

# STRATHCLYDE PENSION FUND ANNUAL REPORT AND ACCOUNTS 2007



# DURING 2007 WE ADOPTED THE FOLLOWING STATEMENT OF VALUES AND OBJECTIVES /

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# VALUES

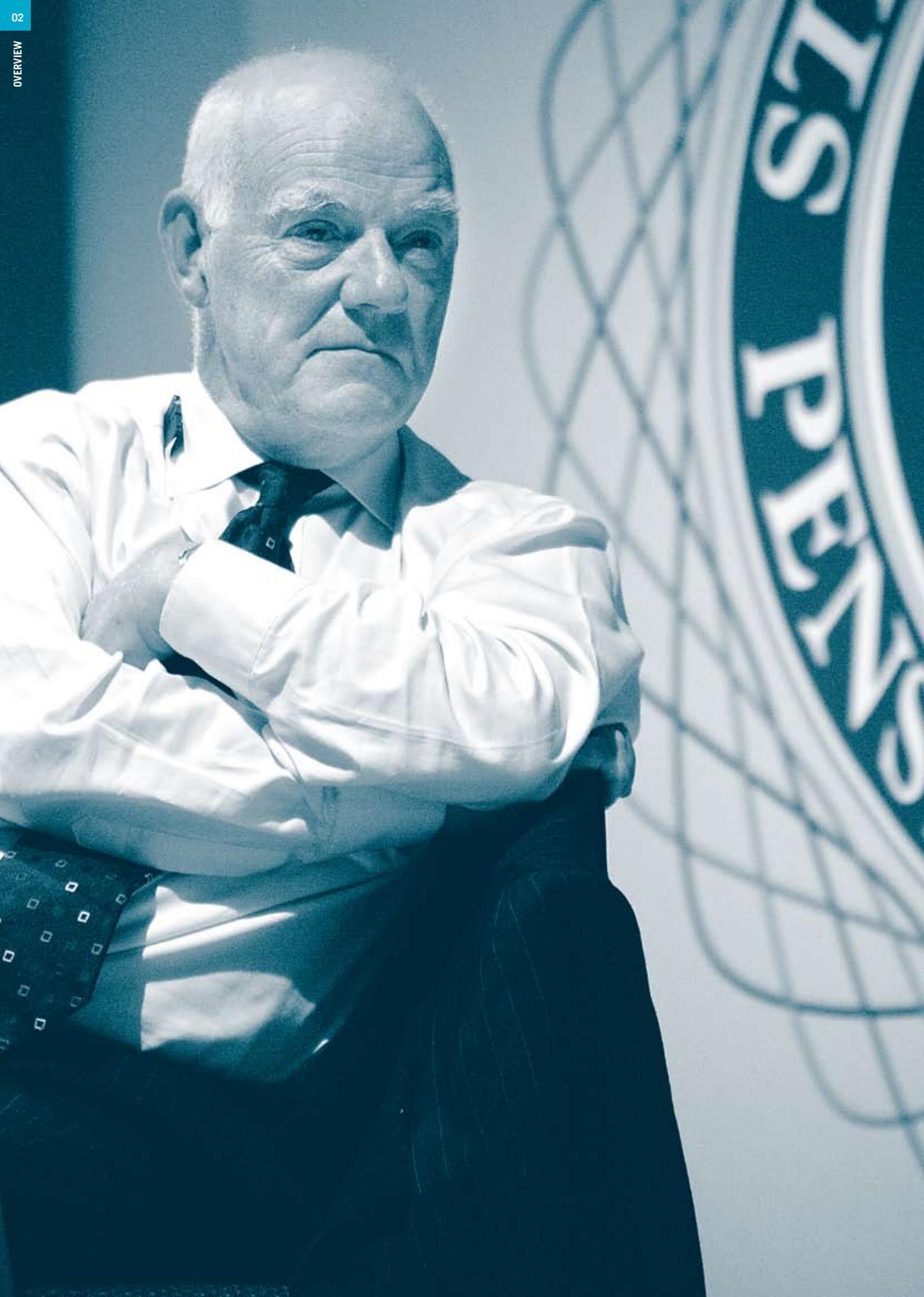
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- / ACCURACY, ACCESSIBILITY AND SPEED OF RESPONSE**
- / PEOPLE, PARTICIPATION AND PARTNERSHIP**
- / PROACTIVENESS, INITIATIVE AND INNOVATION**
- / TRANSPARENCY, ACCOUNTABILITY AND VALUE FOR MONEY**

