic High School, Chester

County High School Leftwich

Eaton Bank Academy

Great Sankey High School

Kelsall Primary School

King's Leadership Academy

Knutsford Academy

Lymm High School

Neston High School

Tarporley High School & Sixth
Form College

University Academy Warrington

Wade Deacon High School

Designated Bodies

Alsager Town Council

Handforth Parish Council

Holmes Chapel Parish Council

Lymm Parish Council

Free Schools

Sandymoor School

Scheme Employers

Police and Crime
Commissioner



Investment report

Investment Strategy and Governance

As noted earlier in the Governance section of this report, responsibility for the Fund's investment strategy lies with the Director of Resources advised by the Pension Fund Committee (the Committee) after having taken expert advice.

The Fund's primary investment objective as set out in the published Statement of Investment Principles is to achieve a return from the Fund's investments sufficient to ensure that it can meet its pension liabilities, whilst also managing investment risk.

The Fund targets a return of at least 6.1% per annum in order to eliminate the funding deficit assessed at the 2010 Valuation and to deliver a return from investments sufficient to keep pace with the cost of future pension provision.

To assist delivery of these objectives the Committee also advises on the Fund's strategic asset allocation. This sets out the amounts to be invested in a diversified portfolio of assets.

The Fund invests in a wide range of asset classes and regions across the world in the belief that a diversified portfolio will yield higher returns and pose a lower risk than any individual investment.

Diversification also strives to smooth out risk in a portfolio so that the positive performance of some investments will neutralise the negative performance of others.

Investment Strategy Review

The 2012-13 financial year represented the third year following the Investment Strategy Review of 2010. The Fund's overall investment strategy is reviewed on a triennial basis in line with the LGPS liability valuation cycle.

As would be expected in the final year of a three year cycle, few changes were made to the overall structure of the portfolio. As stated in the previous years' annual report, the significant restructuring identified as part of the 2010 review was completed during 2011-12. ***This included;***

- The allocation of 15% of fund assets to an Absolute Return mandate comprising 4 investment managers;
- Redemption of one of the funds secured loans portfolio; and
- Restructuring of the Fund's fixed income mandates including a reduced allocation to the Baillie Gifford Bond Fund and a transfer from Henderson's High Alpha Fund to the Total Return Bond Fund.

The only change made during 2012-13 was a £30m commitment to the M&G Debt Opportunities Fund made in June 2012. This commitment represents 1% of total Fund assets and at 31st March 2013 the manager had drawn down £6.2m of funds.

The focus of the M&G Debt Opportunities Fund is to generate a return by purchasing debt in underperforming, stressed or distressed UK and European issuers. The risk averse and disciplined investment approach of the manager made this an attractive opportunity to add further diversification to the portfolio.

Asset Allocation

The table below shows both the Fund's strategic asset allocation benchmark as at 31st March 2013 and over the previous 3 years.

	2010 %	2011 %	2012 %	2013 %
UK equities	25.0	23.5	11.5	10.5
Global Equities	37.0	40.5	40.5	40.5
Total Equities	62.0	64.0	52.0	51.0
Fixed Income	14.0	14.0	14.0	14.0
Property	9.0	9.0	9.0	9.0
Secured Loans	5.0	5.0	5.0	5.0
Private Equity	5.0	5.0	5.0	5.0
Global Tactical Asset Allocation (GTAA)	3.0	3.0	-	-
Cash	2.0	-	-	-
Absolute Return	-	-	15.0	15.0
Debt Opportunities				1.0

(Total values may not equal 100% due to rounding)

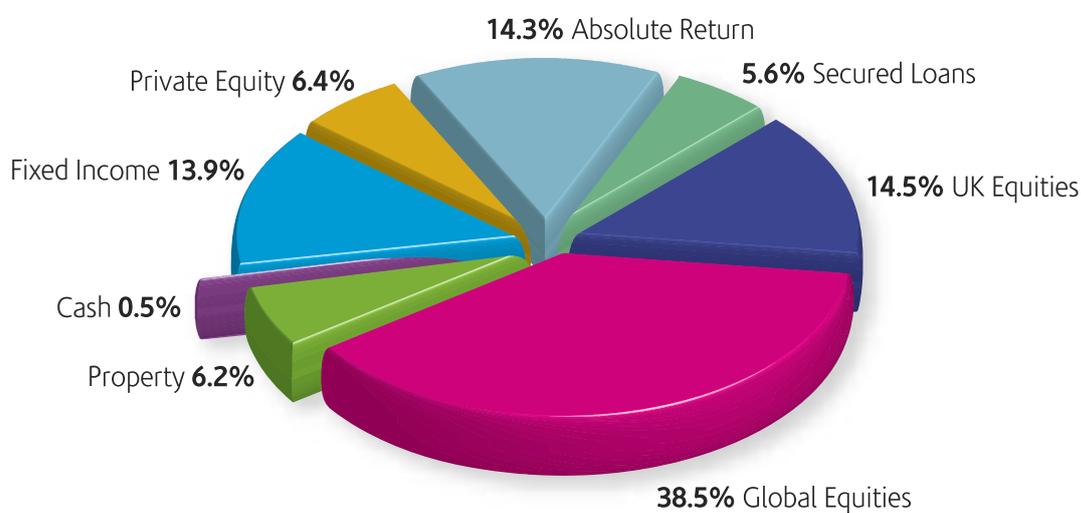
Appointed Investment Managers

The Fund has appointed 14 external investment managers to undertake the day to day management of the Fund's assets across 18 mandates. Each manager has a specific performance target against which their performance is regularly monitored. *The value of direct assets under management (excluding any investment liabilities) by each manager and their respective benchmarks are shown in the table below:*

Manager	Assets (£m)	Date Appointed	Mandate	Investment Style	Benchmark	Performance Target
Legal & General	684	1993	Global Equities	Passive Index Tracker	Tailored Benchmark	Track Index
Baillie Gifford Global Alpha	361	2011	Global Equities	Active	MSCI All World Index	+3%
Baillie Gifford Long Term Global Alpha	269	2005	Global Equities	Active	FTSE All World Index	+3%
Baillie Gifford	51	2008	Fixed Income	Active	45% FT Actuaries All Stock Index, 55% Bank of America Non Gilts Index	+1.5%
GMO	400	2005	Global Equities	Active	MSCI All World Index	+3%
Rockspring	201	1988	Property	Active	BNY Property Median	Outperform Index
Goldman Sachs	205	2008	Fixed Income	Active	Bank of America Sterling Broad Index	+2%
Henderson	194	2012	Fixed Income	Active	Libor	6% Absolute Return Target
M&G	147	2006	Secured Loans	Active	Libor	+1.75%
M&G	32	2009	UK Company Financing Fund	Active	Libor	10% per annum
M&G	6	2012	Distressed Debt	Active	Libor	15% per annum

Manager	Assets (£m)	Date Appointed	Mandate	Investment Style	Benchmark	Performance Target
Adam Street Partners	109	2003	Private Equity	Active	Libor	12%-15% IRR (net of fees)
Partheon Ventures	90	2003	Private Equity	Active	Libor	8%-10% per annum
Lexington	6	2005	Private Equity	Active	Libor	10% per annum
Arrowgrass	115	2011	Absolute Return	Active	CPI	CPI +5% per annum
Jubilee	182	2011	Absolute Return	Active	CPI	CPI +5% per annum
Och Ziff	76	2011	Absolute Return	Active	CPI	CPI +5% per annum
Winton	87	2011	Absolute Return	Active	CPI	CPI +5% per annum
Money Market Funds	15	Various	Cash	Active	Libor	Outperform LIBOR
Total	3,231					

The £3.232bn of direct assets under management as at 31st March were split across the various asset classes as shown in the chart below:



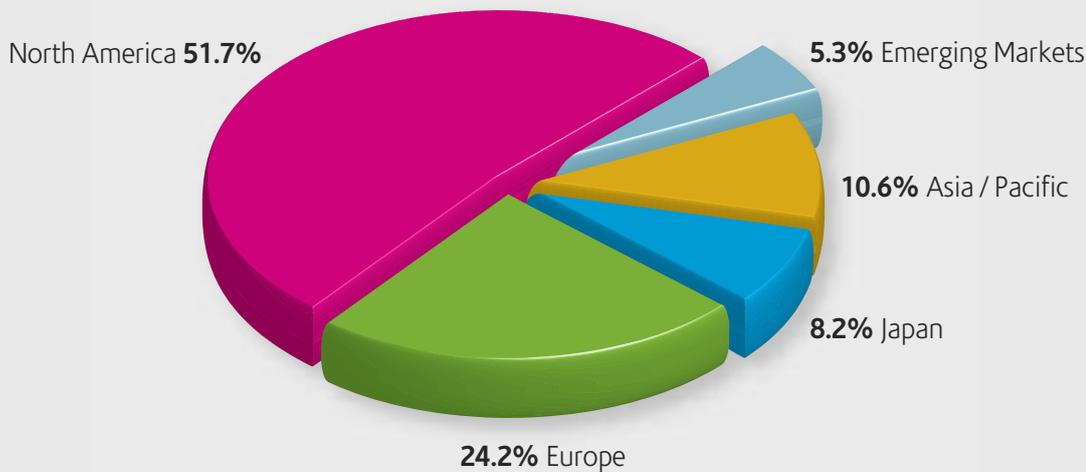
(Total may not equal 100% due to rounding)

There have been no significant changes to actual asset allocations during the year as shown in the table below:

	01 Apr 12	31 Mar 13	Change
UK Equities	13.8%	14.5%	0.7%
Global Equities	36.6%	38.5%	1.9%
Property	6.4%	6.2%	-0.2%
Cash	2.0%	0.5%	-1.5%
Fixed Income	14.1%	13.9%	-0.2%
Private Equity	6.9%	6.4%	-0.5%
Absolute Return	14.8%	14.3%	-0.5%
Secured Loans	5.1%	5.6%	0.5%

The increase in the Fund's allocation to Equities is reflective of the performance of this asset class, relative to other investments during the year.

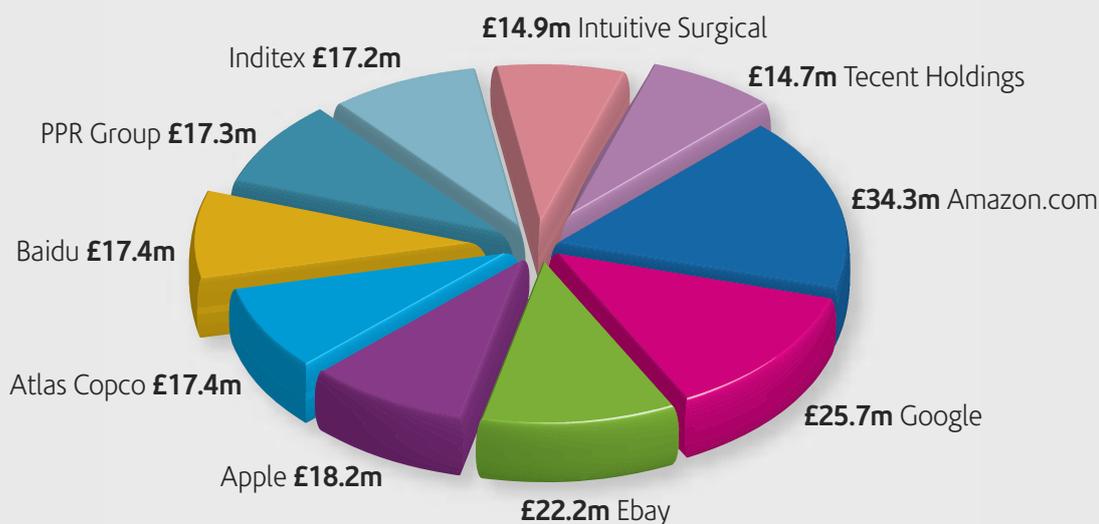
The Global equity component of the portfolio is spread across the following regions:



(Total may not equal 100% due to rounding)

Top 10 holdings

The Fund has £1,030m invested directly in equities around the world with a further £684m invested indirectly through pooled or collective investment vehicles. *The top 10 combined equity holdings held directly by the Fund (not through pooled vehicles) are shown below:*



Property Holdings

The Fund holds direct UK property assets totalling £188m in a diversified portfolio of UK retail, industrial and office properties with a further £13m invested in UK and European property unit trusts. *The largest direct holdings by market value are shown in the table below:*

Property	Sector	Value (£m)
Maybrook Retail Park, Canterbury	Retail Warehouses	16.850
Burgan House, Staines	Office Development	15.800
Haymarket & Humbertsone Gate, Leicester	Retail	15.500
11-29 Victoria Street, Grimsby	Retail	13.815
Riverside House, Aberdeen	Offices	13.200
Haddenham Business Park, Haddenham	Industrial Warehouses	11.530

Market Commentary

In light of the seemingly concerted effort from the US, UK, Japanese and European Central Banks to use quantitative easing to avoid an illiquidity crisis, concerns over a systematic failure of financial markets appear to have receded. Investors adopted a more upbeat mood towards risky assets over the year to 31st March 2013. Despite the absence of any meaningful and consistent improvement in economic fundamentals, equity markets have been front-running the investment cycle posting double digit returns.

The global economic background remained largely unchanged, with data suggesting a sluggish growth and, at best, a slow grinding recovery. Consensus economic forecasts marginally fell, with 2.6% real global GDP growth expected in 2013 (Source: Consensus Economics April 2013).

Significant divergence in economic growth was seen in different regions. With the conclusion of the US Presidential Election in November 2012 and the deal on the fiscal cliff being reached by the US congress at the start of 2013, the forecast for US economic growth had been somewhat more positive than the other developed markets albeit slow and cautious. The recovery in the UK continued to falter with

Moody's downgrade of the UK Credit rating to Aa1 in February 2013. The significant depreciation of Sterling against the US dollar and the Euro over the first quarter of 2013 highlighted the continued concerns over the weakness of the UK economy and its future growth prospects. As the Euro area officially fell back in recession in the second half of 2012, Germany managed to avoid recession and continued to post relatively strong growth compared to Italy and Spain. More recently, the uncertainty of the Italian election and the botched European Central Bank rescue of Cyprus once again weighed on the concerns over the Euro.

Emerging markets continued to be a major engine of global economic growth. However, stock markets remained concerned over the slower than expected growth in China as export demand from Europe declined, although this may be seen in hindsight as a helpful cooling-off process.

Investment Markets (all returns below are sourced from Thomson Reuters Datastream)

UK Equity Market

In the UK, equity markets performed strongly over the 12 month period to 31 March 2013. The FTSE All-Share Index rose 16.8% over the year with large, mid and small cap stocks returning 15.4%, 24.3% and 24.5% respectively.

Overseas Equity Markets

The major overseas equity markets also recorded strong growth over the year ended 31 March 2013, achieving the following returns:

The FTSE World North America Index returned 19.3% in Sterling terms, and 13.5% in local currency terms.

The FTSE World Europe (ex UK) Index returned 18.0% to the Sterling investor and 15.9% in local currency terms.

The FTSE World Japan Index returned 14.3% and 24.1% to Sterling and local investors respectively.

The Asia Pacific (ex Japan) region, as measured by the FTSE World Asia Pacific (ex Japan) Index, returned 18.1% to Sterling investors and 11.5% to local investors.

Emerging Markets, as represented by the FTSE All World Emerging Markets Index, returned 7.4% and 6.5% to Sterling and local investors respectively.

Bonds

UK Government Bonds as measured by the FTSE Gilts All Stocks Index returned 5.3% over the one year period to 31 March 2013. Long dated issues as measured by the corresponding Over 15 Year Index returned 8.1%. The yield for the FTSE Gilts All Stocks index fell over the year from 2.75% to 2.47%.

Off the back of the announcement that there would be no change to the Retail Price Inflation (RPI) measure in early January 2013, index-linked gilts rallied strongly as RPI inflation expectations increased. The FTSE All Stocks Index Linked Gilts index returned 10.2% with the corresponding 15 year index also exhibiting a positive return of 12.1%. This resulted in the real yield on all index-linked gilts falling to negative levels.

Corporate debt as measured by the BofA Merrill Lynch Sterling Non-Gilts index continued to give a strong positive return. Over the year to 31st March 2013 corporate debt returned 12.0%.

Property

Over the 12 month period to 31st March 2013, the IPD UK All Property Index returned 2.5% in Sterling terms. The three main sectors of the UK Property market each recorded positive returns over the period (retail 0.7%, office 4.3% and industrial 4.0%).

