

Annual Report
and Accounts

For the Year Ended 31st March

2009

**Pension
Fund**

ANNUAL REPORT FOR 2008/09
LINCOLNSHIRE COUNTY COUNCIL
LOCAL GOVERNMENT PENSION SCHEME
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2009

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MANAGEMENT ARRANGEMENTS

Administering Authority Lincolnshire County Council

Pensions Committee Members at 31 March 2009

County Councillors

C Farrar (Chairman)

E R Chapman

C Brewis

A Davidson

D R Dickinson

B Fippard

N I Jackson

J R Marriott

P J O'Connor

R J Phillips

P S Przyszlak

Mrs J A Taylor

A H Turner

Mrs P F Watson (Vice-Chairman)

Lincolnshire Local Government Association

Cllr E Strenziel

Cllr M Leaning

Representatives of Other Employers

M J Scott

Trade Union Representative

J Sharman

Professional Advisors

County Council Officers

Director of Resources

Assistant Director of Resources

P Moore BA CPFA

D C Forbes BSc CPFA

Independent Advisor

N Dunford

Consulting Actuary

Hymans Robertson, Glasgow

Voting Advisor

Manifest Voting Agency

Investment Managers of Segregated Portfolios

Invesco

Alliance Bernstein

New Star (terminated Dec 2008)

Martin Currie

Aviva

Threadneedle

Auditors

Audit Commission

Investment Custodian

JP Morgan Securities Services

REPORT OF THE PENSIONS COMMITTEE

Introduction

The Pensions Committee of Lincolnshire County Council approves the investment policy of the Fund and monitors its implementation during the year. The Committee meets, as a minimum, on a quarterly basis and special meetings are convened if considered necessary.

Members of the Committee as at 31 March 2009 are listed on page 2.

All members of the Committee can exercise voting rights.

Reform of the Local Government Pension Scheme

The new Local Government Pension Scheme came into effect from 1st April 2008, with the intention of delivering more viable and affordable arrangements. However, given the economic turbulence throughout the financial year, the department for Communities and Local Government (CLG) are once again reviewing the long term structure of the LPGS.

Corporate Governance and Social Responsibility

The Fund complies with corporate governance best practice by voting its shareholdings at all UK and some overseas company meetings. The Fund is also a member of the Local Authority Pension Fund Forum (LAPFF), an organisation that monitors the governance of UK companies. The LAPFF seeks to protect and enhance shareholder returns by engaging with companies on a wide range of social, environmental and governance issues.

Investment Performance

The year ended 31 March 2009 was a year unlike any seen in the last 80 years for world equity markets. The impact of the financial meltdown, starting with the sub-prime crisis in the US, was felt in all economies across the globe. All equity markets fell heavily, with losses between -14% for US Equities, and -33% for European Equities. The Fund's annualised performance over 3, 5 and 10 years is -6.0%, 2.8% and 1.7% respectively.

Performance over the year, at -18.6%, beat the specific benchmark return of -20.0%, producing a relative outperformance of 1.7%. This was attributable to asset allocation returning +2.1% and stock selection of -0.4%. The Fund benefited from being overweight Fixed Interest and underweight UK Equities at an asset allocation level. Overall stock selection detracted from Fund performance, as a result of outperformance from Private Equity and Property managers being offset by underperformance in the other asset classes.

Manager Arrangements

The contract with New Star Asset Management was terminated on 19th December 2008, following the departure of the fund manager, Stephen Whittaker, on 20th November. New Star proposed a replacement manager to pick up the management of the portfolio, in a similar style to that of Stephen Whittaker. However, there were concerns over the viability of the company following reports in the press regarding their high levels of debt and their ability to retain good managers, given the large falls in the share price that the company had suffered.

It was decided that the portfolio be managed internally on a care and maintenance basis, until such point when transitions relating to changes in asset allocation, later on the year, are carried out.

Fund Governance and Communication Statements and the Statement of Investment Principles

The Fund's investments are managed in accordance with the Statement of Investment Principles (SIP).

The Fund's SIP, Governance Compliance Statement, Communications Policy and Funding Strategy statements are all published on the County Council Website.

These documents and other related publications can be downloaded at

www.lincolnshire.gov.uk or by following this link: [Finances | Lincolnshire County Council](#).

Hard copies of any of these statements may be obtained from Jo Ray, Financial Advisor – Pensions & Investments, Lincolnshire County Council, County Offices, Newland, Lincoln, LN1 1YL (Tel: 01522 553656) (email: jo.ray@lincolnshire.gov.uk).

Chris Farrar

CHAIRMAN

PENSIONS COMMITTEE

MANAGEMENT REPORT OF THE ADMINISTERING AUTHORITY

The Local Government Pension Scheme (LGPS) is a national scheme administered on a local basis by Lincolnshire County Council, providing current and future benefits for over 52,000 scheme members.

Local Government Pension Scheme membership

Year ended 31 March	2005	2006	2007	2008	2009
Contributors	19,803	20,442	20,096	20,221	20,320
Pensioners	10,102	10,426	10,890	11,565	12,130
Deferred Beneficiaries	10,528	12,472	15,213	17,831	19,749
Total	40,433	43,340	46,199	49,617	52,199

(Note: The numbers disclosed in the table above reflect individual pension records within the County Council's database. Current and past members of the LGPS may have more than one pension record as a result, for example, of having more than one part time contract of employment with a Scheme employer.)

Investment policy

The Fund is managed with regard to a strategic asset allocation benchmark. The actual allocation at any point in time reflects the decisions and views of the Fund's investment managers.

Strategic Asset Allocation Benchmark

Asset class	Strategic Benchmark 31 March 2009 %	Actual Asset Allocation 31 March 2009 %
UK Equities	32.5	25.6
Global Equities	30.9	29.2
Emerging markets	1.6	1.4
Private Equity	5.0	8.6
Total Equities	70.0	64.8
Index Linked Gilts	5.0	6.2
Overseas Fixed Interest	1.5	1.6
UK Conventional Gilts	2.0	5.8
UK Corporate Bonds	10.0	7.2
Total Fixed Interest	18.5	20.8
Property	11.5	13.7
Cash	0.0	0.7
Total	100	100

Investment performance

The twelve months period ended 31 March 2009 saw the value of the Fund fall by £198.1m to £910.1m. The investment return of -18.6% was ahead of the Fund's specific benchmark return of -20.0%. Over the last ten years, the Fund's annualised investment performance of 1.7% exceeded the benchmark return of 1.3%.