Hedge Funds

The HFRI Fund of Funds Composite Index returned 10.4% over the year. The major underlying indices all exhibited positive performance; the Macro index returned 5.9%, while Relative Value index returned 16.0%. Equity Hedge and Event Driven indices returned 11.3% and 13.4% respectively.

Currencies

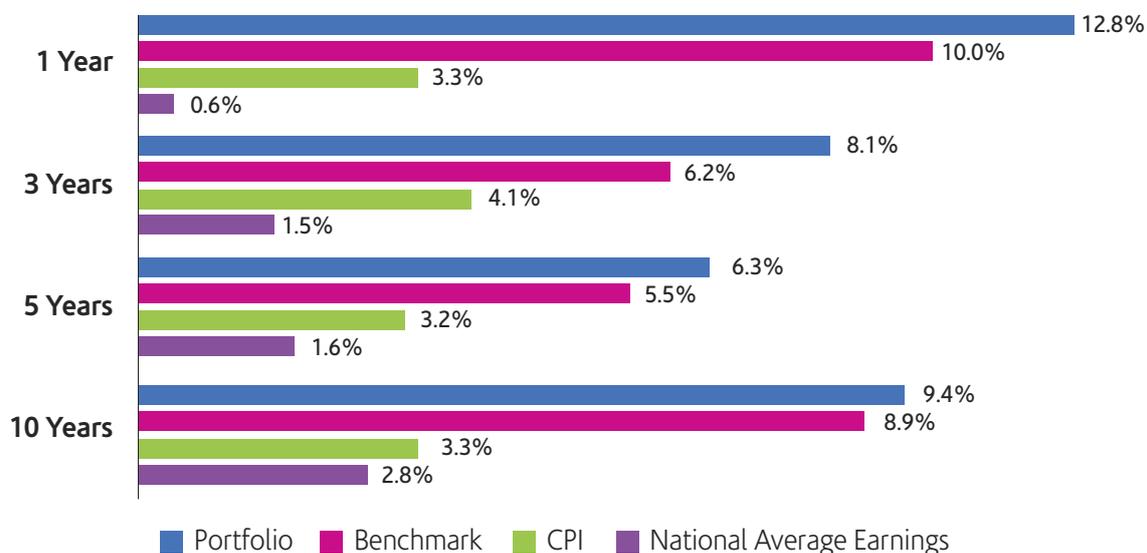
Over the year, Sterling rose 8.6% against the Yen from ¥131.49 to ¥142.76 but depreciated against the US Dollar by 5.0% from \$1.598 to \$1.518 and by 1.4% against the Euro from €1.20 to €1.18.

Investment Performance

The Fund has adopted a tailored benchmark in line with its specific asset allocation rather than a peer group benchmark. The Committee regularly reviews the performance of both the investment strategy and the contribution of the Fund's investment managers. Managers are required to submit reports on performance and investment activity to the Committee on a quarterly basis. The Fund also engages an independent performance measurer – BNY Mellon Asset Servicing to independently assess the rates of return achieved.

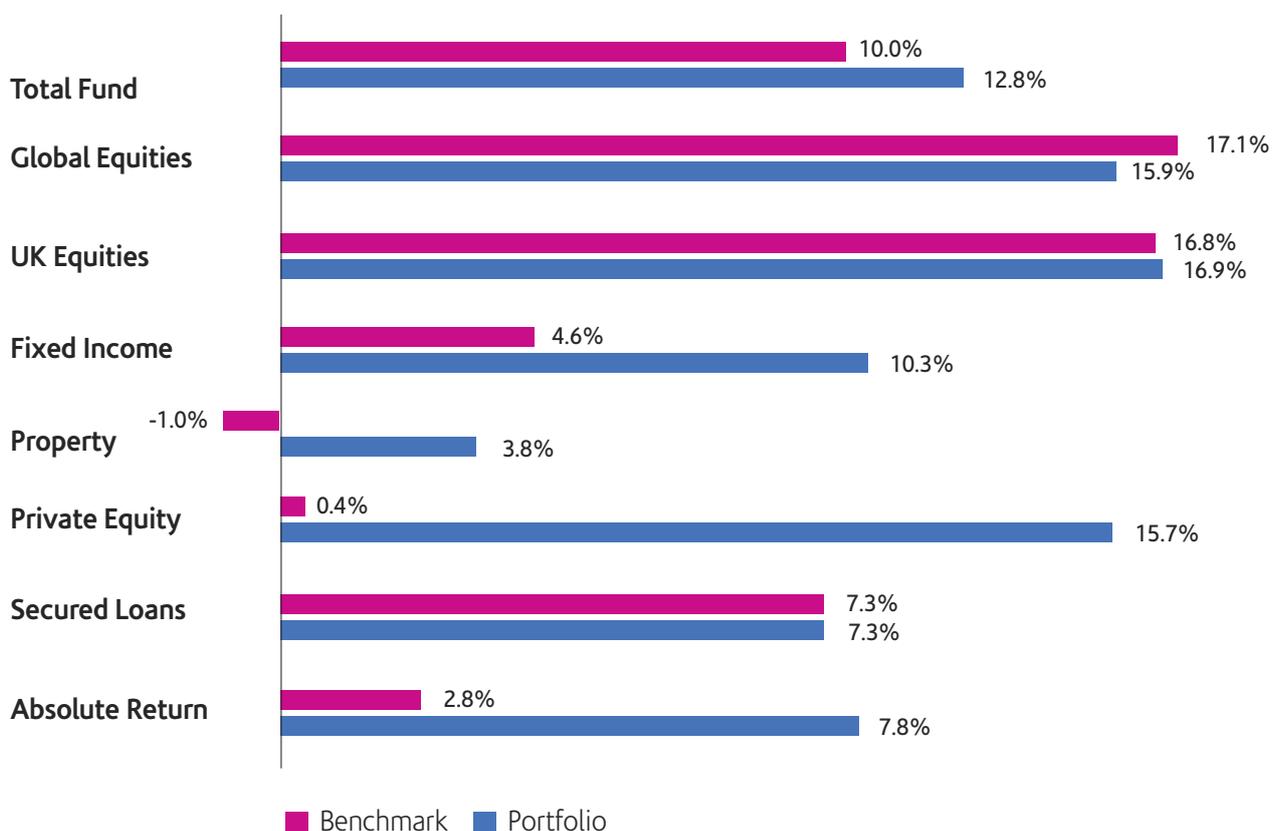
The majority of the Fund's assets are managed actively by external investment managers in the belief that active management will add value (net of management fees) over index or benchmark returns. Notwithstanding this expectation of outperformance from active management, the Fund's performance will inevitably be linked to the performance of the global financial markets and the underlying assets that the Fund is actually invested in. Most notably overseas equities, UK equities, bond markets and the UK property market which the Fund has strategic allocations to of 40.5%, 10.5%, 14% and 9% (74% in total) of the Fund's assets respectively.

The Fund's overall performance in the year and over the longer term is set out in the following charts and tables:

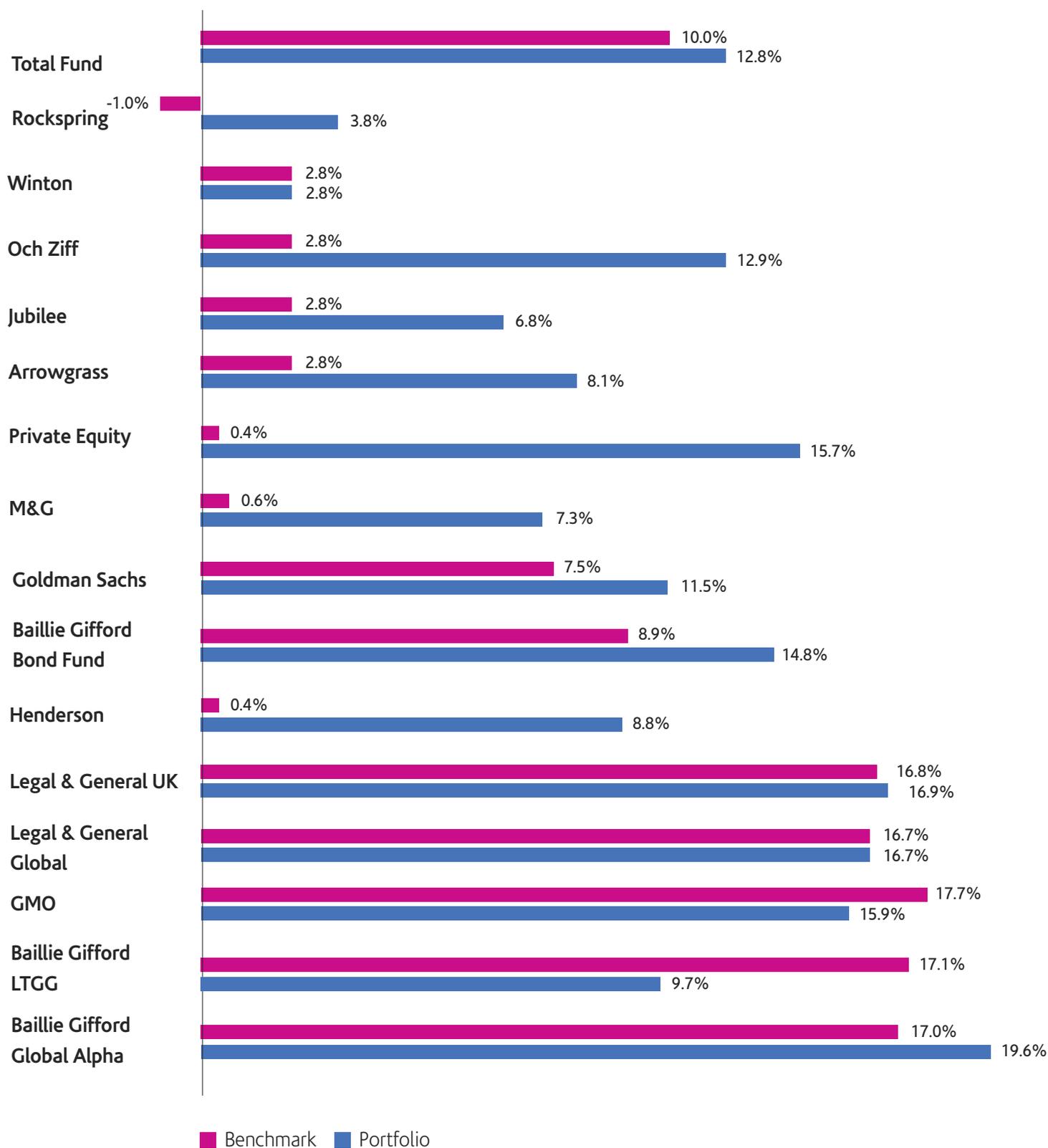


The Fund returned +12.8% in the year ending 31st March 2013, +2.8% above its benchmark return of +10.0%. This followed a return of +2.9% in the previous financial year. The net assets of the Fund are now £362m higher than as at 31st March 2012 at £3.231bn.

All of the asset classes that the Fund invests in achieved positive returns during 2012-13.



Investment Manager performance is highlighted in the graph below which shows the performance by each of the Fund's investment managers and their respective benchmark.



Corporate Governance and Shareholder Activism

Corporate governance is about making sure that companies' operational processes and policies are robust and responsible. Good governance ensures that a company has clear direction, plans, structure and resources, all of which are necessary for financial success. The onus is on the companies to adopt an accountable, transparent approach, demonstrating principles of integrity in their business practice.

The UK Stewardship Code sets out the expectations and responsibilities of institutional shareholders and aims to enhance the quality of engagement between institutional investors and companies. The overriding aim of the code is to help to improve long-term returns to shareholders and ensure that governance responsibilities are exercised in an efficient manner.

The UK Stewardship Code comprises of seven core principles. The Financial Reporting Council (FRC) encourages all pension funds to regularly assess and report on how they comply with the code. *The outcome of the Fund's most recent assessment against the requirements of the code is summarised in the table below:*

UK Stewardship Code Principle		Compliance
Principle 1	Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.	The Fund's approach is to apply the Code both through its arrangements with its asset managers and through membership of the Local Authority Pension Fund Forum.
Principle 2	Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.	The Fund encourages the asset managers it employs to have effective policies addressing potential conflicts of interest within the Fund.
Principle 3	Institutional investors should monitor their investor companies.	Day-to-day responsibility for managing our investments is delegated to our appointed asset managers, and with the exception of GMO, the fund expects them to monitor companies, intervene where necessary, and report back regularly on activity undertaken. Reports from our fund managers on voting and engagement activity are received and distributed to the committee quarterly. In addition the fund receives 'alerts' from Local Authority Pension Fund Forum. These highlight corporate governance issues of concern.
Principle 4	Institutional investors should establish clear guidelines as to when and how they will escalate their activities as a method of protecting and enhancing shareholder value.	With the exception of GMO, responsibility for day-to-day interaction with companies is delegated to the fund's asset managers, including the escalation of engagement when necessary. Their guidelines for such activities are expected to be disclosed in their own statement of adherence to the Stewardship Code.

UK Stewardship Code Principle		Compliance
Principle 5	Institutional investors should be willing to act collectively with other investors where appropriate.	The Fund seeks to work collaboratively with other institutional shareholders in order to maximize the influence that it can have on individual companies. The Fund seeks to achieve this through membership of the LAPFF, which engages with companies over environmental, social and governance issues on behalf of its members.
Principle 6	Institutional investors should have a clear policy on voting and disclosure of voting activity.	The Fund ensures that the votes attached to its holdings in all UK and overseas quoted companies are exercised whenever practical. The Fund has instructed its asset managers to vote in accordance with their own policies and practices and to take account of the Combined Code on Corporate Governance.
Principle 7	Institutional investors should report periodically on their stewardship and voting policies.	The fund reports annually on stewardship activity through a specific section in its annual report.

As stated the Fund's membership of the Local Authority Pension Fund Forum (LAPFF) enables it to work collectively with other organisations. The Fund also subscribes to the National Association of Pension Funds (NAPF).

The Council's corporate governance arrangements as published in the latest Statement of Investment Principles incorporate these principles.

The Fund's overall policy is to obtain the best possible returns subject to an acceptable level of risk using the full range of investments authorised under the Local Government Pension Scheme regulations.

The Fund recognises that social, environmental and external considerations can affect financial return. The Fund's managers have been requested to give due consideration to these factors, particularly in the areas of business sustainability and reputational risk when selecting, retaining and realising individual investments.

Managers of the portfolios containing listed UK and Overseas Equities are required to vote at all meetings where the Fund has a voting interest. Wherever practicable, votes must be cast in accordance with industry best practice as set out in the Combined Code of Corporate Governance. The managers are required to specifically notify any voting exceptions. All abstentions must be specifically reported and justified. The Fund's non-equity Managers are required to take account of the Fund's views as far as possible.

In order to ensure that the governance practices employed by the Fund's investment managers are aligned to that of the fund, investment manager's quarterly performance reports are required to include a specific briefing on corporate governance, detailing all votes cast on the Fund's behalf. This is reported to the Pension Fund Committee on a quarterly basis and any exceptions or examples non-compliance are addressed directly with the Fund's managers.