Annual investment performance over the previous ten years is set out in the table below. The Fund's annual return of -18.6% compares to a fall in retail prices of -0.4% and increase in public sector earnings of +3.4%.

Investment Performance of the Fund 1 April 1999 to 31 March 2009

	Lincolnshire Fund Return	Comparative Benchmark Return	Retail Price Inflation	Public Sector Increase in earnings
	%	%	%	%
1999/00	16.1	15.0	2.6	3.7
2000/01	-8.0	-9.3	2.3	4.4
2001/02	-0.8	-1.2	1.3	4.4
2002/03	-19.3	-22.3	3.1	5.0
2003/04	21.0	23.9	2.6	4.6
2004/05	11.0	11.9	3.2	4.3
2005/06	24.4	24.1	2.4	4.4
2006/07	6.9	6.5	4.8	3.1
2007/08	-4.4	-3.3	3.8	3.7
2008/09	-18.6	-20.0	-0.4	3.4
10 years annualised	1.7	1.3	2.6	4.1

Investment Management Arrangements

The arrangements for segregated management of the Fund's assets, in place at 31 March 2009, are set out below. Portfolio values include cash and cash equivalents at the balance sheet date.

Segregated Investment Management Mandates

Asset Class	Manager	Portfolio Market value £m's	Portfolio as a % of the Fund %
Fixed Interest	Aviva	152.3	16.7
Fixed Interest	Lincolnshire County Council	33.7	3.7
	Fixed Interest	186.0	20.4
UK Equities	Lincolnshire County Council	121.5	13.4
UK Equities	Martin Currie	79.1	8.7
UK Equities	New Star (terminated Dec 2008)	30.4	3.3
Global Equities – All Countries	Alliance Bernstein	72.8	8.0
Global Equities - (Ex UK)	Invesco	144.0	15.8
Global Equities - All Countries	Threadneedle	46.8	5.1
	Equities	494.6	54.3

The Fund invests in Emerging Equity Markets, Property and Private Equity by means of collective investment funds.

Property, Private Equity and Emerging Markets Collective Investment Vehicles

Asset Class	Manager	Market value of holding £m's	Holding as a % of the Fund %
Property	Franklin Templeton	11.3	1.3
	Igloo	7.6	0.8
	Innisfree	7.6	0.8
	Morley	18.2	2.0
	Royal London	11.3	1.2
	RReef UK	21.9	2.4
	Standard Life	44.5	4.9
		Total UK Property	122.4
Emerging Markets	Pictet	12.9	1.7
	Total Emerging Markets	12.9	1.7
Private Equity	Capital Dynamics	19.4	2.1
	Pantheon	30.6	3.4
	Standard Life	16.4	1.8
	TCW	11.4	1.2
	Total Private Equity	77.8	8.5

Actuarial Position

The employers' contribution rates applying in the year ended 31 March 2009, for employers with more than 100 employees participating in the LGPS, are set out below.

Employers' Contribution Rates 2008/2009

Employer	Rate as a % of pay
Lincolnshire County Council	18.9
Boston Borough Council	23.2
East Lindsey District Council	20.2
Lincoln City Council	23.3
North Kesteven District Council	21.0
South Holland District Council	20.9
South Kesteven District Council	21.1
West Lindsey District Council	14.1
Lincolnshire Police Authority	15.7
Lincolnshire Probation and After Care Committee	18.3
Boston College	23.2
Lincoln College	16.1
Stamford College	16.1
New Linx Housing Trust	20.3
Bishop Grosseteste College	19.1

(West Lindsey District Council pay additional lump sum contributions, which are not expressed as a percentage of payroll)

Administration of Benefits

Lincolnshire County Council has contracted with Mouchel to administer LGPS benefits and other services.

The principal points of contact in respect of questions about the LGPS are:

Investments Jo Ray, Financial Advisor – Pensions & Investments
Lincolnshire County Council, County Offices, Newland, Lincoln, LN1 1YL.
Tel: 01522 553656
Email : jo.ray@lincolnshire.gov.uk

Pensions David Vickers, Pensions Manager
Mouchel, Mill House, Brayford Wharf North, Lincoln, LN1 1YT
Tel: 01522 836462
Email: dave.vickers@mouchel-lincoln.com

P Moore BA CPFA
Director of Resources

**LINCOLNSHIRE COUNTY COUNCIL PENSION FUND ACCOUNT & NET ASSETS
STATEMENT FOR THE YEAR ENDED 31 MARCH 2009**

	See Note	2007/08 £000	2008/09 £000
Contributions and Benefits			
Contributions Receivable	4	68,840	77,176
Transfers in	5	10,115	7,783
		78,955	84,959
Benefits Payable	6	49,543	53,593
Leavers	7	10,339	5,164
Administrative expenses	8	1,044	1,190
		60,926	59,947
Net additions from dealings with fund members		18,029	25,012
Returns on Investments			
Investment Income	9	31,193	22,781
Change in Market Value of Investments	10	-83,316	-242,269
Investment management expenses	8	-3,171	-3,649
Net returns on investments		-55,294	-223,137
Net decrease in the Fund during the year		-37,265	-198,713
Opening net assets of the Fund		1,145,453	1,108,188
Closing net assets of the Fund		1,108,188	910,063
Net Assets Statement as at 31 March 2009			
Investments			
Fixed Interest Securities		131,433	129,686
Equities		665,002	488,435
Index Linked Securities		54,477	55,911
Pooled Investments		227,543	213,152
Cash Deposits		14,477	8,345
Other Investment Balances	11	6,596	6,210
		1,099,528	901,739
Current Assets and Liabilities	12	8,660	8,324
Net Assets of the Fund at 31 March		1,108,188	910,063

NOTES TO THE PENSION FUND ACCOUNT

1 Pension Fund Account

The Pension Fund is administered by the County Council on behalf of their own employees (except teachers), the District Councils and other bodies in the County. There were 20,320 contributors to the Fund at 31 March 2009 and 12,130 individuals were in receipt of pensions.

Basis of Preparation

The Financial Statements have been prepared in accordance with the main recommendations of the Statement of Recommended Practice (Financial Reports of Pension Schemes) and follow the Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy.

The Financial Statements do not take into account liabilities to pay pensions and other benefits after the period end. These liabilities are dealt with through the periodic actuarial valuations of the Fund and are reflected in the levels of employers' contributions determined by these valuations.