The table below summarises the voting activity for the fund over the 12 months to 31st March 2013:

	Total	%
Number of voting opportunities at AGMs	455	
Number of occasions where the Fund's investment managers have voted in favour of a resolution	4,377	93.94
Number of occasions where the Fund's investment managers have voted against a resolution or abstained	282	6.06



Statement of Accounts

Cheshire Pension Fund - Fund Account for the year ended 31 March 2013

	Notes	2012-13 £000	2011-12 £000
<u>Contributions and Benefits</u>			
Contributions Receivable			
From Employers	7.1	113,962	114,532
From Employees		33,050	34,009
Total Contributions Receivable	7.2	147,012	148,541
Transfers in from Other Schemes	8	11,268	12,051
Benefits Payable			
Pensions		-118,983	-110,946
Lump Sums		-19,843	-29,192
Death Benefits		-3,142	-2,617
Total Benefits Payable	9	-141,968	-142,755
Payments to and on account of Leavers			
Refund of Contributions		-14	-4
Transfers to Other Schemes		-8,510	-8,723
	10	8,524	-8,727
Administration Expenses	11	-2,169	-2,072
Net Additions from dealing with members		5,619	7,038
<u>Returns on Investments</u>			
Investment Income	12	42,486	44,268
Taxes on Income	13	-792	-837
Profits and losses on disposal of investments and changes in the market value of investments	15f	308,928	48,202
Investment Management Expenses	14	-17,355	-9,053
Net Returns On Investments		333,267	82,580
Net Increase/ (Decrease) in the Fund during the Year		338,886	89,618
Opening Net Assets of the Scheme		2,920,443	2,830,825
Closing Net Assets of the Scheme		3,259,329	2,920,443



Cheshire Pension Fund - Net Assets Statement as at 31 March 2013

	Notes	2012-13	2011-12
Investment Assets		£000	£000
Pooled Investment Vehicles	15/f, 20/21	1,306,341	1,135,003
Equities	15/f, 20/21	994,003	862,737
Hedge Funds	15b/f, 20/21	460,638	425,911
Private Equity	15c/f 20/21	204,748	199,580
Investment Properties	18	188,249	169,034
Loans	15d/f, 20/21	38,618	27,722
Derivative Contracts	16, 20/21	1,296	3,560
Secured Loans	15f, 20/21	0	0
		3,193,893	2,823,547
Cash	15e/f, 20/21	34,030	59,880
		3,227,923	2,883,427
Other Investment Balances		4,723	5,037
	15f, 20/21	3,232,646	2,888,464
Investment Liabilities			
Derivative Contracts	16, 20/21	-808	-305
Total Net Investments	19	3,231,838	2,888,159
Long Term Assets	24	16,019	16,263
Current Assets	25		
Cash at Bank		197	193
Debtors		19,243	23,196
Current Liabilities	26		
Creditors		-5,245	-4,566
Receipts In Advance		-2,723	-2,802
Net Current Assets		27,491	32,284
Total Net Assets		3,259,329	2,920,443

NOTE 1 – DESCRIPTION OF THE FUND

The Cheshire Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Cheshire West & Chester Council (The Council). The Council is the reporting entity for this pension fund.

The following description is a summary only. For more detail, reference should be made to the Cheshire Pension Fund Annual Report 2012-13 and the underlying statutory powers underpinning the scheme, namely the Superannuation Act 1972 and the LGPS Regulations.

The Fund is governed by the Superannuation Act 1972 and is administered in accordance with the following secondary legislation:

- The LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- The LGPS (Administration) Regulations 2008
- The LGPS (Management and Investment of Funds) Regulations 2009

It is a contributory defined benefit pension scheme administered by the Council to provide pensions and other benefits for pensionable employees of Cheshire West and Chester, Cheshire East, Halton and Warrington Borough Councils and a range of other scheduled and admitted bodies within the County area. The Fund excludes provision for teachers, fire fighters and police officers as they come within other national pension schemes. A full list of the employers who have contributed to the fund during 2012-13 can be found within the Administration Report.

Responsibility for managing the Fund lies with the full Council of Cheshire West & Chester Council with lead officer responsibility delegated to the Director of Resources. Day to day management of the Fund's affairs has been delegated to the Head of Finance advised, with regard to investment matters, by the Pension Fund Committee and external advice from Mercer. The fund also received actuarial advice from Hymans Robertson. The Pension Fund Committee reports directly to the Cheshire West and Chester Audit and Governance Committee.

In relation to investments the Council sets the overall investment strategy for the Fund which takes into account the Fund's pension liabilities and the prospects for future investment returns.

The overall investment strategy is reviewed every 3 years to coincide with the Fund's triennial valuation. A review of the investment strategy during 2010-11 resulted in the Fund's asset allocation being amended to take account of the revised liability profile and this led to some investment manager changes being implemented in 2011-12. In addition a couple of other changes did not take effect until 2012-13:

- The completion of the transfer of funds from Henderson's High Alpha Credit Fund to the Horizon Total Return Bond Fund. The value of this investment at 31st March 2013 is £194m.
- The Fund took the opportunity to commit £30m to the M&G Debt Opportunities Fund, which aims to take advantage of discrete market opportunities that arise over time. At 31st March 2013 £6.2m had been drawn down for this fund.

To manage the Fund's assets in accordance with the agreed investment strategy, the Council has 14 appointed external investment managers (14 in 2011-12 restated from 15) who each have specific responsibility for part of the Fund's investment portfolio.

The Council uses the services of BNY Mellon Asset Servicing to independently monitor the performance of the investment strategy and the contributions of individual managers. Performance is monitored against the Fund's tailored asset allocation benchmark rather than to a peer group benchmark.

BNY Mellon Asset Servicing report for the year ended 31 March 2013 shows that the Fund achieved a return from its investments of +12.8% (+2.9% in 2011-12) compared with the Fund's tailored benchmark return of +10.0% (+1.8% in 2011-12). For the three years ended 31 March 2013 the Fund achieved an annualised return of +8.1% per annum against the Fund's benchmark return of +6.2% per annum.

Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or to make their own personal arrangements outside of the scheme.

Organisations participating in the fund include:

- Scheduled bodies (scheme employers), which are local authorities and similar bodies whose staff are automatically entitled to be members of the fund; and
- Admitted bodies, which are other organisations that participate in the fund under an admission agreement between the fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking public sector authority functions following outsourcing to the private sector.

There are 148 employer organisations with active members who were contributing into the fund as at 31 March 2013, including the Council itself, as detailed below:

Cheshire Pension Fund	31 March 2013	31 March 2012
		Restated
Number of employers with active members	148	119
Number of employees in the scheme		
Cheshire West and Chester Council	7,812	8,189
Other employers	22,871	22,367
Total	30,683	30,556
Number of pensioners		
Cheshire West and Chester Council	1,173	975
Other employers	22,301	21,709
Total	23,474	22,684
Number of Deferred pensioners		
Cheshire West and Chester Council	2,187	1,758
Other employers	21,226	19,944
Total	23,413	21,702
TOTAL MEMBERSHIP	77,570	74,942

The 2011-12 figures have been restated as Councillors membership had been omitted.

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2007 and range from 5.5% to 7.5% of pensionable pay for the financial year ending 31 March 2013. Employee contributions are matched by employer's contributions which are set based on triennial actuarial valuations. The last such valuation was at 31 March 2010. The next valuation will be based on information as at 31 March 2013.

Benefits

Pension benefits under the LGPS are based on final pensionable pay and length of pensionable service, summarised below:

	Service pre 1 April 2008	Service post 31 March 2008
Pension	Each year worked is worth 1/80 final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the fund scheme handbook which is available from the Fund.

Benefits are index-linked in order to keep pace with inflation. In June 2010, the Government announced that the method of indexation would change from the Retail Price Index (RPI) to the Consumer Price Index (CPI). This change took effect from 1 April 2011.

LGPS 2014

Following the Government's commitment to overhaul all public service pension schemes, it is anticipated that the LGPS will undergo significant change from 1 April 2014. At time of writing there is no legislation on the statute books and a number of areas of the new look Scheme are still subject to a formal consultation process. *A summary of the likely key changes, as understood at this time, are provided below.*

	Proposed Scheme	Existing Scheme
Basis of Pension	Career Average Revalued Earnings (CARE)	Final Salary (FS)
Accrual Rate	1/49th	1/60th
Revaluation Rate	By order of Her Majesty's Treasury	Based on Final Salary
Contribution Flexibility	Members can pay 50% contributions for 50% of the pension benefit	No
Normal Pension Age	Equal to the individual member's State Pension Age (minimum 65)	65
Death in Service lump sum	3 x assumed pensionable pay	3 x pensionable pay
Death in Service survivor benefits	1/160 accrual basis	1/160 accrual basis
Ill-health provision	Three Tiers	Three Tiers
Indexation of pension in payment	Pensions Increase Orders (presently CPI)	Pensions Increase Orders (presently CPI)
Qualifying period for benefits	2 years	3 months

NOTE 2 – BASIS OF PREPARATION

The Statement of Accounts summarises the Fund's transactions for the 2012-13 financial year and its position at year end as at 31 March 2013. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012-13 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 23 of these accounts.

The accounts include restated 2011 - 12 figures for membership, performance related investment manager fees and creditors to include some amendments which have now been correctly classified into relevant categories and some figures which were omitted from last year's accounts.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – revenue recognition

a) *Contribution income*

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate.

Employer's augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term assets.

b) *Transfers to and from other schemes*

Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with the Local Government Pension Scheme regulations (see notes 8 and 10).

Individual transfers in/out are accounted for when they are received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see Note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) *Investment income*

- Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.
- Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Property related income consists primarily of rental income.
- Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.
- Foreign income has been translated into sterling at the date of the transaction. Income from overseas investments is recorded net of any withholding tax where this cannot be recovered.

Fund account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

e) Taxation

The fund is a registered public service scheme under section 1 (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Administration Expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the pension's administration team are charged direct to the Fund. Management, accommodation and other overheads are apportioned to the Fund in accordance with Council policy.

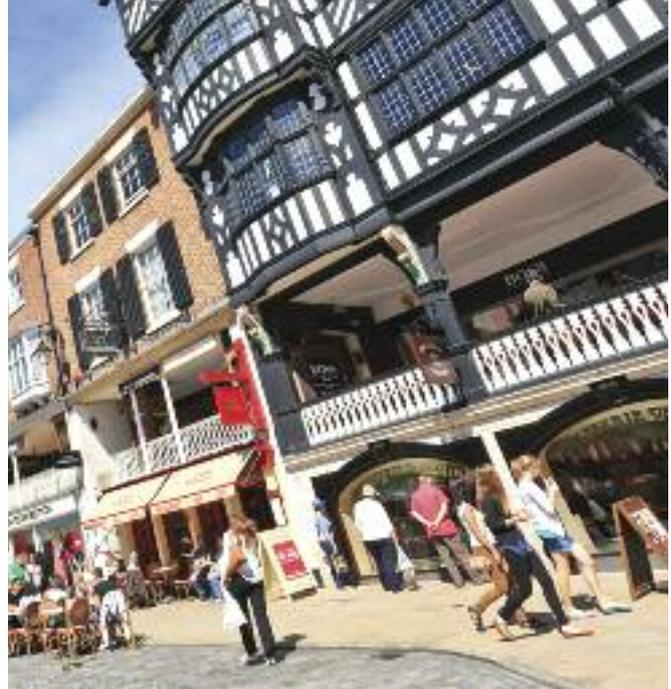
g) Investment Management Expenses

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition the fund has negotiated with the following managers that an element of their fee be performance related:

- Baillie Gifford & Co
- Goldman Sachs Asset Management



- M&G Investments
- Arrowgrass Capital Partners
- Fauchier Partners
- Winton Capital
- Och Ziff Capital Management

Performance related fees amounted to £5.7m in 2012-13 (The 2011-12 performance fees have been restated to £1.4m from £1.1m as they were categorised as management fees in error) for managers who outperformed the benchmark.

Where an investment manager's fee invoice has not been received by the balance sheet date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. The total of fees based on estimates in 2012-13 was £729k relating to fees due for the month of March 2013 (£2011-12 £114k).

The cost of obtaining investment advice from external consultants is included in investment expenses (Note 14).

The cost of the Council's in-house fund management team are charged direct to the Fund and a proportion of the Council's costs representing management time spent by officers are also charged to the fund.

Net Assets Statement

h) Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of asset are recognised by the fund.

The values of investments as shown in the net assets statement have been determined as follows:

i) Market-quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

ii) Unquoted investments

The fair value of investments for which market quotations are not readily available is determined as follows:

- Valuations of delisted securities are based on the last sale price prior to delisting, or where subject to liquidation, the amount the Council expects to receive on wind-up, less estimated realisation costs.
- Directly held investments include investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in property, debt securities and hedge funds. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.
- Investments in unquoted property funds are valued at the net asset value or a single price advised by the fund manager.

- Investments in private equity funds and unquoted listed partnerships are valued based on the funds share of the net assets in the private equity fund or limited partnerships using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association. Where these valuations are not at the Fund's balance sheet date, the valuations have been adjusted having due regard to latest dealings, asset values and other appropriate financial information at the time of preparing these statements, in order to reflect our balance sheet date.

iii) Pooled investment vehicles

Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.

iv) Freehold and leasehold properties

The investment properties were valued at open market value as 31 March 2013 by Colliers CRE, Chartered Surveyors in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards. Acquisition costs of investments are included in the Total Purchase Cost.

i) Foreign currency transactions

Dividends, interest, purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

j) Leverage

Some of the Fund's investments, including hedge funds and private equity, use leverage as a tool to achieve higher returns. Leverage can be described as exposure to changes in asset values at a ratio of greater than 1:1 in reference to the amount invested. Leverage magnifies both favourable and unfavourable movements in asset values.



k) Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not directly hold derivatives for speculative purposes.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in the change in market value.

The values of futures contracts are determined using the exchange price for closing out the option at the reporting date. The value of over-the-counter contract options is based on quotations from an independent broker. Where this is not available, the value is provided by the investment manager.

The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract.

l) Cash and cash equivalent

Cash comprises cash in hand and on demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

m) Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

n) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is produced by the scheme actuary in accordance with the requirements of IAS19 Employee Benefits and relevant actuarial standards.

As permitted under IAS26 Accounting and Reporting by Retirement Benefit Plans, the fund has opted not to disclose the actuarial present value of promised retirements in the net assets statement, instead providing the information by reference to an accompanying actuarial report. A copy of the full actuarial calculation is appended to the Statement of Accounts.

o) Additional voluntary contributions

The Fund provides an Additional Voluntary Contributions (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. The fund has appointed Clerical Medical, Standard Life and Equitable Life as its AVC providers. Individual members AVC contributions are paid directly to the AVC provider by their respective employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

NOTE 4 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Unquoted private equity investments

It is important to recognise the subjective nature of determining the fair value of private equity investments. They are inherently based on forward looking estimates and judgements involving many factors. Unquoted private equities are valued by the investment managers using guidelines set out by the British Venture Capital Association. The value of unquoted private equities at 31 March 2013 was £204.7m (£199.6m as 31 March 2012).

Pension fund liability

The pension fund liability is calculated every three years by the Funds actuary, Hymans Robertson, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with financial standards. Assumptions underpinning the valuations are agreed with the actuary and are disclosed in the actuarial calculation which is included within the Annual Report. This estimate is subject to significant variances based on changes to the underlying assumptions.

NOTE 5 – ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains some estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors, however, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the net assets statement at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows

Item	Uncertainties	Effect if actual results differ from assumptions
Private equity	Private equity investments are valued at fair value in accordance with British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £204.7m. There is a risk that this investment may be under or overstated in the accounts.
Hedge funds	Hedge funds are valued at the sum of the fair values provided by the administrators of the underlying funds plus adjustments that the funds directors or independent administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total value of hedge funds in the financial statements is £461m. There is a risk that this investment may be under or overstated in the accounts.
Investment Properties	Investment properties have been valued on the basis of market value (the estimated amounts for which a property should exchange between a willing buyer and seller) and market rent (the expected benefits from holding the asset) in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards. The values are estimates and may not reflect the actual values.	The total value of investment properties in the financial statements is £188.2m. There is a risk that this investment may be under or overstated in the accounts.

NOTE 6 – EVENTS AFTER THE BALANCE SHEET DATE

There have been no events since 31 March 2013 that require any adjustments to these accounts.

NOTE 7 – CONTRIBUTIONS RECEIVABLE

7.1 Employer Contributions Receivable		
	2012-13	2011-12
	£000	£000
Normal Contributions	76,509	75,236
*Deficit Funding	31,839	31,309
Cost of Early Retirements (pension strain)	5,402	6,991
Augmentation Contributions	212	996
Total	113,962	114,532

* Employer Normal Contributions may include an element towards reducing any deficit in the scheme's funding position. At the triennial valuation (31 March 2010) the Actuary calculated a common employer contribution rate of 22.8%, of which 6.7% targeted recovering the funding deficit with 16.1% towards future service costs. It is estimated that employers contributed a notional £31.8m in 2012-13 (£31.3m in 2011-12) towards deficit funding.

The cost of early retirements represents the contributions relating to Employers meeting the capitalised costs of discretionary early retirements. The Fund recharges the Employers for such costs and the income received is made up of both one-off lump sum payments and instalments. The accounts recognise the full cost due from early retirement contributions from scheme employers who have the option of paying over more than one year.

Augmentation Contributions include those payable by Employers to provide new benefits or to augment benefits awarded to specific members under LGPS regulations.