2 Actuarial Valuation

An actuarial valuation of the Fund undertaken as at 31 March 2007 indicated that the Fund's assets were £1,145.5m and covered 86% of the Funds liabilities. This compared with assets of £746.7m at the valuation as at 31 March 2004, which covered 79% of the Fund's liabilities. Since the valuation however, equity markets have fallen considerably. The changes in the economic factors have been extremely detrimental in terms of their effect on the funding level. The main actuarial assumptions for the 2007 valuation were as follows:

	Nominal % Per Annum	Real % Per Annum
Investment Return		
- Equities	6.1%	2.9%
- Bonds	4.5%	1.3%
Rate of Pensionable pay inflation	4.7%	1.5%
Rate of Price inflation	3.2%	

The Fund is valued using the projected unit method, which is consistent with the aim of achieving a 100% funding level. The changes in contribution rates resulting from the actuarial valuation as at 31 March 2007 were effective from April 2008. The contribution rates have been set by the Actuary to target a funding level, for most employers, on an ongoing basis of 100% over a period of 20 years. The next actuarial valuation will be undertaken as at 31 March 2010.

3 Pension Fund Investments 2008/09

Surplus funds are invested in a wide variety of UK and overseas companies and Government Securities in line with a Statement of Investment Principles. The assets are managed in a number of active and passive investment portfolios. Investment performance is monitored by the Pensions Committee of the County Council.

Fund Manager	31.03.2008		31.03.2009	
	£m	%	£m	%
EXTERNALLY MANAGED				
Alliance Bernstein	106	10	73	8
Threadneedle	57	5	47	5
Invesco	172	16	144	16
New Star (terminated Dec 2008)	55	5	30	3
Martin Currie	106	10	79	9
Aviva	150	13	152	17
INTERNALLY MANAGED				
UK Index Linked Gilts	37	3	34	4
Pooled Investments	231	21	215	24
UK Equity	179	16	121	13

The Pension Fund Statement of Recommended Practice was amended with effect from 2008/09 to require that managers report valuations at closing prices (either bid or last traded), rather than mid prices that had previously been used. The managers within the Pension Fund have reported their year end valuations at either bid or last traded, as detailed in the table below. Last years valuations have not been restated as there was not a material difference.

Fund Manager	Valuation Pricing
EXTERNALLY MANAGED	
Alliance Bernstein	Last Traded
Threadneedle	Bid
Invesco	Bid
New Star	Last Traded
Martin Currie	Last Traded
Aviva	Bid
INTERNALLY MANAGED	
UK Index Linked Gilts	Last Traded
Pooled Investments	Bid/Fair Value
UK Equity	Last Traded

The Fund lends stock to third parties under a stock lending agreement with the Fund's custodian, JP Morgan. The total amount of stock on loan at the year-end was £32,355,935 and this value is included in the net assets statement to reflect the Funds continuing economic interest in the securities on loan. As security for the stocks on loan, the Fund was in receipt of collateral at the year end valued at £34,284,779.

Income before costs received from stock lending activities was £327,398 for the year ending 31 March 2009 and is included within the 'Investment Income' figure detailed on the Pension Fund Account.

4 Contributions receivable

	2007/08 £000	2008/09 £000
Employers		
Normal	33,874	43,441
Deficit Funding	16,264	12,893
Additional	2,463	2,037
Members		
Normal	15,886	18,496
Additional years	353	308
	68,840	77,175

These contributions are analysed by type of Member Body as follows:

	2007/08 £000	2008/09 £000
Lincolnshire County Council	38,777	44,822
Scheduled Bodies	27,358	29,348
Admitted Bodies	2,705	3,005
	68,840	77,175

5 Transfers In

During the year individual transfers in from other schemes amounted to £7.783m (£10.115m in 2007/08).

There is an outstanding transfer due into the Pension Fund as a result of Newark College (from the Nottinghamshire Pension Fund) merging with Lincoln College. The value of the liabilities has been calculated at approximately £1.2m, although this will be adjusted to take account of market movements between the calculation date and the actual date of payment. The Fund Actuary is working to finalise figures to complete the transfer in 2009/10.

6 Benefits payable

	2007/08 £000	2008/09 £000
Pensions	40,189	42,846
Commutations and Lump Sum Retirement Benefits	8,588	9,900
Lump Sum Death Benefits	766	847
	49,543	53,593

These benefits are analysed by type of Member Body as follows:

	2007/08 £000	2008/09 £000
Lincolnshire County Council	27,146	29,919
Scheduled Bodies	21,222	22,514
Admitted Bodies	1,175	1,160
	49,543	53,593

7 Payments to and on account of leavers

	2007/08 £000	2008/09 £000
Individual transfers to other schemes	10,335	5,146
Refunds to members leaving service	4	18
	10,339	5,164

8 Administrative and Investment Management Expenses

The Local Government Pension Scheme Regulations permit costs incurred in connection with the management of the investments and benefit administration to be charged against the Fund. Breakdowns of these costs are set out below:

	2007/08 £000	2008/09 £000
Benefit Administration Expenses	896	1052
Actuarial & other Professional Charges	148	138
Administrative expenses	1044	1,190
Investment, Management & Custody	3,155	3,616
Performance Measurement and Other Advisory Charges	16	33
Investment Management expenses	3,171	3,649

9 Investment Income

	2007/08	2008/09
	£000	£000
Fixed Interest Securities	6,610	7,850
Equities	22,406	21,271
Index Linked Securities	1,085	1,075
Pooled Investments	340	1,805
Cash deposits	1,125	722
Stock Lending	232	327
Underwriting / Commission Recapture	3	7
Profit (Loss) on Forward Deals & Currency Exchange	-608	-10,276
	31,193	22,781

10 Investments

	Value at	Purchases	Sale	Change in	Value at
	31.03.2008	at Cost	Proceeds	Market Value	31.03.2009
	£000	£000	£000	£000	£000
Fixed Interest Securities	131,433	436,056	426,733	-11,070	129,686
Equities	665,002	260,239	234,300	-202,506	488,435
Index Linked Securities	54,477	58,225	57,383	592	55,911
Pooled Investments	227,543	27,582	12,688	-29,285	213,152
	1,078,455	782,102	731,104	-242,269	887,184
Cash Deposits	14,477				8,345
Outstanding dividend entitlements and recoverable withholding tax	6,596				6,210
Current Assets & Liabilities	8,660				8,324
	1,108,188	782,102	731,104	-242,269	910,063

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £825,553 (£964,441 in 2007/08). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments. The amount of indirect costs is not separately provided to the scheme.

A further analysis of the market value of investments is given below:

	31.03.2008		31.03.2009	
	£000	%	£000	%
Listed Investments				
Fixed Interest Securities:				
UK Public Sector Quoted	48,435	4	52,211	6
UK Quoted	61,535	6	62,762	7
Overseas Public Sector Quoted	21,463	2	14,713	2
	131,433	12	129,686	15
Equities:				
UK Quoted	350,771	32	242,685	27
Overseas Quoted	314,231	29	245,750	27
	665,002	61	488,435	54
Index Linked:				
UK Public Sector	53,375	5	52,907	6
Other	1,102	0	3,004	0
	54,477	5	55,911	6
Unlisted Investments				
Pooled Investments:				
UK Pooled	154,723	14	114,516	13
Overseas Pooled	72,820	7	98,636	11
	227,543	21	213,152	24
Cash:				
Short Term Loans/External Deposits	14,477	1	8,345	1
Total	1,092,932	100	895,529	100

11 Other Investment Balances

	2007/08 £000	2008/09 £000
Dividends Receivable	4,294	2,253
Bond Accrued Income	2,514	2,791
Recoverable Tax	166	452
Unsettled Trades – Purchases	-2,152	-1,218
– Sales	1,774	1,932
	6,596	6,210

12 Current Assets and Liabilities

	2007/08	2008/09
	£000	£000
Cash Balances	9,419	9,294
Debtors	7,318	5,715
Creditors	-8,077	-6,685
	8,660	8,324

Debtors are recorded in the accounts where income due to the Pension Fund, for example from sales of investments or dividend payments, has not actually been received. Debtors include a figure of £2,924,957 for contributions due from employers (2007/8 £3,407,370). Similarly, creditors are recorded where services supplied to the Pension Fund, or purchases of investments have been made by 31 March, but payment is not made until the following financial year.

13 Contractual Commitments

Investment commitments have been made to a number of pooled investment vehicles that make private equity or property investments. At the year end the value of outstanding commitments to 24 investment vehicles amounted to £106,640,670.

14 Additional Voluntary Contributions

Scheme members may make additional contributions to enhance their pension benefits. All Additional Voluntary Contributions are invested in a range of investment funds managed by the Prudential plc. At the year end, the value of AVC investments amounted to £8,545,516 and member contributions of £728,466 were received by the Prudential in the year to 31st March. The value of AVC funds and contributions received in the year are not included in the Fund Account and Net Assets Statement.

AVC Fund	With Profits Fund	Deposit Fund	Unit Linked Fund	Total
Opening Value 31/3/08	7,451,257	424,686	356,621	8,232,564
Income:				
Contributions	614,444	58,928	55,094	728,466
Interest & Bonuses	368,449	16,949		385,398
Expenditure:				
Benefits	(650,857)	(23,249)	(30,723)	(704,829)
Transfers Out	(23,769)			(23,769)
Charges			(2,369)	(2,369)
Market Movement			(69,945)	(69,945)
Closing Value 31/3/09	7,759,524	477,314	308,679	8,545,516

15 Dividend Tax Claims

During the financial year 2006/07, the County Council lodged a number of claims with HM Revenue and Customs for the recovery of dividend tax credits relating to earlier years. The total value of the claims is £793,498 and relates to both Foreign Income Dividends paid by UK companies and certain dividends paid by overseas companies. The claims are based on interpretations of European Union law and a number of recent relevant judgements. The County Council is participating with other pension funds in progressing a legal test case to support the claims. It is expected that resolution of the claims will take a number of years and, if unsuccessful, the Fund could incur a share of the costs of the Commissioners of the Inland Revenue.

16 Related Party Transactions

The Treasury Management section of the County Council acts on behalf of the Pension Fund to manage the cash position held in the Pension Fund bank account. This is amalgamated with the County Council's cash and lent out in accordance with the Council's Treasury Management policies. During the year, the average balance in the Pension Fund bank account was £9.9m and interest of £481k was earned over the year.

Lincolnshire County Council paid contributions of £30.2m into the Pension Fund during the year and all payments were received within agreed timescales.

AUDITOR'S REPORT TO LINCOLNSHIRE COUNTY COUNCIL

Independent auditor's report to the Members of Lincolnshire County Council

I have audited the pension fund accounts for the year ended 31 March 2009. The pension fund accounts comprise the Fund Account, the Net Assets Statement and the related notes. The pension fund accounts have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Lincolnshire County Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Director of Resources and auditor

The Director of Resources is responsible for preparing the pension fund accounts, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008. In preparing this pension fund accounts, the Responsible Financial Officer is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgments and estimates that were reasonable and prudent;
- keeping proper accounting records which were up to date; and
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

My responsibility is to audit the pension fund accounts and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the pension fund accounts present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year. I also report to you whether, in my opinion, the information which comprises the commentary on the financial performance included within the Pension Fund Annual Report, is consistent with the pension fund accounts. That information comprises the report of the Pensions Committee and the Management Report of the Administering Authority.

I review whether the governance compliance statement published in the Pension Fund Annual Report reflects compliance with the requirements of Regulation 34(1)(e) of the Local Government Pension Scheme (Administration) Regulations 2008 and related guidance. I report if it does not meet the requirements specified by the Department of Communities and Local Government or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the pension fund accounts and related notes and consider whether it is consistent with the audited pension fund accounts. This other information comprises the remaining elements of the Pension Fund Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the pension fund accounts and related notes. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the pension fund accounts and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the pension fund accounts and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the pension fund accounts and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the pension fund accounts and related notes.

Opinion

In my opinion:

- the pension fund accounts and related notes present fairly, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the Pension Fund during the year ended 31 March 2009, and the amount and disposition of the fund's assets and liabilities as at 31 March 2009, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- the information given in the commentary on financial performance included within the Pension Fund Annual Report is consistent with the pension fund accounts.

Ian Sadd
District Auditor
Rivermead
7 Lewis Court
Grove Park
Enderby
Leicester
LE19 1SU



14 October 2009

ACTUARIAL STATEMENT

As required by Regulation 77 of the Local Government Pension Scheme Regulations 1997, an actuarial valuation of the assets and liabilities of the Lincolnshire County Council Pension Fund (“the Fund”) was carried out as at 31 March 2007.