7.2. Analysis of Contributions Receivable				
	2012-13		2011-12	
	Employers	Employees	Employers	Employees
	£000	£000	£000	£000
Scheme Employers	73,352	22,116	75,628	22,936
Cheshire West & Chester Council	28,740	7,931	29,389	8,537
Community Admission Body	9,906	2,697	8,971	2,384
Transferee Admission Body	1,964	306	544	152
Total	113,962	33,050	114,532	34,009

NOTE 8 – TRANSFERS IN FROM OTHER PENSION FUNDS

	2012-13	2011-12
	£000	£000
Transfers from other Local Authorities	7,038	9,517
Transfers from other pension funds	4,230	1,920
Bulk Transfers	0	614
Total	11,268	12,051

There were no bulk transfers in during 2012-13.

NOTE 9 – BENEFITS PAYABLE

	2012-13	2011-12
	£000	£000
Scheme Employers	88,973	92,171
Cheshire West & Chester Council	41,402	39,216
Community Admission Body	8,024	8,474
Transferee Admission Body	3,569	2,894
Total	141,968	142,755

NOTE 10 – PAYMENT TO AND ON ACCOUNT OF LEAVERS

	2012-13	2011-12
	£000	£000
Individual Transfers	8,510	8,723
Refunds to Members leaving service	14	4
Total	8,524	8,727

The refunds to members leaving the service relates to members who opted out of the scheme within three months of joining. The individual transfer figure represents the cash payments from the Fund in relation to individual scheme members' who have left the scheme and transferred their benefits to another pension provider.

NOTE 11 – ADMINISTRATIVE EXPENSES

The costs incurred by the Council in administering the Fund, as declared annually to Communities and Local Government, totalled £2.169m for the year ended 31 March 2013. This represents an increase of £97k from £2.072m in 2011-12. *A breakdown of the significant items is shown below.*

	2012-13	2011-12
	£000	£000
Direct Staffing	1,410	1,310
Other Supplies and Services	344	307
Actuarial Fees	202	203
IT	102	109
Legal Fees	58	89
Printing & Postage	32	38
External Audit Fees	25	21
Income	-4	-5
Total	2,169	2,072

NOTE 12 – INVESTMENT INCOME

	2012-13	2011-12
	£000	£000
Dividends from Equities	20,554	19,311
Net Rents from Properties	13,288	11,655
Income from Fixed Interest Securities	6,501	10,764
<i>Income from Pooled Investment Vehicles:</i>		
- Property	1,130	1,367
- Other	365	402
Other	348	297
Stock Lending	138	304
Interest from Cash Deposits	162	168
Total	42,486	44,268

NOTE 13 – TAXES ON INCOME

The Fund is exempt from UK income tax on interest and from capital gains tax on the profits resulting from the sale of investments. The Fund is exempt from United States withholding tax on dividends and can recover all or part of the withholding tax deducted in some other countries. The amount of withholding tax deducted from overseas dividends which the Fund is unable to reclaim in 2012-13 amounts to £792k and is shown as a tax charge, compared to £837k in 2011-12.

As Cheshire West & Chester Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment and property expenses.

NOTE 14 – INVESTMENT EXPENSES

	2012-13	2011-12
	£000	£000
Management Fees	16,573	8,219
Management Fees – Investment Properties	529	524
Custody Fees	128	121
Investment Advisory Fees	95	163
Performance monitoring services	30	26
Total	17,355	9,053

Investment management expenses include both those paid directly to the investment manager by the Administering Authority, and where the manager deducts their fee directly from funds under management by netting off their fee from the Gross Asset Value. All investment management fees are accounted for on an accruals basis.

NOTE 15 – INVESTMENTS

	2012-13	2011-12
	£000	£000
Investment Assets		
Equities		
Overseas Quoted	916,162	786,932
UK Quoted	77,840	75,805
Pooled Investments		
Fixed Income – Multi Strategy	449,592	406,108
UK Equity Listed	383,515	328,156
Overseas Equity Listed	312,710	263,704
Secured Loans	147,486	120,905
Overseas Unit Trusts – Property	11,930	13,204
UK Unit Trusts – Property	1,077	2,895
UK Equity Unlisted	32	31
Hedge Funds	460,638	425,911
Private Equity	204,748	199,580
Investment Properties	188,249	169,034
Cash Deposits	34,030	59,880
Loans	38,618	27,722
Derivative Contracts:		
Futures	334	249
Forward currency contracts	962	3,311
Other investment balances:		
Outstanding dividends entitlements and withholding tax claims	4,723	5,037
	3,232,646	2,888,464
Investment Liabilities		
Derivative Contracts:		
- Futures	-20	-130
- Forward currency contracts	-788	-175
Net Investments	3,231,838	2,888,159

A review of the investment strategy during 2010-11 resulted in the Fund's asset allocation being amended to take account of the revised liability profile and this led to some investment manager changes being implemented in 2011-12. In addition a couple of other changes did not take effect until 2012-13. Namely, the completion of the transfer of funds from Henderson's High Alpha Credit Fund (secured loans) to the Horizon Total Return Bond Fund (UK quoted equities) and the investment in the M&G Debt Opportunities Fund (loans).

These changes have impacted upon the year on year comparison figures for UK quoted equities, secured loans and loans.

NOTE 15A – FIXED INCOME MULTI STRATEGY

The Fund has invested in three pooled fixed income investment vehicles managed separately by Goldman Sachs Asset Management, Henderson and Baillie Gifford & Co. The underlying assets of these pooled vehicles are invested by the managers in diversified portfolios of a wide range of fixed income assets including Government Bonds (UK and Overseas), Corporate Bonds, High Yield Bonds, Emerging Market Bonds, Asset and Mortgage Backed Securities, Secured Loans and currency. Within these mandates managers may use derivative instruments to manage risk and to express their investment convictions.

NOTE 15B – HEDGE FUNDS

	2012-13	2011-12
	£000	£000
Fauchier Partners	182,420	170,901
Arrowgrass Capital Partners	115,251	106,615
Winton Capital	86,548	84,157
Och Ziff Capital Management	76,419	64,238
Total	460,638	425,911

NOTE 15C – PRIVATE EQUITY

	Number	2012-13	2011-12
	of Funds	£000	£000
Adam Street Partners	16	108,126	104,653
Pantheon Ventures	7	89,681	87,125
Lexington	1	6,941	7,802
Total		204,748	199,580

NOTE 15D – LOANS

The Fund has committed £50m to the M&G UK Financing Fund which is a limited partnership whose investment objective is to take advantage of difficulties in the UK banking sector and lend monies to UK FTSE350 companies through senior debt and equity linked instruments. As at the 31st March 2013 £32.4m of this commitment had been drawn down.

The Fund has also committed £30m to the M&G Debt Opportunities Fund which aims to take advantage of discrete market opportunities that arise over time. As at the 31st March 2013 £6.2m of this commitment had been drawn down.

NOTE 15E – CASH

	2012-13	2011-12
	£000	£000
Cash Deposits	16,771	34,065
Cash Instruments	17,259	25,815
Total	34,030	59,880



NOTE 15F – RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

	Fair Value at 31 March 2012	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Fair value	Fair Value at 31 March 2013
	£000	£000	£000	£000	£000
Pooled Investment Vehicles	1,135,003	181,041	-152,189	142,486	1,306,341
Equities	862,737	257,092	-238,702	112,876	994,003
Hedge Funds	425,911	207,827	-206,564	33,464	460,638
Private Equity	199,580	24,040	-32,341	13,469	204,748
Investment Properties	169,034	22,419	-7,550	4,346	188,249
Loans	27,722	10,471	-1,441	1,866	38,618
	2,819,987	702,890	-638,787	308,507	3,192,597
<i>Derivative Contracts:</i>					
- Futures	249			85	334
- Forward currency contracts	3,311	5,826	-7,171	-1,004	962
	2,823,547	708,716	-645,958	307,588	3,193,893
Cash	59,880		-27,190	1,340	34,030
	2,883,427	708,716	-673,148	308,928	3,727,923
Outstanding dividend entitlements, accrued interest and recoverable withholding tax	5,037				4,723
	2,888,464				3,232,646
Investment liabilities					
Derivative Contracts:					
- Futures	-130				-20
- Forward currency contracts	-175				-788
Net Investments	2,888,159				3,231,838

	Fair Value at 31 March 2011	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Fair value	Fair Value at 31 March 2012
	£000	£000	£000	£000	£000
Pooled Investment Vehicles	1,440,034	247,129	-581,323	29,163	1,135,003
Equities	856,227	257,103	-242,369	-8,224	862,737
Hedge Funds	0	457,268	-34,474	3,117	425,911
Private Equity	176,850	21,749	-20,547	21,528	199,580
Investment Properties	161,892	17,379	-3,523	-6,714	169,034
Loans	13,378	14,591	-901	654	27,722
Secured Loans	85,428	58,557	-143,248	-737	0
	2,733,809	1,073,776	-1,026,385	38,787	2,819,987
<i>Derivative Contracts:</i>					
- Futures	419			-170	249
- Forward currency contracts	1,696	8,772	-7,597	440	3,311
	2,735,924	1,082,548	-1,033,982	39,057	2,823,547
Cash	63,123		-12,388	9,145	59,880
	2,799,047	1,082,548	-1,046,370	48,202	2,883,427
Outstanding dividend entitlements, accrued interest and recoverable withholding tax	4,929				5,037
	2,803,976				2,888,464
<i>Derivative Contracts:</i>					
- Futures	-476				-130
- Forward currency contracts	-8,028				-175
Net Investments	2,795,472				2,888,159

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

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamp duty and other costs and amounted to £1.3m in 2012-13 (£1.1m for 2011-12). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the scheme. It is not practical to obtain or estimate the transaction costs incurred in 2012-13.

NOTE 16 – ANALYSIS OF DERIVATIVES

	Asset	Liability	Asset	Liability
	2012-13	2012-13	2011-12	2011-12
	£000	£000	£000	£000
Equity Futures Contracts	334	20	249	130
Forward Foreign Exchange Contracts	962	788	3,311	175
Total	1,296	808	3,560	305



Equity Futures and Foreign Exchange Contracts:

		Expiration	Economic Exposure Value 2012-13 £000	Market Value 2012-13 £000	Economic Exposure Value 2011-12 £000	Market Value 2011-12 £000
Assets						
Japan	TOPIX	Less than 1 Year	5,092	224	6,062	227
Australia	SPI 200	Less than 1 Year	-2,728	54	0	0
Singapore	MSCI Singapore	Less than 1 Year	1,939	23	0	0
Germany	DAX	Less than 1 Year	-660	13	-290	1
USA	S&P 500 Emini	Less than 1 Year	1,184	15	0	0
Canada	S&P TSE60	Less than 1 Year	-756	5	-3,177	15
Sweden	OMXS30	Less than 1 Year	0	0	-141	3
Switzerland	Swiss MKT	Less than 1 Year	0	0	-1,951	3
Total Assets			4,071	334	503	249
Liabilities						
Italy	FTSE/MIB	Less than 1 Year	381	-20	3,150	-85
UK	FTSE 100	Less than 1 Year	0	0	286	-8
Sweden	OMXS30	Less than 1 Year	-253	-1	0	0
Australia	SPI 200	Less than 1 Year	0	0	-1,902	-35
Singapore	MSCI Singapore	Less than 1 Year	0	0	1,511	-2
Total Liabilities			128	-20	3,045	-130
Net futures			4,199	314	3,548	119

2012-13 Forward Foreign Exchange Contracts

Contract	Settlement Date	Currency Bought £000		Currency Sold £000		Asset £000	Liability £000
Forward OTC	1 month	507	HKD	43	GBP		-0
Forward OTC	1 month	1,206	SEK	122	GBP		-1
Forward OTC	1 month	1,706	HKD	145	GBP		-0
Forward OTC	1 month	1,953	SEK	198	GBP		-0
Forward OTC	2 months	386	USD	356	CHF	6	
Forward OTC	2 months	411	USD	380	CHF	7	
Forward OTC	2 months	407	CAD	401	USD		-1
Forward OTC	2 months	3,427	SEK	541	USD		-9
Forward OTC	2 months	376	GBP	584	USD		-7
Forward OTC	2 months	406	GBP	628	USD		-7
Forward OTC	2 months	882	USD	814	CHF	15	
Forward OTC	2 months	1,375	SGD	1,110	USD		-1
Forward OTC	2 months	1,400	SGD	1,131	USD		-1
Forward OTC	2 months	1,524	USD	1,142	EUR	38	
Forward OTC	2 months	1,839	USD	1,378	EUR	46	
Forward OTC	2 months	895	GBP	1,384	USD		-16
Forward OTC	2 months	1,529	USD	1,485	AUD		-11
Forward OTC	2 months	2,127	USD	1,591	EUR	55	
Forward OTC	2 months	15,830	HKD	2,042	USD		-2
Forward OTC	2 months	2,827	USD	2,114	EUR	73	
Forward OTC	2 months	19,173	HKD	2,473	USD		-2
Forward OTC	2 months	3,087	SGD	2,493	USD		-3
Forward OTC	2 months	21,006	HKD	2,170	USD		-2

Contract	Settlement Date	Currency Bought £000		Currency Sold £000		Asset £000	Liability £000
Forward OTC	2 months	19,126	SEK	3,021	USD		-54
Forward OTC	2 months	3,755	SGD	3,032	USD		-3
Forward OTC	2 months	4,187	SGD	3,379	USD		-3
Forward OTC	2 months	4,187	SGD	3,380	USD		-3
Forward OTC	2 months	4,187	SGD	3,381	USD		-4
Forward OTC	2 months	4,731	SGD	3,820	USD		-4
Forward OTC	2 months	31,519	HKD	4,066	USD		-3
Forward OTC	2 months	5,656	SGD	4,567	USD		-5
Forward OTC	2 months	6,103	USD	4,574	EUR	151	
Forward OTC	2 months	37,336	HKD	4,816	USD		-4
Forward OTC	2 months	8,620	USD	6,455	EUR	217	
Forward OTC	2 months	9,144	USD	6,850	EUR	228	
Forward OTC	2 months	1,248	USD	6,940	NOK	39	
Forward OTC	2 months	781	USD	72,970	JPY	3	
Forward OTC	2 months	780	USD	72,970	JPY	3	
Forward OTC	2 months	1,465	USD	137,161	JPY	4	
Forward OTC	2 months	1,917	USD	179,227	JPY	7	
Forward OTC	2 months	3,426	USD	320,112	JPY	14	
Forward OTC	2 months	4,460	USD	416,868	JPY	17	
Forward OTC	2 months	1,830	USD	173,157	JPY		-8
Forward OTC	1 month	82	USD	78	AUD	0	
Forward OTC	3 months	77,127	GBP	117,000	USD	39	
Forward OTC	3 months	126,357	GBP	150,000	EUR		-634
						962	-788
Total Derivatives						1,296	-808

Contract	Settlement Date	Currency Bought £000		Currency Sold £000		Asset £000	Liability £000
Forward OTC	1 month	909	NOK	100	GBP		0
Forward OTC	1 month	870	GBP	2,467	TRY	4	
Forward OTC	3 months	1,031	NOK	113	SEK		0
Forward OTC	3 months	6,515	USD	4,933	EUR		-34
Forward OTC	3 months	1,195	USD	6,940	NOK		-13
Forward OTC	3 months	1,785	USD	137,161	JPY	74	
Forward OTC	2 months	376	USD	344	CHF		-3
Forward OTC	2 months	407	CAD	408	USD		-1
Forward OTC	2 months	3,427	SEK	514	USD	1	
Forward OTC	2 months	1,067	USD	975	CHF		-7
Forward OTC	2 months	706	GBP	1,115	USD	8	
Forward OTC	2 months	206	USD	1,155	DKK		-1
Forward OTC	2 months	1,326	USD	1,209	CHF		-7
Forward OTC	2 months	806	GBP	1,272	USD	10	
Forward OTC	2 months	11,268	HKD	1,453	USD		-1
Forward OTC	2 months	1,576	USD	1,485	AUD	26	
Forward OTC	2 months	2,020	USD	1,522	EUR		-5
Forward OTC	2 months	1,751	USD	1,595	CHF		-9
Forward OTC	2 months	16,444	HKD	2,120	USD		-1
Forward OTC	2 months	3,087	SGD	2,459	USD		-2
Forward OTC	2 months	19,126	SEK	2,871	USD	6	
Forward OTC	2 months	4,187	SGD	3,331	USD		-1
Forward OTC	2 months	4,187	SGD	3,332	USD		-1

Contract	Settlement Date	Currency Bought £000		Currency Sold £000		Asset £000	Liability £000
Forward OTC	2 months	4,187	SGD	3,333	USD		-2
Forward OTC	2 months	4,731	SGD	3,767	USD		-3
Forward OTC	2 months	2,513	GBP	3,970	USD	28	
Forward OTC	2 months	31,519	HKD	4,065	USD		-1
Forward OTC	2 months	8,366	USD	6,328	EUR		-38
Forward OTC	2 months	50,968	HKD	6,573	USD		-5
Forward OTC	2 months	9,061	USD	6,850	EUR		-40
Forward OTC	2 months	5,235	USD	416,868	JPY	105	
Forward OTC	2 months	10,596	HKD	1,365	USD		0
Forward OTC	2 months	2,217	HKD	179,227	USD	24	
Forward OTC	3 months	63,809	GBP	100,000	USD	1,209	
Forward OTC	3 months	114,375	GBP	135,000	EUR	1,816	
						3,311	-175
Total Derivatives						3,560	-305



2011-12 Forward Foreign Exchange Contracts:

The Fund and its investment managers use exchange traded index futures contracts for managing risk by implementing shifts in investment exposure. Forward currency contracts are used to hedge the risks associated with the foreign currencies represented by the securities held, or to adjust the foreign currency exposure of the Fund.