Security of Prospective Rights

In my opinion, the resources of the Fund are likely in the normal course of events to meet the liabilities of the Fund as required by the Regulations. In giving this opinion, I have assumed that the following amounts will be, and have been, paid to the Fund:

- Contributions by the members in accordance with the Local Government Pension Scheme Regulations 1997 until 31 March 2008, then in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007; and
- Contributions by employers in accordance with the Rates and Adjustments Certificate dated 23 March 2005 for the year ending 31 March 2008. Thereafter for the three years commencing 1 April 2008 as specified in our Rates and Adjustments certificate included in our actuarial valuation report as at 31 March 2007, dated 17 March 2008.

Summary of Methods and Assumptions Used

Full details of the method and assumptions are described in our valuation report dated 17 March 2008 and the Rates and Adjustments certificate contained therein.

Copies of these documents are available on request from Lincolnshire County Council, administering authority to the Fund.

My opinion on the security of the prospective rights is based on:

- the projected unit valuation method where there is an expectation that new employees will be allowed to join an employer; or
- the attained age valuation method for employers who are closed to new entrants; where appropriate.

These methods allow for future salary increases and assess the cost of benefits accruing to existing members during:

- the year following the valuation; or
- the remaining working lifetime, respectively.

The resulting contribution rate is adjusted to allow for any difference in the value of accrued liabilities and the assessed value of assets.

Valuation of Assets

A “market related” valuation method has been used. This is consistent with the methodology adopted at the 2004 valuation. The Fund’s assets are taken at their market value on the date of the valuation (in this case 31 March 2007).

Valuation assumptions

The key financial assumptions adopted at the 2007 valuation are set out in the table below:

Financial Assumptions	March 2007	
	% p.a. Nominal	% p.a. Real
Discount Rate	6.1%	2.8%
Pay Increases	4.7%	1.5%
Price Inflation / Pension Increases	3.2%	-

The 2007 valuation revealed that the Fund's assets, which at 31 March 2007 were valued at £1,142 million, were sufficient to meet approximately 86% of the liabilities accrued up to that date.

Individual employers' contributions have been set in accordance with the Fund's Funding Strategy Statement. The deficits for each individual employer are being spread over a period up to a maximum of 20 years.

Experience since April 2007

The financial experience of the Fund since 31 March 2007 has been unfavourable. Assets have significantly underperformed relative to the assumptions set at the valuation causing the funding level to deteriorate. In addition, increases in the future expectations of inflation and a fall in the real bond yields has increased the value of the liabilities. Further, this rise in inflation expectations has a significant impact on the expected cost of future benefits accruing since the valuation.

Accordingly, the level of employer contributions would be expected to increase above their current levels if a valuation were carried out at a current date on the current funding strategy. Our opinion on the security of prospective rights above is dependent upon any increased contribution requirements being met by the employers. However, this statement should also be read in the context of the statutory nature of the scheme.

The next valuation of the Fund will be carried out as at 31 March 2010.

Prepared by:-

Peter Summers FFA

12 August 2008

For and on behalf of Hymans Robertson LLP

INVESTMENT BACKGROUND

Returns for major markets

All equity markets produced negative returns for investors over the twelve months ended March 2009.

As Central Banks around the world reduced interest rates in response to the financial crisis, bond markets produced mixed returns. In the UK, returns ranged from -6.2% for Corporate Bonds to -1.3% for Government Bonds.

UK Commercial Property saw falls of nearly 26%, as values declined in the face of deteriorating credit markets and the sharp deterioration in the economic backdrop.

Investment Returns to sterling based investors 1 April 2008 to 31 March 2009

Asset Class	Index	Index return to sterling investors %
Equities		
United Kingdom	FTSE All Share	(29.0)
Global Equities	FTSE World (ex UK)	(22.0)
United States	FTSE North America	(16.1)
Europe	FTSE Europe (ex UK)	(33.5)
Japan	FTSE Japan	(12.6)
Far East	FTSE Pacific (ex Japan)	(25.3)
Fixed Interest		
UK Index Linked Gilts	FTSE Index-Linked All Stocks	(1.3)
UK Gilts over 15 yrs	UK Gilts and All Stocks	3.9
Overseas Bonds	JP Morgan World ex UK	(1.4)
UK Corporate Bonds	IBoxx Sterling Non-Gilts All Stocks	(6.2)
Property	IPD Index	(25.5)
Cash	LIBID Seven Day Rate (compounded)	3.8

MARKETS OVER THE REPORTING PERIOD

World Equity Markets

- The year saw further turbulence on the world's financial markets, with gloomy economic releases and poor corporate news flow driving risk assets considerably lower. Equities bore the brunt of the risk-averse conditions, as investors downgraded their expectations for corporate profitability, share prices inevitably weakened.
- Initially, high inflation limited western central banks ability to respond to the worsening economic background by making significant cuts to interest rates. However, an easing in commodity prices during the summer removed this conundrum and significant rate cuts duly followed. Base rates in the UK fell from 5.25% to 0.5%, their lowest level since the Bank of England was established in the 17th century, while the Federal Reserve, having started the process earlier, slashed US rates to virtually zero. The European Central Bank was initially more reticent but eventually joined in, leaving euro-area interest rates at 1.5% by the end of the year.
- Geographically there was no hiding place from the downdraft in equities, although strength in the US dollar and the Japanese yen versus sterling meant that these two markets were the best performers from a UK investor's perspective. In the UK equity market, sterling weakness saw overseas earners, such as multinational oil and pharmaceutical companies, outperform (with the latter also benefiting from their defensive characteristics, along with other defensive sectors such as utilities). Meanwhile, financials remained weak

as concerns lingered over the long-term viability of a number of high profile companies.

Fixed Interest Markets

- The easing in monetary policy, together with lower inflation readings and ongoing risk aversion, helped government bonds to perform relatively well over the period. Index linked issues outperformed their conventional equivalents early in the period as high commodity prices fed inflationary concerns. However, as the year unfolded and inflation worries subsided (to be eventually replaced by fears of deflation) the previous trend reversed, with conventional bonds outperforming.