The Fund hedges its European equity exposures by investing in a hedged European equity mandate with Legal and General. The Fund also hedges its direct European and US Dollar equity exposure through forward currency contracts. As at the year end the balance was -£1m (2011-12 £3m).

NOTE 17 – STOCK LENDING

In accordance with the LGPS (Management & Investment of Funds) Regulations 2009 the Fund allows its' stock to be lent provided that the total value of the securities loaned out does not exceed 25% of the total Fund value. The Fund has entered into a stock lending programme managed by its custodian the Bank of New York Mellon and only accepts government and quasi government bonds as collateral against loaned stock to safeguard the Fund's assets. During the year ended 31 March 2013 the Fund earned £138k (£304k 2011-12) of income from its stock lending activities. At the balance sheet date the value of aggregate stock on loan was £2.1m (£12.8m 2011-12) and the value of collateral held was £2.3m (£13.6m 2011-12).

NOTE 18 – INVESTMENT PROPERTIES

	2012-13	2011-12
	£000	£000
Freehold	163,124	144,254
Heritable	19,420	17,750
Leasehold	5,705	7,030
Total	188,249	169,034

Note 18a – Property Income

	2012-13	2011-12
	£000	£000
Rental Income	13,691	13,555
Surrender Premiums	1,603	0
Dilapidations	300	693
Interest / Misc income	66	273
Direct Operating Expenses	-1,932	-1,980
Rent Adjustment Required on Purchase / Sale	-675	177
Net Rental Income	13,053	12,718

Note 18b – Fair Value of Investment Properties

	2012-13	2011-12
	£000	£000
Balance at the start of the year	169,034	161,892
Additions	22,419	17,379
Disposals	-7,550	-3,585
Net gain/loss on fair value	4,346	-6,652
Balance at the end of the year	188,249	169,034

At the year end there were no amounts of restrictions on the realisability of investment property or the remittance of income on proceeds of disposals.

Contractual obligations for development, repairs and maintenance amounted to £4.761m. There were no obligations to purchase new properties.

NOTE 19 – INVESTMENT BY FUND MANAGER

	2012-13 £000	2012-13 %	2011-12 £000	2011-12 %
Baillie Gifford & Co	681,843	21.1	592,231	20.6
Legal & General	683,515	21.1	585,634	20.3
GMO	399,748	12.4	344,817	12.0
Goldman Sachs Asset Management	204,682	6.3	183,552	6.4
Rockspring Property Investment Managers	202,738	6.3	186,301	6.5
Henderson	193,550	6.0	177,822	6.2
M&G Investments	187,039	5.8	167,009	5.8
Fauchier Partners	182,419	5.6	170,900	5.9
Arrowgrass Capital Partners	115,251	3.6	106,615	3.7
Adams Street Partners	108,126	3.3	104,653	3.5
Pantheon Ventures	89,681	2.8	87,125	2.9
Winton Capital	86,548	2.7	84,157	2.9
Och Ziff Capital Management	76,419	2.4	64,238	2.2
Lexington Capital Partners	6,941	0.2	7,802	0.3
Deutsche Bank (Money Market)	6,646	0.2	14,355	0.5
Fidelity (Money Market)	5,299	0.2	3,584	0.1
The Co-Operative Bank (Public Sector Reserve)	1,940	0.1	1,007	0.0
HG Capital	32	0.0	31	0.0
Internal	9	0.0	27	0.0
Bank of New York Mellon	-588	0.0	6,299	0.2
Total	3,231,838	100	2,888,159	100

A review of the investment strategy during 2010-11 resulted in the Fund's asset allocation being amended to take account of the revised liability profile and this led to some investment manager changes being implemented in 2011-12. In addition a couple of other changes did not take effect until 2012-13. Namely, the completion of the transfer of funds from Henderson's High Alpha Credit Fund (secured loans) to the Horizon Total Return Bond Fund (UK quoted equities) and the investment in the M&G Debt Opportunities Fund (loans).

The credit balance of -£588k for the Bank of New York relates to liabilities at the year end related to foreign currency exchange contracts for currency hedging purposes.

Note 19a – The following investments represent more than 5% of the net assets of the scheme

Security Description	Market Value 31 March 2013 £000	% of total fund	Market Value 31 March 2012 £000	% of total fund
Legal and General pooled UK equities	366,038	11.33	313,201	10.88
Goldman Sachs Sterling Broad Fund	204,682	6.33	183,552	6.38
Henderson horizon total return bond	193,550	5.99	177,822	6.18
Fauchier - Jubilee absolute return fund	182,419	5.64	170,900	5.94



NOTE 20 – FINANCIAL INSTRUMENTS

Note 20a – Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the market value of financial assets and liabilities (excluding cash) by category and net assets statement heading. No financial assets were reclassified during the accounting period.

	2012-13				2011-12			
	Available for sale assets £000	Designated at fair value through profit and loss £000	Loans and receivables £000	Financial Liabilities at amortised cost £000	Available for sale assets £000	Designated at fair value through profit and loss £000	Loans and receivables £000	Financial Liabilities at amortised cost £000
Financial Assets								
Pooled Investments	1,306,344				1,135,003			
Equities	994,003				862,737			
Hedge Funds	460,638				425,911			
Private Equity	204,748				199,580			
Secured Loans	-							
Loans	38,618				27,722			
Derivative Contracts		1,296				3,560		
Cash			33,642				59,055	
Other Investment Balances			4,664				4,991	
Debtors			35,262				39,389	
	3,004,351	1,296	73,568	-	2,650,953	3,560	103,435	
Financial Liabilities								
Derivative Contracts		-808				-305		
Other Investment Balances								
Creditors				-7,968				-7,368
	-	-808	-	-7,968	-	-305	-	-7,368
Total	3,004,351	488	73,568	-7,968	2,650,953	3,255	103,435	-7,368

Note 20b – Net gains and losses on financial instruments

	2012-13	2011-12
	£000	£000
Financial Assets		
Available for sale assets	304,161	53,727
Loans and receivables	1,340	8,683
Designated at fair value through profit and loss		270
Financial liabilities at amortised cost	-1,026	-8,541
Financial Liabilities		
Available for sale assets	-	-
Loans and receivables	-	-
Designated at fair value through profit and loss	-	-
Financial liabilities at amortised cost	-	-
Total	304,475	54,139

Note 20c – Fair value of financial instruments and liabilities

The following table summarises the carrying values of the financial assets and financial liabilities by class of instrument compared with their fair values. The carrying value is the book cost and the fair value is market value.

	2012-2013		2011-2012	
	Carrying Value £000	Fair Value £000	Carrying Value £000	Fair Value £000
Financial Assets				
Available for sale assets	2,323,700	3,004,351	2,286,932	2,650,952
Loans and receivables	51,252	73,568	77,033	103,435
Designated at fair value through profit and loss		1,296		3,560
Total Financial assets	2,374,952	3,079,215	2,363,965	2,757,947
Financial Liabilities				
Available for sale assets				
Loans and receivables				
Designated at fair value through profit and loss	-808	-808	-305	-305
Total Financial Liabilities	-808	-808	-305	-305

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.



Note 20d - Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Fair value measurement defines an active market as a market in which transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis, as well as the reporting date. Products classified as level 1 comprise listed equities, exchange traded futures, options and an element of hedge funds.

Level 2

Financial instruments at level 2 are those whose values are based on quoted market prices that are not as active as level 1 markets or based on models whose inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Products classified as level 2 comprise bonds and loans, less liquid and restricted equity securities, hedge funds and over the counter derivatives.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would primarily include private equity investments and also some elements of the hedge fund investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

The values of the investment in hedge funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent external audit of the individual hedge funds.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

	Quoted Market Price	Using observable inputs	With significant observable inputs	
Values as at 31 March 2013	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets				
Available for sale assets	2,040,527	740,326	223,498	3,004,351
Loans and receivables	38,306	39		38,345
Designated at fair value through profit and loss	1,256			1,256
Total Financial Assets	2,080,089	740,365	223,498	3,043,952
Available for sale assets				
Loans and receivables				
Designated at fair value through profit and loss	-174	-634		-808
Total Financial Liabilities	-174	-634	-	-808
Net Financial Assets	2,079,915	739,731	223,498	3,043,144

Values as at 31 March 2012	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets				
Available for sale assets	1,589,837	843,444	217,670	2,650,951
Loans and receivables	64,046	3,027		67,073
Designated at fair value through profit and loss	534			534
Total Financial Assets				
Financial Liabilities	1,654,417	846,471	217,670	2,718,558
Available for sale assets				
Loans and receivables				
Designated at fair value through profit and loss	-305			-305
Total Financial Liabilities	-305	-	-	-305
Net Financial Assets	1,654,112	846,471	217,670	2,718,253

NOTE 21 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and risk management

The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce risk exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the fund's forecast cash flows. The Council manages these investment risks as part of its overall Pension Fund risk management programme.

Risk management policies are established to identify and analyse the risks faced by the Council's pension operations. Policies are reviewed regularly to reflect changes in activity and in market changes.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk). Whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the fund investment strategy.

Other price risk - sensitivity analysis

In consultation with the fund's investment advisers and, following analysis of historical data and expected investment return movement during the financial year, the Council has determined that the following movements in market price risk are reasonably possible for the 2013-14 reporting period:

Asset Type	Potential market movements % (+ / -)
Private Equity	37.1
Global Equities - Emerging	28.6
Global Equities - Developed	17.1
UK Equities	17.0
High Yield	11.6
Hedge Funds	10.9
Property Unit Trusts	10.8
Corporate Bonds	6.7
UK Fixed Gilts	6.8
Cash	1.8

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment adviser's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund's investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below):

Asset Type	Value as at 31 March 2013	Percentage Change	Value on increase	Value on decrease
	£000	%	£000	£000
Global equities – Developed	1,063,271	17.1	181,819	-181,819
Hedge Funds	478,115	10.9	52,115	- 52,115
UK equities	442,385	17.0	75,205	-75,205
Corporate bonds	338,631	6.7	22,688	-22,688
Private equity	204,780	37.1	75,973	-75,973
High Yield	198,814	11.6	23,062	-23,062
Global equities – Emerging	138,622	28.6	39,646	-39,646
UK Fixed Gilts	110,961	6.8	7,545	-7,545
Cash	49,405	1.8	889	-889
Property Unit Trusts	13,007	10.8	1,405	-1,405
Investment income due	4,664	0.0	-	-
Net derivative assets	489	0.0	-	-
Total assets available to pay benefits	3,043,144		480,347	-480,347

Asset Type	Value as at 31 March 2013	Percentage Change	Value on increase	Value on decrease
	Restated	Restated	Restated	Restated
	£000	%	£000	£000
Global equities – Developed	892,556	17.1	152,627	-152,627
Hedge Funds	425,911	10.9	46,424	-46,424
UK equities	385,495	17.0	65,534	-65,534
Corporate bonds	303,843	6.7	20,357	-20,357
Private equity	199,611	37.1	74,056	-74,056
High Yield	169,807	11.6	19,698	-19,698
Global equities – Emerging	138,110	28.6	39,500	-39,500
UK Fixed Gilts	102,266	6.8	6,954	-6,954
Cash	76,630	1.8	1,379	-1,379
Property Unit Trusts	16,099	10.8	1,739	-1,739
Investment income due	4,670	0.0	-	-
Net derivative assets	3,256	0.0	-	-
Total assets available to pay benefits	2,718,254		428,268	-428,268

The figures for year ending 31 March 2012 have been restated to take account of updated potential market movements.

Interest rate risk

The Fund invests in a number of interest bearing instruments such as Government bonds, corporate bonds and secured loans for the primary purpose of obtaining a return on those investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Council and its investment advisers in accordance with the funds risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2013 and 31 March 2012 is set out below. These disclosures present interest rate risk based on the underlying financial asset at fair value:

	2012-13	2011-12
Asset Type	£000	£000
Fixed interest securities	449,592	406,109
Cash and cash equivalents	20,151	40,941
Cash balances	13,879	18,938
Total	483,622	465,988

Interest rate risk sensitivity analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

The £449.592m fair value of the bond mandates managed by Henderson, Goldman Sachs and Baillie Gifford are more sensitive to movements in interest rates as measured by their duration (the level of sensitivity to interest rates) of 1.9, 8.87 and 9.12 years respectively.

A 1% increase in the prevailing level of interest would decrease the aggregate fair value of these mandates by £26.5m. Likewise a 1% decrease in the level of interest would be expected to increase the fair value of these mandates by a similar amount.

The secured loans invested in by M&G and Henderson, and the UK Financing Fund loans and Debt Opportunities Fund managed by M&G, are typically structured with a floating rate payment structure, whereby a fixed basis point spread is paid over the prevailing reference rate, typically 3 month LIBOR or EURIBOR. As a result, there is negligible interest rate risk involved in these investments. However, the total interest earned on investments will vary from time to time with changes in the underlying reference rate.

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's liabilities are denominated in sterling but as part of its investment strategy the Fund invests in assets denominated in foreign currencies, which exposes the Fund to the risk of movement in exchange rates. The Fund's investment managers may at their own discretion hedge part or all of the foreign exchange risk inherent in their portfolio. The Fund has also hedged its European and equity exposure by investing in a hedged European equity mandate with Legal and General and also hedges its direct European and US Dollar equity exposure through forward currency contracts.

The Fund's currency rate risk is routinely monitored by the Council and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following tables summarise the Fund's net currency exposure, after hedging, as at 31 March 2013 and 31 March 2012:

Currency exposure – asset type 2012-13	Gross Exposure £000	Hedging Exposure £000	Net Exposure £000
Overseas listed equities	1,279,088	-200,232	1,078,856
Overseas unquoted securities	204,748		204,748
Hedge funds overseas fixed interest	76,419	-77,052	-633
Overseas unit trusts	12,966		12,966
Total	1,573,221	-277,284	1,295,937

Currency exposure – asset type 2011-12	Gross Exposure £000	Hedging Exposure £000	Net Exposure £000
Overseas listed equities	1,070,400	-175,586	894,814
Overseas unquoted securities	199,580		199,580
Hedge funds overseas fixed interest	64,238	-62,588	-1,650
Overseas unit trusts	13,501		13,501
Total	1,347,719	-238,174	1,109,545

Currency risk - sensitivity analysis

Following analysis of historical data in consultation with the fund investment advisers, the Council considers the likely volatility associated with foreign exchange rate movements to be 13% (as measured by one standard deviation).

A 13% fluctuation in the currency is considered reasonable based on the fund's adviser's analysis of long-term historical movements in the month-end exchange rates over a rolling 36 month period. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 13% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure – asset type	Asset Values	Change to net assets available to pay benefits	
		+13% £000	-13% £000
	2012-13 £000		
Overseas listed equities	1,078,856	140,251	-140,251
Overseas unquoted securities	204,748	26,617	-26,617
Hedge funds overseas	-633	-82	82
Overseas unit trusts	12,966	1,686	-1,686
Total	1,295,937	168,472	-168,472

Net Currency exposure – asset type	Asset Values	Change to net assets available to pay benefits	
		+13% £000	-13% £000
	2011-12 £000		
Overseas listed equities	894,814	116,326	-116,326
Overseas unquoted securities	199,580	25,945	-25,945
Hedge funds overseas	1,650	214	-214
Overseas unit trusts	13,501	1,755	-1,755
Total	1,109,545	144,240	-144,240

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the market value of the fund's financial assets and liabilities.