Commercial Property

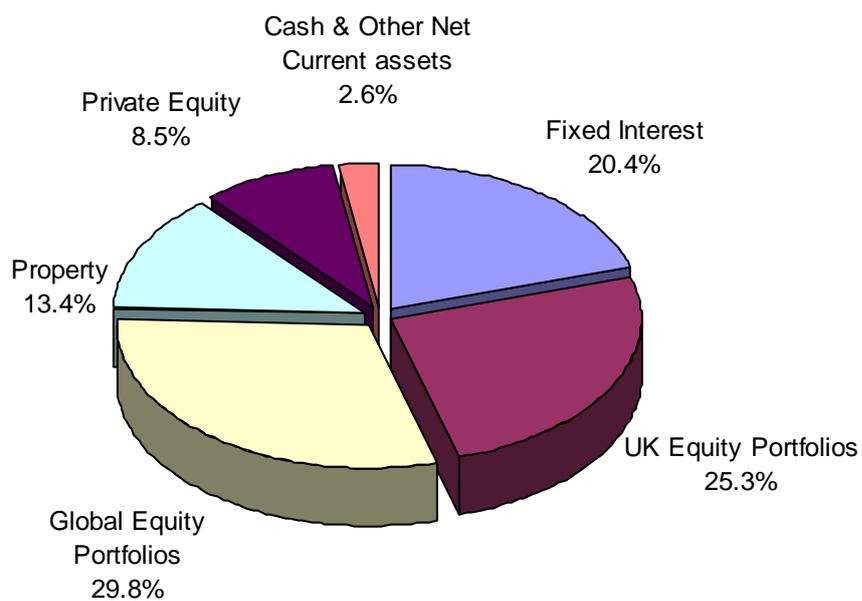
- This was another difficult year for property, with the value of UK commercial property falling significantly. Capital values were down 30%, consistent with most other asset classes as values declined in the face of deteriorating credit markets, the sharp deterioration in the economic backdrop and increased risk aversion.
- Across the sectors, offices, industrial and retail returned -25.9%, -21.4% and -27.1% respectively, as the crisis in confidence impacted all areas.

ASSET DISTRIBUTION AT 31 MARCH 2009

Asset class	Market Value £000	31/3/09 %	31/3/08 %
Fixed Interest	185,597	20.4	16.8
UK Equity Portfolios	230,107	25.3	30.3
Global Equity Portfolios	271,179	29.8	31.5
Property	122,528	13.4	13.7
Private Equity	77,774	8.5	5.1
Cash & Other Net Current assets	22,878	2.6	2.6
Total	910,063	100	100

INVESTMENT DISTRIBUTION

ASSET ALLOCATION AS AT 31 MARCH 2009



TWENTY LARGEST HOLDINGS IN THE FUND AS AT 31 MARCH 2009

	Market Value £000	Proportion of Fund %
Standard Life Property Fund	31,560	3.5
BP	21,168	2.3
Royal Dutch Shell A & B Shares	19,771	2.2
Rreef UK Managed Property Fund	18,904	2.1
Aviva Pooled Property Fund	18,183	2.0
Vodafone	15,233	1.7
Standard Life Investments European Property	12,984	1.4
Pictet Emerging Markets Fund	12,851	1.4
Glaxo Smithkline	12,208	1.3
Treasury 4.75% 2015	12,004	1.3
European Clean Energy Fund	11,398	1.3
Royal London Exempt Property Unit Trust	11,349	1.2
Astrazeneca	9,339	1.0
Treasury Index Linked Gilt 2.5% 2016	9,011	1.0
HSBC	8,397	0.9
BG Group	8,323	0.9
Treasury Index Linked Gilt 2020	7,958	0.9
Treasury Index Linked Gilt 2024	7,636	0.8
Igloo Regeneration Partnership	7,590	0.8
Standard Life European Strategic Partners	6,945	0.8
Total	262,812	28.8

SUMMARY OF LGPS CONTRIBUTIONS AND BENEFITS FROM 1ST APRIL 2008

Membership of the LGPS is available to all contracted employees of participating employers whether whole time or part time. Casual employees may also be members providing their contract of employment is for a minimum of three months. Whilst membership of the Scheme is not compulsory, employees of Scheme employers who are eligible are deemed to have joined unless they specifically opt out, whilst employees of transferred Admission Bodies are eligible only if they are employed in connection with the service transferred.

National legislation and regulation cover the LGPS including the benefit entitlements of Scheme participants and their families. Such benefits are not linked to the investment performance of the Fund. Key features of the contributions payable and the benefits available are outlined below:

Contributions

Employees contribution rate's from 1 April 2008 are based on fulltime equivalent pay using the pay band table shown below. The exception being manual workers who were Fund members before 1 April 1998 who paid 5%, are to be assimilated on to the relevant rate from the pay band table by 1 April 2011.

FT Equivalent Pay	Contribution Rate
Up to £12,000	5.5%
More than £12,000 and up to £14,000	5.8%
More than £14,000 and up to £18,000	5.9%
More than £18,000 and up to £30,000	6.5%
More than £30,000 and up to £40,000	6.8%
More than £40,000 and up to £75,000	7.2%
More than £75,000	7.5%
Protected Manual Workers	
1 st April 2008	5.25%
1 st April 2009	5.5%
1 st April 2010	6.5% (or the relevant rate from above if lower)
1 st April 2011	The relevant rate from the table above

Benefits

The retirement age for scheme members is 65. However, employees may retire between 60 and 65 but would suffer a reduction to their benefits (unless protected under the 85 year rule). Retirement before age 60, other than on ill-health grounds, is not possible without the permission of the employer.

Annual Pensions

Pensions are calculated at a rate of $1/60^{\text{th}}$ ($1/80^{\text{th}}$ for service accrued prior to 1 April 2008) of the employee's average 'final' pay in their last twelve months of employment for each year of pensionable service. Pensions for persons aged 55 and over (no age restriction for ill-health) are increased each April in line with Retail Price Index.

Lump Sum Payments

A member receives a tax free lump of three times their pension on service accrued prior to 1 April 2008. On service from 1 April 2008 there is no automatic lump sum, but members have the option to commute pension at the rate of £12 cash lump sum for every £1 pension given up, subject to maximum tax free lump sum of 25% of capital value of accrued benefits at retirement.

Ill Health Retirement

There are three tiers of benefits. The benefits are calculated as for normal retirement with additional service under tiers one and two depending on age.

Death-benefits

Death in service attracts a tax free lump sum of three times final pensionable pay. An annual pension is payable to a spouse/civil partner/ 'nominated dependent partner and eligible children, however civil partners and 'nominated' dependent partners pensions are based on post 5th April 1988 membership only. If a member dies within ten years of their retirement a single lump sum payment is made of ten times the member's annual pension, less any pension paid since retirement. For a member who retired prior to 1st April 2008 and dies within five years of their retirement, a single lump sum payment is made of five times the member's annual pension less any pension paid since retirement. The surviving spouse is entitled to an annual pension based on $1/160^{\text{ths}}$ accrual of the member's membership.

Supplementary Pensions

Scheme members may purchase additional pension of up to a maximum of £5,000 per annum, in blocks of £250. As an alternative, Scheme members may increase their benefits by paying Additional Voluntary Contributions (AVCs). The AVC provider, appointed by the County Council as the administering authority, is Prudential.

SUMMARY OF LGPS CONTRIBUTIONS AND BENEFITS TO 31st MARCH 2008

The department for Communities and Local Government (CLG) issued amended regulations to replace the existing scheme with a 'New Look' scheme from the 1st April 2008. Prior to this the key features were as follows:

Membership of the LGPS is available to all contracted employees of participating employers whether whole time, part time or casual.

National legislation and regulation cover the LGPS including the benefit entitlements of Scheme participants and their families. Such benefits are not linked to the investment performance of the Fund. Key features of the contributions payable and the benefits available are outlined below:

Contributions

Employees contribute 6% of their pensionable pay towards their pension, the exception being manual workers who were Fund members before 1 April 1998 who pay 5%.

Benefits

The normal retirement age for Scheme members is 65 but employees in the Scheme prior to 1 April 1998 can retire at 60 provided they have 25 years service. Retirement before these ages, other than on ill-health grounds, is not possible without the permission of the employer.

Annual Pensions

Pensions are calculated at a rate of 1/80th of the employee's average 'final' pay in their last twelve months of employment for each year of pensionable service. Pensions for persons aged 55 and over are linked to the movement in the Retail Price Index.

Lump Sum Payments

A member receives a tax free lump sum payment in retirement of three times their pension, with an option to take a bigger lump sum by exchanging part of their pension. Up to 25% of the capital value

of a members pension can be taken as tax free cash.

III Health Retirement

Benefits are as for normal retirement but with additional years added dependent on the length of pensionable membership.

Death-benefits

Death in service attracts a lump sum grant equivalent to up to twice final pensionable pay. An annual pension is payable to the surviving spouse and any eligible children. For death after retirement a single payment is made of five times the member's annual pension (less any pension paid since retirement). The surviving spouse is entitled to an annual pension of up to 50% of the member's pension for the rest of their life.

Supplementary Pensions

Scheme members may purchase additional membership within the Scheme up to a maximum of 6 2/3rd years. As an alternative, Scheme members may increase their benefits by paying Additional Voluntary Contributions, up to limits prescribed in scheme rules, to an AVC provider appointed by the County Council as the administering authority.

LIST OF PARTICIPATING EMPLOYERS

Employing authorities who are participating members of the Fund at 31 March 2009

Scheduled Authorities

Aubourn & Haddington Town Council
Black Sluice Internal Drainage Board
Boston Borough Council
Boston College
Bourne Town Council
Cherry Willingham Parish Council
City of Lincoln Council
Crowland Parish Council
Deeping St James Parish Council
East Lindsey District Council
Grantham College
Greetwell Parish Council
Heighington Parish Council
Horncastle Town Council
Ingoldmells Parish Council
Langworth Parish Council
Lincoln College
Lincolnshire Police Authority
Lincolnshire County Council
Lincolnshire Probation Service
Lincolnshire River Authority
Lincolnshire Valuation Tribunal
Lindsey Marsh Drainage Board
Long Bennington Parish Council
Louth Town Council
Mablethorpe and Sutton Town Council
Market Deeping Town Council
Metheringham Parish Council
Nettleham Parish Council
North East Lindsey Internal Drainage Board
North Hykeham Town Council
North Kesteven District Council
Saxilby Parish Council
Skegness Town Council
Skellingthorpe Parish Council
Sleaford Town Council
South Holland District Council
South Holland Internal Drainage Board
South Kesteven District Council
Stamford College
Stamford Town Council
Sudbrooke Parish Council

Upper Witham Internal Drainage Board
Washingborough Parish Council
Welland and Deeping Internal Drainage Board
West Lindsey District Council
Witham First Internal Drainage Board
Witham Fourth Internal Drainage Board
Witham Third Internal Drainage Board
Woodhall Spa Parish Council

Admitted Authorities

Acis Group
Adults Supporting Adults
Bishop Grosseteste College
Boston Mayflower
Centre for British Teachers
City of Lincoln Archaeological Unit
Community Leisure Services
East Midlands Tourist Board
Heritage Trust for Lincolnshire
Lincoln City Transport Ltd
Lincolnshire & Humberside Arts
Lincolnshire Enterprise
Lincolnshire Home Improvements Agency
Lincolnshire Partnership Trust
Lincolnshire Sports Partnership
Lincolnshire Tourism
Lincolnshire Trust for Nature
Mouchel (Connexions IT staff)
National Child Minding Association
New Linx Housing Trust
Trust for Lincolnshire Archaeology

ADDITIONAL INFORMATION AVAILABLE

Additional information regarding the Pension Fund and the scheme is available by going to the website below:

<http://microsites.lincolnshire.gov.uk/pensions/>

The following documents can be found by selecting Fund in the main menu. Alternatively, if you have an electronic version of this document, the links below can be used.

FUNDING STRATEGY STATEMENT

This document is prepared in collaboration with the Fund's actuary, Hymans Robertson, and sets out the Fund's approach to funding its liabilities. It is reviewed in detail every three years.

STATEMENT OF INVESTMENT PRINCIPLES

This document describes the key issues that govern the investment of the Pension Fund, and states the extent to which the Council's investment principles comply with ten principles set out in a publication by the Chartered Institute of Public Finance and Accountancy, entitled 'Principles for Investment Decision Making in the Local Government Pension Scheme in the UK'.

Following a review by the National Association of Pension Funds (NAPF) and a Government consultation, Myners ten original principles were replaced by six new principles which were launched in October 2008. An Investment Governance Group (IGG), sponsored by the Department for Work and Pensions (DWP) and the Treasury, formed to implement the new principles in UK pension funds. An LGPS sub group has been tasked with amending the rules and guidance for local government pension schemes, but until these amendments are agreed and revised regulation issued by CLG, it is a statutory requirement to continue reporting against the ten principles.

COMMUNICATIONS POLICY

This document details the methods of communication that the Pension Fund uses to comply with relevant legislation and to ensure that relevant individuals and employers receive accurate and timely information about their pension arrangements.