In essence the Fund's investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The primary credit risk to the Fund is through its fixed interest instruments managed by Henderson, Goldman Sachs and Baillie Gifford and secured loans managed by M&G. However the majority of the Funds fixed income assets are investment grade quality (above BBB rated) sovereign or corporate bonds rated.

The Fund's aggregate exposure to credit risk through these three mandates as measured by the credit rating of external agencies is summarised in the table below:

S&P Quality Rating	Fair Value 2012-13 £000	% of Fair Value of Fixed Income Assets 2012-13
AAA	192,079	42.73
AA	51,088	11.36
A	71,846	15.98
BBB	59,767	13.29
Below BBB	42,428	9.44
Cash	18,150	4.04
Derivatives	3,276	0.73
Loans	9,097	2.02
NR	1,842	0.41
Total	449,573	100

S&P Quality Rating	Fair Value 2011-12 £000	% of Fair Value of Fixed Income Assets 2011-12
AAA	140,601	34.62
AA	14,446	3.56
A	31,232	7.69
BBB	31,598	7.78
Below BBB	14,059	3.46
Cash	166,930	41.11
Derivatives	967	0.24
Loans	5,086	1.25
NR	1,190	0.29
Total	406,109	100

The Fund also invests in secured loans through dedicated mandates managed by M&G, whilst the Henderson Fixed Income mandate also has discretion to invest a proportion of their fund tactically in the same asset class. Secured loans are below investment grade, which as a result carry greater credit risk than investment grade sovereign or corporate bonds or loans. The increased credit risk associated with this asset class is mitigated by the managers through detailed credit research analysis and through constructing a diversified portfolio of secured loans across individual counterparties, ratings, industry sector and geography. Credit risk is further reduced by the senior position in the capital structure that is inherent in this asset class which is secured against the counterparty's assets.

The Fund's aggregate exposure to credit risk through these secured loan mandates as measured by the credit rating is summarised in the table below:

2012-13 Rating	Fair Value £000	% of Fair Value of Assets
BBB-	1,187	0.80
BB+	1,484	1.00
BB	13,061	8.80
BB-	24,935	16.80
B+	48,979	33.00
B	47,940	32.30
B-	8,312	5.60
CCC+	1,484	1.00
CCC and below	1,039	0.70
Total	148,421	100

2012-13 Rating	Fair Value £000	% of Fair Value of Assets
BBB-	1,114	0.80
BB+	1,671	1.20
BB	15,043	10.80
BB-	26,743	19.20
B+	32,732	23.50
B	45,547	32.70
B-	12,397	8.90
CCC+	2,368	1.70
CCC and below	1,671	1.20
Total	139,286	100

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, the council invests an agreed percentage of its funds in the money markets to provide diversification. Money market funds chosen all have AAA ratings from a leading ratings agency.

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits in the Fund's history. The Fund's cash holding under its treasury management arrangements as at 31 March 2013 was £13.9m (31 March 2012 £18.9m) and was held in the Deutsche Bank and Fidelity money market accounts and the Co-Operative public sector reserve. The remainder of the cash was held by the fund's custodian, Bank of New York Mellon with a small amount of cash in transit which was held by the fund's property investment manager Rockspring.

2012-13 Counterparty	Moody's Rating	£000	% of cash balances
Bank of New York Mellon Cash Accounts	Aaa-mf	16,383	48.15
Deutsche Bank Advisors (Money Market)	Aaa-mf	6,640	19.51
Fidelity Worldwide Investment (Money Market)	Aaa-mf	5,299	15.57
Bank of New York Mellon (Money Market)	Aaa-mf	3,380	9.93
The Co-Operative Bank (Public Sector Reserve)	A-	1,940	5.70
Cash in transit	NR	388	1.14
Total		34,030	100

2011-12 Counterparty	Moody's Rating	£000	% of cash balances
Bank of New York Mellon Cash Accounts	Aa2	33,240	55.51
Deutsche Bank Advisors (Money Market)	Aaa/MRS+	14,347	23.96
Bank of New York Mellon (Money Market)	Aaa/MRI+	6,877	11.48
Fidelity Worldwide Investment (Money Market)	Aaa-mf	3,584	5.99
The Co-Operative Bank (Public Sector Reserve)	A-	1,007	1.68
Cash in transit	NR	825	1.38
Total		59,880	100

c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Fund has adequate cash resources to meet its commitments.

The Council has immediate access to its Pension Fund cash holdings.

The Fund defines liquid assets as assets that can be converted to cash within three months, subject to normal market conditions. Illiquid assets can include assets where a) there are no highly liquid active markets, such as investment properties and private equity or b) individual fund structures, where the Fund's investment is locked in for a specific period or where the investment manager may have the ability to 'gate' or limit investors withdrawal from the fund. As at 31 March 2013 the value of illiquid assets was £294m, which represented 9.1% of the total fund assets (31 March 2012 £277m which represented 9.6% of the total fund assets, restated from £555m and 19%).

In terms of liquidity risk, the Fund had £34m of cash balances as at 31 March 2013 and current net assets of £27m. The Fund received positive net cashflows, before taking account of investment, of £6m. There is thus no significant risk that it will be unable to meet its current commitments.

All current liabilities are due to be paid in less than one year.

Financial mismatch - **1.** The risk that Fund assets fail to grow in line with the developing cost of meeting Fund liabilities. **2.** The risk that unexpected inflation increases the pension and benefit payments and the Fund assets do not grow fast enough to meet the increased cost.

Changing demographics - The risk that longevity improves and other demographic factors change increasing the cost of Fund benefits.

Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting Fund liabilities.

The Council measures and manages financial mismatch in two ways. As indicated above, it has set a strategic asset allocation benchmark for the Fund.

It assesses risk relative to that benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark. It also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Fund prepares periodic cash flow forecasts to understand and manage the timing of cash flows. The appropriate strategic level of cash balances to be held is a central consideration in preparing the Fund's annual investment strategy.

The Council keeps under review mortality and other demographic assumptions which could influence the cost of the benefits. These assumptions are considered formally at the triennial valuation.

The Council seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

Stock Lending

The Fund has entered into a stock lending programme managed by its custodian the Bank of New York Mellon and only accepts government and quasi government bonds as collateral against loaned stock to safeguard the Fund's assets. *The credit rating of the collateral accepted is summarised below.*

Moody's Rating	Fair Value of Collateral 31 March 2013	% of Fair value of collateral 31 March 2013	Fair Value of Collateral 31 March 2012	% of Fair value of collateral 31 March 2012
	£000	%	£000	%
Aaa	1,626	69	13,553	100
Aa1	721	31	-	-
Grand Total	2,347	100	13,553	100

NOTE 22 – FUNDING ARRANGEMENTS

In line with the LGPS (Administration) Regulations 2008, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2010. The next valuation will take place as at March 2013.

The key elements of the funding policy are:

- To ensure long-term solvency of the fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- To ensure that employer contribution rates are as stable as possible;
- To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so;
- To use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer, from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Normally this is three years but in some cases a maximum period of 12 years can be granted. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

At the 2010 valuation, the fund was assessed as 81.1% funded (85% at the March 2007 valuation). This corresponded to a deficit of £600m (2007 valuation: £419m) at that time.

Contribution increases will be phased in over the three-year period ending 31 March 2014 for both scheme employers and admitted bodies. *The common contribution rate (i.e. the rate which all employers in the fund pay is:*

Common Contribution Rate	%
Future	16.1
Deficit	6.7
Total	22.8

Individual employer's rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2010 actuarial valuation report and the funding strategy statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. *The principal assumptions were:*

Financial assumptions

Assumption	Description	31 March 2010	
		Nominal	Real
Price Inflation (CPI)	Market expectation of long term future inflation as measured by the difference between yields on fixed and index-linked Government bonds at the valuation date, less 0.5% p.a.	3.3%	-
Pay increases*	CPI plus 2.0% p.a.	5.3%	2.0%
'Gilt-based' discount rate	Yield on fixed interest (nominal) and index-linked (real) Government bonds	4.5%	1.2%
Funding basis discount rate	'Gilt-based' discount rate plus an Asset Outperformance Assumption 1.55% p.a.	6.1%	2.8%

*1% p.a. for 2010/11, 2011/12 and 2012/13, reverting to 5.3% p.a. thereafter. Plus an allowance for promotional pay increases.

Mortality assumptions

Assumed life expectancy at age 65	Actives and Deferreds		Current Pensioners	
2007 Valuation Longevity	20.7	23.6	19.6	22.5
2010 Valuation - Baseline	19.8	22.5	19.8	22.5
2010 Valuation - Improvements	24.9	27.7	22.9	25.7

Commutation assumption

It is assumed that future retirees will elect to exchange their pension for additional tax free cash up to 50% of HMRC limits for service to 31 March 2008 and 75% of HMRC limits for service from 1 April 2008.

NOTE 23 – ACTUARIAL VALUE OF PROMISED RETIREMENT BENEFITS

CIPFA's Code of Practice on Local Authority Accounting 2012-13 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 Accounting and Reporting by Retirement Benefit Plans refers to as the actuarial present value of promised retirement benefits. There are three options for disclosure.

The Fund has opted not to disclose the actuarial present value of promised retirements in the net assets statement, instead providing the information by reference to an accompanying actuarial report. A copy of the full actuarial calculation is appended to the Statement of Accounts.

NOTE 24 – LONG TERM ASSETS

Long Term Debtors	2012-13	2011-12
	£000	£000
- Contributions Due - Employers	14,499	14,424
- Sundry Debtors	1,520	1,839
Total	16,019	16,263

Analysis of Long Term debtors	2012-13	2011-12
	£000	£000
Due from Cheshire West & Chester Council	10,485	6,540
Due from Other Local Authorities	3,799	7,658
Due from Bodies External to General Government	1,735	2,065
Total	16,019	16,263

The Fund has long term debtors for early retirement contributions from scheme employers who have the option of paying over five years and the settlement from Magistrates Courts of £2.351m which is being paid in equal instalments over 10 years (the first payment of £277k was received in 2010-11), discounted at 3.76%. Both have been included at present value.

NOTE 25 – CURRENT ASSETS

Current Debtors	2012-13	2011-12
	£000	£000
- Contributions Due - Employers	16,321	19,177
- Contributions Due - Employeers	2,676	2,754
- Sundry Debtors	246	1,265
Cash Balances	197	193
Total	19,440	23,389

Analysis of current debtors

Analysis of Current debtors	2012-13	2011-12
	£000	£000
Due from Other Local Authorities	11,803	11,380
Due from Cheshire West & Chester Council	4,388	8,695
Due from Bodies External to General Government	2,943	3,080
Other Debtors	115	39
Central Government Bodies	29	14
Less Provision for Doubtful Debt	-35	-12
Total	19,243	23,196

The current debtors figures includes contributions which were due in March but not received until after the year end and, outstanding dividend entitlements and recoverable withholding tax claims relating to investments.

NOTE 26 – CURRENT LIABILITIES

	2012-13	2011-12
	£000	£000
Sundry Creditors	4,969	4,459
Receipts in Advance	2,723	2,802
Benefits Payable	276	107
Total	7,968	7,368

Analysis of creditors	2012-13	2011-12
		Restated
	£000	£000
Due from Bodies External to General Government	3,361	1,472
Other Creditors	1,546	1,169
Due to Local Authorities	142	100
Due to Cheshire West and Chester	116	1,800
Due to Central Government Bodies	80	25
Total	5,245	4,566

A number of creditors have been identified as being classed as Central Government Bodies. The 2011-12 creditors have been restated to take account of this change.

NOTE 27 – ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

The AVC providers to the members of the Fund are Clerical Medical, Standard Life and Equitable Life. The AVCs are invested separately from the Fund's main assets and used to acquire additional pension benefits and therefore are not included in the Fund's accounts in accordance with regulation 4 (2) (a) of the LGPS (Management and Investment of Funds) Regulations 2009. Members participating in these AVC arrangements each receive an annual statement confirming the amounts held in their account and the movements during the year.

A summary of the information provided by Clerical Medical, Standard Life and Equitable Life for the year to 31 March 2013 is shown below, along with a prior year comparator.

	Clerical Medical £000	Standard Life £000	Equitable Life £000	Total £000
Contributions received in year 2013	272	224	4	500
Contributions received in year 2012	258	180	4	442
Fair value at 31 Mar 2013	2,337	2,206	751	5,294
Fair value at 31 Mar 2012	1,949	1,984	816	4,749

NOTE 28 – RELATED PARTY TRANSACTIONS

The Fund is administered by Cheshire West and Chester Council. Consequently there is a strong relationship between the Council and the Fund. The majority of the Fund's cash is invested with the Fund's investment managers or directly with external financial institutions. The Fund has its own specific bank account however some of the Fund's transactions (Accounts Payable and Income) are processed through corporate systems and are paid in the first instance through the Council's corporate bank accounts. The Fund repays cash due to the Council for such transactions plus any interest charges on a monthly basis. In 2012-13 the Fund paid the Council £2.4k (2011-12 £7k) for interest accrued on these balances.

The Council is one of the largest employers and contributed £28.9m into the Fund in 2012-13 (2011-12 £29.3m). At the year end, a balance of £14.872m (2011-12 £15.234m) was due to the Fund from the Council, primarily relating to early retirement costs which will be repaid over more than one year and also contributions which were paid in April but became due in March. A balance of £0.1m (2011-12 £1.8m) was owing to the Council for Fund transactions processed through the Administering Authority's accounts payable and receivable systems. The Administering Authority incurred costs of £2.169m to administer the Fund in 2012-13 (2011-12 £2.072m) and this was recharged to the Pension Fund. Note 11 provides an analysis of these costs. These are related party transactions as Cheshire West and Chester is also a member body of the Pension Fund.

The Fund has not made any employer related investment at any time during the period.

Specific declarations have been received from Pension Fund Committee Members regarding membership of and transactions with any parties related to the Pension Fund. A number of Members act as Councillors or Board Members of particular employers who maintain a conventional employer relationship with the Fund.

The value of transactions with each of these related parties, namely routine monthly payments to the Fund of employer's and employee's contributions is determined by the Local Government Pension Scheme Regulations, and as such no related party transactions have been declared.

A register of outside bodies that Members are appointed to, along with a register of interests is available on the Internet for Cheshire West and Chester and Cheshire East Councils.

Governance

Responsibility for managing the Fund lies with the full Council of Cheshire West & Chester Council with lead officer responsibility delegated to the Director of Resources. Day to day management of the Fund's affairs has been delegated to the Head of Finance advised, with regard to investment matters, by the Pension Fund Committee and external advice from Mercer. The Fund also receives actuarial advice from Hymans Robertson. The Pension Fund Committee reports directly to the Cheshire West and Chester Audit and Governance Committee.

Since January 2004 elected members who are offered membership of the Scheme under their respective Council's scheme of allowances have been eligible to join the Scheme. As at 31 March 2013, eight members of the Pension Fund Committee had taken this option and were members of the Scheme.

There are two members of the Committee who are in receipt of pension benefits from the Fund (Chairman Councillor P. Mason and Councillor D. Newton). In addition, Committee members Councillors F. Keegan, D. Newton, R. Raynes, D. Beckett, H. McNae, M. Henesy, M. Hogg, and M. Wharton are active members of the Fund.

Each member of the Committee is required to declare their interests at each meeting and sign an annual declaration form which is published on the fund's website.

As the Fund forms part of the LGPS it does not strictly have trustees. The members of the Committee do not receive any fees in relation to their specific responsibilities as members of the Committee, although they may be reimbursed for any out of pocket expenses incurred whilst discharging their Committee role.

Key Management Personnel

The posts of Director of Resources and Head of Finance are deemed to be key management personnel with regards to the pension fund. *The financial value of their relationship with the fund (in accordance with IAS24 Related Party Disclosures) are set out below:*

	31 March 2013	31 March 2013
		Restated
	£000	£000
Short term benefits	58	58
Long term/post retirement benefits	1,323	1,026
Total	1,381	1,084

The long term/post retirement benefits for 2011-12 have been restated as they have been recalculated on an IAS19 basis from a cash equivalent transfer value basis.

NOTE 29 – CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

The Fund has contractual commitments to the value of £299m (2011-12 £286m) in private equity funds. As at 31 March 2013 the Fund had actually invested £270m (2011-12 £209m) and therefore had an outstanding commitment of £29m (2011-12 £77m). As these funds are denominated in US Dollars and Euros the commitment in Sterling is subject to changes due to currency fluctuations.

The Fund has contractual commitments to the value of £50m to the UK Companies Financing Fund managed by M&G. As at 31 March 2013 £32.4m (2011-12 £27.7m) has been drawn down.

The Fund also has contractual commitments to the value of £30m to the Debt Opportunities Fund managed by M&G. As at 31 March 2013 £6.2m has been drawn down (there is no prior year comparator as the fund invested in this asset during 2012-13).

NOTE 30 – CONTINGENT ASSETS

There are 19 admitted bodies in the Cheshire Pension Fund who hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default.

NOTE 31 – IMPAIRMENT FOR BAD AND DOUBTFUL DEBTS

During 2012-13 the fund has recognised doubtful debts of £35k relating to outstanding rental income on its investment properties of £32K and non recovery of pensioner death overpayments totalling £3k.

NOTE 32 – STATEMENT OF INVESTMENT PRINCIPLES

The Fund's Statement of Investment Principles (SIP) sets out the Fund's investment objectives and investment management arrangements. A full copy of the SIP can be obtained from the Pensions Section, Cheshire West & Chester Council, HQ, Nicholas Street, Chester, CH1 2NP or from the Fund's website at: www.cheshirepensionfund.org



NOTE 33 – FUNDING STRATEGY STATEMENT

Under the LGPS (Administration) Regulations 2008 administering authorities are required to prepare a Funding Strategy Statement (FSS). The key requirements relating to the FSS in the regulations are that;

- After consultation with all relevant interested parties involved with the Fund, the administering authority will prepare and publish their funding strategy.
- *In preparing the FSS, the administering authority must have regard to:*
 - FSS guidance produced by CIPFA;
 - Its Statement of Investment Principles published under Regulation 12 of the LGPS (Management and Investment of Funds) Regulations 2009
- The FSS must be revised and published whenever there is a material change in either the policy on the matters set out in the FSS or the Statement of Investment Principles.
- The Fund's actuary must have regard to the FSS as part of the fund valuation process.

Fund members' accrued benefits are guaranteed by statute. Members' contributions are fixed in the Regulations at a level which covers only part of the cost of accruing benefits. Employers pay the balance of the cost of delivering the benefits to members (net of returns from the Fund's investments). The FSS focuses on the pace at which these liabilities are funded and, insofar as is practical, the measures to ensure that employers pay for their own liabilities.

The Funding Strategy Statement for the Cheshire Pension Fund can be obtained from the Pensions Section, Cheshire West and Chester Council, HQ, Nicholas Street, Chester CH1 2NP or from the Fund's website at: www.cheshirepensionfund.org

International Accounting Standard 26 (IAS26)

Actuarial Present Value of Promised Retirement Benefits

PENSION FUND ACCOUNTS REPORTING REQUIREMENT

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2012/13 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits.

The actuarial present value of promised retirement benefits is to be calculated similarly to the defined benefit obligation under IAS19. There are three options for its disclosure in pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Pension Fund's funding assumptions.

I have been instructed by the Administering Authority to provide the necessary information for the Cheshire Pension Fund, which is in the remainder of this note.

Year Ended	31 March 2013	31 March 2012
	£m	£m
Present value of Promised Retirement Benefits	4,607	3,884

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2010. I estimate this liability at 31 March 2013 comprises £2,452m in respect of employee members, £576m in respect of deferred pensioners and £1,579m in respect of pensioners. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable. However, I am satisfied the aggregate liability is a reasonable estimate of the actuarial present value of benefit promises. I have not made any allowance for unfunded benefits.

The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the accounts of the Pension Fund. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report as required by the Code of Practice. These are given below. I estimate that the impact of the change of assumptions to 31 March 2013 is to increase the actuarial present value by £491m.

Financial Assumptions

My recommended financial assumptions are summarized below:

Year Ended	31 Mar 2013	31 Mar 2012
	% p.a.	% p.a.
Inflation / Pensions Increase Rate	2.8%	2.5%
Salary Increase Rate*	5.1%	4.8%
Discount Rate	4.5%	4.8%

*Salary increases are 1% p.a. nominal until 31 March 2015 reverting to the long term rate thereafter

Longevity assumption

As discussed in the accompanying report, the life expectancy assumption is based on standard "SAPS" tables (published by the Continuous Mortality Investigation Bureau "CMIB") with future improvements in line with the Medium Cohort and a 1% p.a. underpin from 2007. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.9 years	25.7 years
Future Pensioners	24.9 years	27.7 years

Future pensioners are assumed to be currently aged 45

This assumption is the same as that used at 31 March 2012.

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Professional notes

This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2013 for IAS19 purposes' dated April 2013. The covering report identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:

Gemma Sefton FFA

7 May 2013 For and on behalf of Hymans Robertson LLP

Actuarial Statement

Cheshire Pension Fund (“the Fund”) Actuarial Statement for 2012/13

This statement has been prepared in accordance with Regulation 34(1)(d) of the Local Government Pension Scheme (Administration) Regulations 2008, and Chapter 6 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK 2012/13.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated January 2011. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund and of the share of the Fund attributable to individual employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- not to restrain unnecessarily the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits to employers) for an appropriate level of risk;
- to help employers recognise and manage pension liabilities as they accrue;
- to minimise the degree of short-term change in the level of each employer's contributions where the Administering Authority considers it reasonable to do so;

- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations; and
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost effective..

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised below the theoretical rate required to return their portion of the Fund to full funding over their deficit recovery period if the valuation assumptions are borne out. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is still a sufficiently high chance that the Fund will return to full funding over 21 years.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2010 valuation were as follows:

Financial Assumptions	31 March 2010	
	% p.a. Nominal	% p.a. Real
Discount rate	6.1%	2.7%
Pay increases *	5.3%	0.8%
Price inflation / Pension increases	3.3%	-

* plus an allowance for promotional pay increases. Short term pay growth was assumed to be 1% p.a. for 2010/11, 2011/12 and 2012/13 reverting to 5.3% p.a. thereafter.

The key demographic assumption was the allowance made for longevity. The baseline longevity assumptions adopted at this valuation were in line with standard SAPS mortality tables, and included improvements based on medium cohort projections and a 1% p.a. underpin effective from 2007.

Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.9 years	25.7 years
Future Pensioners	24.9 years	27.7 years

*figures assume members aged 45 as at the last valuation date.

Copies of the 2010 valuation report and Funding Strategy Statement are available on request from Cheshire West and Chester Council, administering authority to the Fund.

Experience over the period since April 2010

The Administering Authority monitors the funding position on a regular basis as part of its risk management programme. The most recent funding update was produced as at 31 December 2012. It showed that the funding level (excluding the effect of any membership movements) had worsened since the 2010 valuation due primarily to falling real bond yields placing a higher value on the Fund's liabilities.

The next actuarial valuation will be carried out as at 31 March 2013. The Funding Strategy Statement will also be reviewed at that time.

Gemma Sefton FFA

Fellow of the Institute and Faculty of Actuaries.

8 May 2013 For and on behalf of Hymans Robertson LLP, 20 Waterloo Street, Glasgow G26DB

Publications

As part of our Governance arrangements, we continually strive to deliver the highest quality of service to all members, stakeholders and business partners. We achieve this through the development of pension strategies, policies, and initiatives that are aimed at providing high quality information to all. The attached link to our website will allow access to our communications strategy, annual administration report and more, that encourages all employers and members to take an active interest in the Fund.

The attached link to our website will allow access to our communications strategy, annual administration report and more, that encourages all employers and members to take an active interest in the Fund.

The Cheshire Pension Fund produces a number of publications, hard copies of which are available upon request.

Please contact the Cheshire Pension Fund on **01244 976 000**.

Or email pensions@cheshirewestandchester.gov.uk if you require a copy.

The following publications are also available on our website. Visit: www.cheshirepensionfund.org and click **Contacts** and **Further Information**, then select **Policy Documents**.

Funding Strategy Statement

This document sets out the Fund's commitment to meeting its liabilities while at the same time maintaining stable employer contribution rates.

Statement of Investment Principles

This document summarises the Fund's investment objectives and outlines how investments are allocated between equities, bonds and alternatives. The document also contains the Fund's compliance statements with the revised six Myners principles.

Governance Policy Statement

The regulations require an administering authority to prepare, maintain, publish and keep under review a written statement setting out delegation including duties and responsibilities, terms of reference and representatives.

Governance Compliance Statement

Defines the extent the Fund complies with the best practice governance arrangements laid down by CLG including voting rights, stakeholder representation, frequency of meeting, access to papers and any reasons for non compliance.

Business Plan 2013/14

The first Business Plan published by the Fund details a series of objectives grouped under the seven core areas of the Fund's business including governance, legislation and compliance, administration, communication, investments, employer liaison and funding and accounting. These objectives represent the Fund's long term values and principles and will inform how we carry out our business.

Communication Strategy 2013/14

This sets out the communication objectives for 2013/14 and defines how the Fund will engage and communicate with stakeholders and customers. This is updated on an annual basis in line with business needs.

Valuation Report

This is produced by the Fund's actuary every three years following the valuation of the fund. It outlines the assets and liabilities of the fund as well as stating the employer contribution rate for the next three years.

Contacts and Further Information

For more information about the Cheshire Pension Fund, please contact our helpdesk as follows:

Tel: **01244 976 000**

Email: pensions@cheshirewestandchester.gov.uk

Alternatively, you can contact a member of the Pensions Management Team as follows:

Head of Finance

Mark Wynn Tel: 01244 972 537

Senior Manager, Corporate Finance

Stephan Van Arendsen Tel: 01244 973 727

Benefits Administration Manager

Ian Colvin Tel: 01244 977 144

Pensions Development Manager

Mark Futter Tel: 01244 972 963

Employer Liaison Manager

Nick Jones Tel: 01244 972 652

Finance Manager, Investments

Steve Tranter Tel: 01244 972 533

Fund Accountant

Heidi Catherall Tel: 01244 972 665

Our website contains all up to date information relating to the LGPS.

The address is www.cheshirepensionfund.org

To promote accessibility for all, this document can be made available in other formats upon request.

Cheshire Pension Fund

www.cheshirepensionfund.org



Appendix A: LGPS Contributions Breakdown

Employers who made a contribution to the Fund during 2012/13

The table below shows the total contributions received from each employer within the Fund, and the total contributions paid by employees split by contribution banding.

Employer Name	Employees Contributions split by contribution banding										Total
	5.50%	5.80%	5.90%	6.50%	6.80%	7.20%	7.50%	Added Years	ARC's	Employees Contributions	
Cheshire East	337,784.42	645,641.52	1,926,165.46	2,535,069.98	956,277.25	704,221.84	37,244.84	145,376.91	35,819.30	26,768,894.39	34,092,495.53
Cheshire Probation Service	-	-	45,931.41	296,262.67	122,611.51	41,415.01	-	4,309.86	754.24	2,067,164.70	2,578,449.41
Cheshire West and Chester Council	343,003.25	634,824.30	1,860,354.49	2,696,037.10	1,095,505.96	985,844.86	117,815.21	116,609.44	20,321.16	28,582,351.56	36,452,667.33
Avenue Service - Cheshire West and Chester Council	292.82	-	5,462.06	5,847.27	4,658.02	-	-	-	-	-	16,260.17
Cheshire West and Chester Council - St Wilfrids	-	-	1,093.04	-	-	-	-	-	-	-	1,093.04
Odd Rode Parish Council	-	-	188.07	1,221.17	-	-	-	-	-	4,048.06	5,457.30
Cheshire Fire Authority	-	6,249.78	74,442.32	183,354.21	62,653.83	27,158.59	-	-	572.08	1,057,350.58	1,411,761.39
Halton Borough Transport	-	-	-	10,826.58	-	-	-	1,235.84	-	39,475.37	51,537.79
Halton Borough Council	96,695.75	191,624.22	728,120.87	1,387,443.07	463,257.00	279,819.00	38,557.22	21,048.14	14,141.86	10,634,485.31	13,855,192.44
Halton Borough Council - Halton Lodge	-	-	3,005.02	2,677.05	-	-	-	-	-	-	5,682.07
Halton Borough Council - Strictly Education	3,633.56	3,679.39	38,181.55	11,697.67	1,219.56	-	-	-	-	-	58,411.74

LGPS Contributions Breakdown continued

Employer Name	Employees Contributions split by contribution banding											Total
	5.50%	5.80%	5.90%	6.50%	6.80%	7.20%	7.50%	Added Years	ARC's	Employees Contributions		
Warrington Borough Council	107,944.47	265,302.67	1,233,359.80	1,727,826.86	700,452.92	335,817.38	98,302.19	77,756.78	1,616.72	15,453,863.55	20,002,242.34	
Warrington Borough Council St Lewis	190.95	843.41	963.82	408.25	-	-	-	-	-	-	2,406.42	
Warrington Borough Council - Strictly Education	10,678.52	29,804.91	52,750.59	28,804.19	3,074.34	1,868.00	-	6,047.69	-	-	133,028.25	
NW Fire Control Ltd	-	-	-	1,616.64	-	6,550.61	-	-	-	16,451.01	24,618.26	
Alderley Edge PC	-	-	1,242.64	1,459.79	-	-	-	-	-	7,964.20	10,666.63	
Northwich Town Council	-	-	5,628.59	6,999.29	1,892.68	-	-	-	-	43,031.10	57,551.66	
Nantwich Town Council	901.28	-	2,564.46	6,611.92	-	-	-	-	-	29,450.29	39,527.95	
Knutsford Town Council	-	306.27	-	1,655.68	-	-	-	-	-	5,627.76	7,589.71	
Penketh Parish Council	856.66	617.44	1,131.99	1,496.67	-	-	-	-	-	12,523.31	16,626.07	
Bollington Parish Council	32.68	342.60	-	813.35	-	-	-	-	-	3,479.58	4,668.21	
Middlewich Town Council	-	-	503.12	256.80	2,877.56	-	-	-	-	9,850.98	13,488.47	
Poynton-with-Worth Parish Council	-	581.07	688.32	1,160.18	2,649.35	-	-	-	-	14,364.52	19,443.44	

LGPS Contributions Breakdown continued

Employer Name	Employees Contributions split by contribution banding											Total	
	5.50%	5.80%	5.90%	6.50%	6.80%	7.20%	7.50%	Added Years	ARC's	Employees Contributions			
Valuation Tribunal Services	-	-	-	-	-	4,177.80	-	-	-	-	-	43,467.51	47,645.31
Disley Parish Council	122.53	205.42	-	1,217.30	-	-	-	-	-	-	-	4,483.00	6,028.25
Wybunbury Parish Council	175.81	-	-	-	-	-	-	-	-	-	-	551.40	727.21
Prestbury Parish Council	-	-	-	1,171.97	-	-	-	-	-	-	-	3,299.52	4,471.49
Nether Alderley Parish Council	-	-	335.50	-	-	-	-	-	-	-	-	1,017.80	1,353.30
Birchwood Town Council	-	-	2,906.19	1,406.92	2,068.56	-	-	-	-	-	-	17,829.68	24,211.34
Grappenhall and Thelwall Parish Council	-	-	703.48	3,118.21	-	-	-	-	-	-	-	10,960.92	14,782.61
Congleton Town Council	-	-	1,068.97	3,224.28	1,238.76	1,929.10	-	1,096.34	-	-	-	20,629.99	29,187.44
Frodsham Town Council	-	133.96	681.35	67.07	-	-	-	-	-	-	-	2,724.82	3,607.20
Sandbach Town Council	-0.01	-	1,030.13	3,394.54	2,586.85	-	-	-	-	-	-	19,229.68	26,241.19
Priestley Sixth Form College	3,783.67	7,723.62	29,371.16	16,820.93	6,091.89	-	-	-	1,176.20	-	-	176,088.71	241,056.18
Warrington Collegiate Institute	4,589.14	13,648.05	51,761.86	84,142.49	17,842.90	20,305.66	-	3,558.90	-	-	-	811,288.84	1,007,137.84
Macclesfield College	4,302.72	11,596.88	24,859.70	25,894.93	8,548.69	4,727.49	-	3,386.98	-	-	-	242,150.86	325,468.24