GOVERNANCE COMPLIANCE STATEMENT

This document details how the Pension Fund is governed, and sets out where it complies with best practice guidance as published by the Department for Communities and Local Government. The Statement is included at page 31 of this Annual Report.

If you would like hard copies of any of the documents above, please contact:

Jo Ray, Financial Advisor - Pensions & Investments
Lincolnshire County Council, County Offices, Newland, Lincoln, LN1 1YL
Tel: 01522 553656
Email: jo.ray@lincolnshire.gov.uk.

GOVERNANCE POLICY AND COMPLIANCE STATEMENT

LINCOLNSHIRE COUNTY COUNCIL

LOCAL GOVERNMENT PENSION SCHEME

Lincolnshire County Council, as administering authority for the Local Government Pension Scheme, is required by statute to publish a governance compliance statement. The Council has elected to do this by publishing a concise Governance Policy Statement and then to outline, as required by legislation, the extent to which that statement and the underlying practices demonstrate compliance with best practice guidance as published by the Department for Communities and Local Government. This latter aspect constitutes the Governance Compliance Statement.

The Governance Policy and Compliance Statements are set out in turn below.

GOVERNANCE POLICY STATEMENT

The County Council has delegated its pension fund administering authority functions to a Pensions Committee and the Director of Resources.

Pensions Committee

The Pensions Committee has 19 members in total, 15 of which are County Councillors and 4 co-opted members. All the members have full voting rights.

The 15 County Councillors represent the political balance of the Council.

The 4 co-opted members comprise:

- 2 representatives from the Lincolnshire Local Government Association, representing other local authorities within the County,
- 1 representative for non Local Authority employers, and
- 1 Trade Union representative, reflecting the interests of scheme members.

Under the County Council's Constitution, the Pensions Committee exercises the following functions, to;

- set investment policies for the Fund, including the establishment and maintenance of a strategic benchmark for asset allocation, drawing upon appropriate professional advice,
- appoint and review the performance of all Fund Managers and associated professional service providers,
- approve the Annual Report and Statement of Accounts of the Fund,
- consider any other matters relevant to the operation and management of the fund, and

- respond to any relevant consultation impacting upon the benefit provisions of the Local Government Pension Scheme.

The Pensions Committee has four regular meetings in any twelve month period. In addition, one or more special meetings may be held to appoint new investment managers or other professional advisers.

The Pension Committee's regular quarterly meetings are open to the public and agendas, reports and minutes are made available through the County Council's website. An annual report on the management of the fund is provided to all scheme employers with an abbreviated version distributed to scheme members.

Director of Resources

The Director of Resources is responsible for the day to day administration of the benefits and assets of the pension scheme, specifically to:

- authorise payment of statutory pensions and allowances,
- undertake or arrange for all necessary transactions associated with the management of the assets of the Pension Fund, and
- to agree appropriate means of securing external representation on the Pension Committee, in consultation with relevant external bodies.

Any questions about the governance of the Lincolnshire Local Government Pension Fund should be addressed to David Forbes, Assistant Director of Resources, Finance and Asset Management. david.forbes@lincolnshire.gov.uk, telephone 01522 553642.

GOVERNANCE COMPLIANCE STATEMENT

Principle		Full Compliance	Comments
A - Structure	a.The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Yes	See terms of reference for the Pensions Committee in the Policy Statement above.
	b.That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Partial	The Council has not, to date, seen the need to establish a secondary committee/panel. It will, however, keep this aspect under review and may, for example, establish such a forum in future to deal with specific issues. Pensioner and deferred beneficiaries are not presently represented directly on the Committee – see B a. below.
	c.That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Not Relevant	As discussed above, no such forum has been established as yet.
	d.That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Not Relevant	As discussed above, no such forum has been established as yet.
B - Representation	a.That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include :- <ul style="list-style-type: none"> • Employing authorities (including non-scheme employers, e.g. admitted bodies); • Scheme members (including deferred and pensioner scheme members), • Where appropriate, Independent 	Partial	At 19 voting members the existing Committee is well above average size and this has been set, in part at least, to be inclusive of all employing bodies in the Fund. Member related issues are dealt with by having a single trade union representative on the Committee. Given the statutory guarantee that exists in respect of member benefits this is felt to be sufficient

	<p>professional observers, and</p> <ul style="list-style-type: none"> • Expert advisors (on an ad hoc basis) 		representation although the Council will review this aspect periodically.
	<p>b. That where lay members sit on the main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.</p>	Yes	All members of the Committee have full voting rights and equal access to information, training, etc.
C – Selection and Role of Lay Members	<p>a. That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p>	Yes	Nationally available customised training is available to all members and this is supplemented by locally provided induction sessions for new members of the Committee.
	<p>b. That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.</p>	Yes	The declaration of member's interests is a standard item on the agenda of the Pensions Committee.
D - Voting	<p>a. That the policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.</p>	Yes	Full voting rights are given to all members of the Committee.
E – Training/Facility Time/Expenses	<p>a. That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.</p>	Yes	See C a. above. All expenses incurred by members of the Pensions Committee are either met by the body they represent or directly by the Fund itself.
	<p>b. That where such a policy exists, it applies</p>	Yes	All members are treated equally in every

	equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.		respect.
	c. That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.	Partial	All training undertaken by members of the Pensions Committee is recorded and training opportunities are regularly brought to the attention of the Committee, either in monthly update letters or in reports taken to Committee.
F – Meetings - Frequency	a. That an administering authority’s main committee meet at least quarterly.	Yes	See Compliance Policy Statement above.
	b. That an administering authority’s secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Not Relevant	As discussed above, no such forum has been established as yet.
	c. That an administering authority who does not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Not Relevant	Four added members exist and have equal rights with all mainstream members in all respects.
G – Access	a. That subject to any rules in the council’s constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Yes	All members are treated equally in every respect.
H – Scope	a. That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Partial	The terms of reference of the Pensions Committee were changed a few years ago to include benefit related matters which up until

			<p>that time had been dealt with elsewhere within the governance arrangements of the Council.</p> <p>At present the Council does not believe there is a strong argument in favour of appointing an independent professional observer on administration/governance issues in addition to the independent advisor already in place in respect of investment matters.</p>
I - Publicity	a. That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Yes	<p>The County Council publishes the many governance documents and communicates regularly with employers and scheme members.</p>