LGPS Contributions Breakdown continued

Employer Name	Employees Contributions split by contribution banding											Total
	5.50%	5.80%	5.90%	6.50%	6.80%	7.20%	7.50%	Added Years	ARC's	Employees Contributions		
West Cheshire College	33,252.65	23,160.58	100,939.80	95,775.51	29,084.39	16,386.66	-	497.10	-	857,665.43	1,156,752.12	
South Cheshire College	299.44	4,352.68	39,395.73	100,426.22	19,553.23	28,405.47	-	-	6,001.92	669,442.84	867,877.53	
Reaseheath College	20,347.16	14,857.73	82,657.72	118,337.33	29,451.11	15,424.53	-	3,712.32	-	786,529.43	1,071,317.34	
Riverside College	1,713.59	20,383.16	54,303.59	41,507.60	6,683.53	15,945.82	-	-	-	547,967.74	688,505.02	
South Cheshire Enterprises	148.36	822.85	-	-	-	-	-	-	-	6,179.69	7,150.90	
Poulton with Fearnhead Parish Council	-	-	2,181.90	-	-	-	-	-	-	6,767.72	8,949.62	
University COE Academy	3,279.11	11,209.70	28,779.30	24,652.83	3,672.83	4,702.62	-	-	127.21	208,032.24	284,455.85	
Neston Town Council	-	-	592.59	2,099.84	-	-	-	-	-	7,455.75	10,148.17	
The Fallibroome Academy	6,533.35	10,394.02	27,789.01	16,956.68	2,460.37	3,470.36	-	-	5,786.40	228,420.75	301,810.95	
Brine Leas School	10,144.79	8,345.71	10,637.32	6,111.70	-	3,678.52	-	-	-	124,866.42	163,784.45	
Ormiston Bolingbroke Academy	4,906.57	4,637.10	11,522.18	12,316.47	-	-	-	-	-	125,226.31	158,608.63	
Winsford E-Act Academy	4,362.58	10,283.75	21,465.50	22,179.73	-	4,466.13	-	-	-	222,429.96	285,187.66	

LGPS Contributions Breakdown continued

Employer Name	Employees Contributions split by contribution banding											Total
	5.50%	5.80%	5.90%	6.50%	6.80%	7.20%	7.50%	Added Years	ARC's	Employees Contributions		
Sandbach Academy	11,442.63	8,299.30	10,279.80	12,995.18	-	3,808.80	-	-	-	-	164,194.49	211,020.20
Christleton Academy	3,379.80	6,982.75	14,621.36	9,629.41	-	3,815.79	-	-	2,928.96	110,928.32	152,286.40	
Bishops Blue Coat COE HS	1,434.67	4,609.45	16,267.22	15,450.00	-	3,634.41	-	-	-	125,494.10	166,889.86	
Congleton Academy	4,638.42	8,534.83	13,323.72	9,052.22	-	715.99	-	-	-	124,326.28	160,591.47	
Delamere Academy	1,287.41	1,665.71	1,971.89	-	-	-	-	-	-	18,051.11	22,976.12	
Mottram St Andrew School	-	834.28	352.46	5,571.22	-	-	-	-	4,243.20	21,328.70	32,329.86	
Brio (CWAC Leisure CIC)	6,723.04	21,976.09	20,910.98	45,492.30	11,116.71	7,608.02	-	35,368.27	-	370,381.39	519,576.80	
The Heath School	2,615.36	2,515.28	15,646.89	16,650.32	4,818.48	-	-	-	3,012.08	140,697.77	185,956.18	
Palacefields Academy	338.24	1,650.00	2,821.02	4,375.67	-	-	-	-	-	32,651.34	41,836.27	
Macclesfield Academy	2,268.19	2,500.00	14,340.82	7,298.42	-	-	-	-	-	113,002.72	139,410.15	
Lacey Green Primary School	2,551.57	1,989.84	3,330.84	1,618.71	-	-	-	-	-	31,115.48	40,606.45	
Holmes Chapel Comprehensive School	11,937.24	6,166.60	13,886.25	11,266.23	-	-	-	88.86	-	139,833.03	183,178.21	
Wilmslow Town Council	-	-	609.96	-	2,440.47	-	-	-	-	8,537.63	11,588.06	

LGPS Contributions Breakdown continued

Employer Name	Employees Contributions split by contribution banding										Employees Contributions	Total
	5.50%	5.80%	5.90%	6.50%	6.80%	7.20%	7.50%	Added Years	ARC's			
University COE Academy Northwich (UCAN)	3,497.38	9,409.15	15,009.26	7,016.31	2,486.81	-	-	-	897.76	104,951.91	143,268.59	
Knutsford Academy	6,429.15	16,258.62	9,715.09	19,828.62	2,878.71	-	-	-	1,605.12	203,571.52	260,286.84	
Livewire	1,233.62	20,177.37	50,416.42	45,667.69	16,734.53	2,280.32	5,713.61	2,783.47	-	459,451.42	604,458.45	
Warrington Cultural Trust	117.86	666.04	6,979.93	18,215.58	5,080.54	-	-	426.74	-	98,014.28	129,500.97	
Alsager Town Council	-	-	-	1,465.31	-	-	-	-	-	4,125.40	5,590.71	
Neston High School	6,152.67	7,184.65	11,505.11	6,562.68	2,193.47	-	-	-	-	128,311.05	161,909.63	
Sandymoor School	-	72.69	481.83	1,597.09	1,819.00	-	-	-	-	11,905.15	15,875.77	
Tarporley High School & Sixth Form College	2,660.31	3,610.33	6,628.21	8,863.51	-	2,313.60	-	-	-	88,189.45	112,265.40	
Eaton Bank Academy	2,019.83	6,519.14	8,869.88	4,323.16	1,666.56	-	-	-	-	87,645.69	111,044.26	
Lymm High School	3,422.32	9,117.37	10,162.39	12,978.39	-	3,020.85	-	-	-	127,278.77	165,980.09	
County High Leftwich	7,900.88	2,101.07	2,554.74	5,320.56	-	1,701.06	-	-	40.00	73,710.67	93,328.98	
Kelsall Primary School	720.40	529.55	1,366.29	2,151.65	-	-	-	-	-	17,647.57	22,415.46	

LGPS Contributions Breakdown continued

Employer Name	Employees Contributions split by contribution banding										Employees Contributions	Total
	5.50%	5.80%	5.90%	6.50%	6.80%	7.20%	7.50%	Added Years	ARC's			
Handforth Parish Council	-	-	-	963.01	-	-	-	-	-	-	2,711.25	3,674.26
Kings Leadership Academy, Warrington	-	85.07	424.32	-	-	-	-	-	-	-	1,779.42	2,288.82
University Academy Warrington	207.80	2,681.49	2,617.95	2,071.86	677.54	-	-	-	-	-	33,456.55	41,713.18
Great Sankey High School	928.61	3,247.05	3,848.59	3,035.94	-	2,054.96	-	-	-	-	50,840.35	63,955.50
All Hallows Catholic College	882.63	2,456.29	2,136.99	1,580.01	-	1,103.18	-	-	-	-	35,038.66	43,197.77
The Waterways Trust	-	-	987.07	-	-	-	-	-	-	-	4,721.91	5,708.98
Cheshire Community Action	-	-	-	4,483.83	-	-	-	-	-	-	23,555.86	28,039.69
Volunteer Centre Warrington	-	-	-	4,326.96	2,388.56	-	-	-	-	-	17,796.54	24,512.06
Age Concern Mid Mersey	40.05	610.44	1,632.72	1,525.74	-	-	-	-	-	-	11,798.18	15,607.13
Middlewich Joint Cemetery Committee	-	-	969.96	-	-	-	-	-	-	-	3,008.52	3,978.48
Warrington Housing Association	2,609.04	666.68	8,174.87	28,560.22	4,690.42	15,234.57	-	-	-	-	294,552.83	354,488.63
Cheshire + Warrington Sports Partnership	332.46	-	-	6,176.01	5,123.89	2,736.00	-	-	-	-	25,514.93	39,883.30
Care Quality Commission	-	-	-	1,431.44	7,822.71	-	-	-	-	-	28,782.92	38,037.07

LGPS Contributions Breakdown continued

Employer Name	Employees Contributions split by contribution banding											Total	
	5.50%	5.80%	5.90%	6.50%	6.80%	7.20%	7.50%	Added Years	ARC's	Employees Contributions			
Norton Priory Museum Trust	-	1,450.54	1,719.56	4,695.06	1,727.79	-	-	-	-	-	-	28,976.73	38,569.69
Norton Priory Museum Trust - Halton BC	-	-	-	2,977.27	-	-	-	-	-	-	-	-	2,977.27
Macclesfield Museum Trust	769.06	-	992.89	881.18	-	-	-	-	-	-	-	13,506.62	16,149.76
Deafness Support Network	-	-	-	682.01	3,040.60	-	-	2,021.16	-	-	-	32,627.30	38,371.07
Warrington Community Living	-	31,002.58	18,038.75	19,519.90	2,732.12	3,960.00	-	-	-	-	-	207,606.11	282,859.46
Cheshire County Sports Club	440.77	-	1,174.32	755.44	-	1,587.78	-	-	-	-	-	60,731.88	64,690.19
Cheshire and Warrington Tourism Board	-	-	-	690.50	-	-	-	-	-	-	-	1,774.08	2,464.58
Dane Housing Group	334.29	765.65	9,778.41	63,880.49	17,856.87	16,309.36	6,595.13	-	-	-	-	533,106.45	648,626.65
Sandbach School	823.11	5,680.46	11,935.53	23,629.90	-	4,062.70	-	-	-	-	-	150,730.69	196,862.39
Wulvern Housing Trust	1,588.08	2,981.61	27,886.89	127,339.86	51,187.69	16,122.11	4,116.67	-	-	-	-	612,573.73	843,796.63
D C Leisure Management	2,922.53	897.69	3,640.22	3,960.52	-	-	-	-	-	-	-	38,248.91	49,669.86
ISS	-	-	-	5,661.76	-	-	-	-	-	-	-	21,323.67	26,985.43

LGPS Contributions Breakdown continued

Employer Name	Employees Contributions split by contribution banding											Employees Contributions	Total
	5.50%	5.80%	5.90%	6.50%	6.80%	7.20%	7.50%	Added Years	ARC's				
A D Solutions	-	-	-	3,214.88	-	-	-	-	-	-	-	12,859.50	16,074.38
Regent Cleaning (Fire)	792.79	-	-	-	-	-	-	-	-	-	-	3,243.24	4,036.03
Hall Cleaning Services Ltd	672.20	-	-	-	-	-	-	-	-	-	-	2,890.93	3,563.13
Bullough's Cleaning Ltd	1,162.88	1,434.31	814.27	-	-	-	-	-	-	-	-	9,401.78	12,813.24
Aspens Services	1,510.81	-	318.52	-	-	-	-	-	-	-	-	7,329.48	9,158.80
SERCO Group	-	-	-	-	14,097.35	14,297.08	-	-	-	-	-	162,380.06	190,774.49
Ringway Jacobs	1,362.90	2,580.52	19,836.08	77,435.31	19,070.98	2,999.70	-	-	-	-	-	417,081.33	540,366.82
R M Estates	-	-	3,079.35	-	-	-	-	-	-	-	-	11,638.76	14,718.11
Sport Cheshire	-	-	-	3,562.55	1,861.50	-	-	-	-	-	-	13,275.27	18,699.32
Marketing Cheshire	-	-	2,992.05	3,783.48	5,167.05	-	-	-	-	573.98	-	58,013.73	70,530.29
May Gurney Limited	-	5,898.83	11,242.83	56,597.92	-	-	-	-	-	9,874.78	-	285,551.72	369,166.08

LGPS Contributions Breakdown continued

Employer Name	Employees Contributions split by contribution banding										Employees Contributions	Total
	5.50%	5.80%	5.90%	6.50%	6.80%	7.20%	7.50%	Added Years	ARC's			
Plus Dane Housing Association Ltd	81.24	1,711.95	30,203.19	99,563.18	18,091.37	12,557.75	-	-	-	-	613,689.71	775,898.38
Local Solutions	-	-	3,028.90	1,205.83	-	-	-	-	-	-	12,212.20	16,446.93
Dataspire	-	-	1,302.21	-	-	-	-	-	-	-	4,811.57	6,113.78
Ringway Infrastructure	2,496.27	1,743.22	10,730.85	5,252.60	2,196.00	-	-	-	-	-	119,292.07	141,711.01
Foundation Enterprises NW	-	-	-	875.75	-	-	-	-	-	-	2,937.14	3,812.89
HQ Theatres Limited	102.36	402.48	155.66	1,352.38	-	-	-	-	-	-	7,448.43	9,461.30
Tommy Thumbs	426.36	-	-	-	-	-	-	-	-	-	1,689.99	2,116.35
Compass (Chartwells Ltd)	942.70	479.54	-	-	-	-	-	-	-	-	5,685.20	7,107.44
Adoption Matters NW	865.81	1,540.98	2,998.37	22,207.27	24,659.65	3,590.50	-	3,878.52	-	-	167,069.16	226,810.26
Cheshire Police Authority	-	2,906.23	430,795.19	1,425,675.64	265,413.12	103,421.71	13,148.57	39,511.69	-	-	5,933,341.14	8,214,213.29

LGPS Contributions Breakdown continued

Employer Name	Employees Contributions split by contribution banding											Total
	5.50%	5.80%	5.90%	6.50%	6.80%	7.20%	7.50%	Added Years	ARC's	Employees Contributions		
Warrington Borough Transport	-	-	2,460.90	10,401.66	2,440.27	5,116.79	-	-	-	-	317,039.10	337,458.72
Sir John Deane's College	4,772.74	9,320.97	9,786.08	16,789.35	4,403.88	5,231.88	-	5,363.14	-	157,930.85	213,598.90	
Mid-Cheshire College	17.37	5,647.51	63,419.20	64,223.01	13,256.45	21,277.57	-	2,037.69	6,801.12	619,681.17	796,361.08	
Making Space	-	-	625.18	6,517.98	-	-	-	-	-	121,168.13	128,311.29	
Vision Support	-	-	-	-	-	-	-	-	-	24,000.00	24,000.00	
David Lewis Centre	275.01	-	-	-	-	-	-	-	-	753,032.04	753,307.05	
Youth Federation	-	-	-	-	-	-	-	-	-	4,999.92	4,999.92	
King's School	324.97	707.26	1,469.55	8,646.42	-	7,722.81	-	7,729.50	-	100,607.80	127,208.31	
University College Chester	1,954.38	61,695.61	142,028.79	578,479.25	84,988.74	60,116.54	23,166.88	14,074.94	12,853.91	2,545,318.67	3,524,677.71	
C L S Care Services	1,870.80	1,552.41	1,027.96	9,974.93	4,342.09	463.14	-	-	-	486,888.18	506,119.51	
Chester and District Housing Trust	4,172.78	5,809.51	56,023.07	260,397.71	37,912.06	32,258.36	18,010.18	6,036.29	-	1,268,302.18	1,688,922.13	
Weaver Vale Housing Trust	2,375.63	2,703.53	86,765.63	210,612.45	28,665.46	29,773.20	-	3,535.75	-	1,115,173.59	1,479,605.24	

LGPS Contributions Breakdown continued

Employer Name	Employees Contributions split by contribution banding											Total
	5.50%	5.80%	5.90%	6.50%	6.80%	7.20%	7.50%	Added Years	ARC's	Employees Contributions		
BAM UK Ltd	350.68	-	-	-	-	-	-	-	-	-	13,041.00	13,391.68
Winsford Town Council	-	659.00	2,784.63	2,245.68	-	-	-	-	-	-	17,038.72	22,728.02
First Bus (Chester)	-	-	1,172.00	1,681.95	-	-	-	-	-	-	821,024.72	823,878.67
Halton Borough Council Councillors	-	-	-	-	-	-	-	-	-	-	6,836.17	8,928.86
Cheshire West Councillors	-	-	-	-	-	-	-	-	-	-	158,113.54	201,631.14
Cheshire Magistrates Courts	-	-	-	-	-	-	-	-	-	-	-64,900.00	-64,900.00
Connexions Cheshire / Warrington	-	-	-	-	-	-	-	-	-	-	98,105.72	98,105.72
Creative Support	-	-	-	-	-	-	-	-	-	-	-5,000.00	-5,000.00
D.V.L.C. Swansea	-	-	-	-	-	-	-	-	-	-	23,617.97	23,617.97
Wirral Metro Dist CI	-	-	-	-	-	-	-	-	-	-	26,484.28	26,484.28
C of E Coun Social Aid	-	-	-	-	-	-	-	-	-	-	2,389.54	2,389.54
Total	1,131,880.30	2,228,806.53	7,839,489.02	13,418,213.55	4,332,241.13	2,981,230.12	401,783.09	511,905.45	121,648.72	113,961,956.59	147,010,989.54	



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