# OBJECTIVES

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- / TO DELIVER A PROFESSIONAL, HIGH QUALITY SERVICE THROUGH HAVING HIGHLY SKILLED, MOTIVATED AND EMPOWERED STAFF**
- / TO BE FULLY ACCOUNTABLE TO ALL STAKEHOLDERS FOR THE GOVERNANCE OF THE FUND AND FOR SCHEME ADMINISTRATION**
- / TO ACHIEVE 100% ACCURACY OF OUR MEMBER DATABASE IN PARTNERSHIP WITH ALL OUR STAKEHOLDERS**



## OVERVIEW

**STRATHCLYDE PENSION FUND IS A POOL INTO WHICH EMPLOYEES' AND EMPLOYERS' CONTRIBUTIONS AND INVESTMENT INCOME ARE PAID, AND FROM WHICH PENSIONS AND OTHER LUMP SUM BENEFITS ARE PAID OUT TO LOCAL GOVERNMENT PENSION SCHEME MEMBERS.**



/ Glasgow City Council administers the Fund on behalf of 12 unitary local authorities and over 200 other public sector bodies

/ All pension benefits are paid in accordance with the Local Government Pension Scheme (Scotland) regulations 1998

/ The Fund is invested in accordance with the Local Government Pension Scheme (Scotland) (Management and Investment of Funds) regulations 1998

/ At 31st March 2007, the Fund had investments of £9.7 billion and over 180,000 scheme members

/ The Fund is one of the 20 largest pension funds in the UK, the 50 largest in Europe and the 150 largest in the world

/ Investments are externally managed

/ Glasgow City Council has the statutory role of Administering Authority for the Fund. It delegates this role to the Strathclyde Pension Fund Committee which takes advice from the Investment Advisory Panel, and from external consultants

/ Administration and investment co-ordination are carried out within the Strathclyde Pension Fund Office (SPFO) based in Queen Street, Glasgow

/ The Fund was established in 1974 by Strathclyde Regional Council and transferred to Glasgow City Council on 1st April 1996

STRATHCLYDE  
PENSION  
FUND

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# INVESTMENT MANAGERS

Managers at start of year were /

New managers appointed and funded during the year were /

			
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New managers appointed during the year and funded after the year end were /

			
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These new mandates were funded from the Schroders mandate which was terminated during March 2007.

Other Service Providers /

Actuaries	Investment Advisers	Global Custodian	AVC Provider	Solicitors	Solicitors
					
Solicitors	Auditors	Valuers	Performance Measurement	Performance Measurement	Performance Measurement
					

## STRATHCLYDE PENSION FUND COMMITTEE

During 2006/07 membership of the Strathclyde Pension Fund Committee was as follows /

Glasgow City Council has the statutory role of Administering Authority for the Fund. It delegates decision – making to the Strathclyde Pension Fund Committee which takes advice from the Investment Advisory Panel, and from external consultants.

The Committee decides policy and investment strategy for the Fund and appoints investment managers, advisers and consultants. The Committee is comprised of ten elected members of Glasgow City Council. Meetings are open to the public. All meeting papers are available on both the Fund's and the Council's websites – [www.spfo.org.uk](http://www.spfo.org.uk) or [www.glasgow.gov.uk](http://www.glasgow.gov.uk)

Council elections on 3rd May 2007 will result in new committee conveners and membership for 2007/08.



Councillor  
Malcolm Cunning



Councillor  
Eamon Fitzgerald



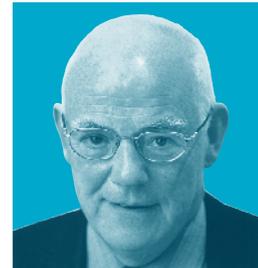
Councillor  
John Lynch



Councillor  
John McKenzie



Bailie  
Malcolm McLean



Councillor  
James McNally



Councillor  
Aileen Colleran



Councillor  
Robert MacBean



Councillor  
John Mason



Councillor  
Ruth Simpson

**'ON BEHALF OF THE COUNCIL I WOULD LIKE TO THANK EACH OF THE COMMITTEE MEMBERS FOR THE CONTRIBUTION THEY HAVE MADE DURING ONE OF THE MOST SUCCESSFUL PERIODS IN THE FUND'S HISTORY'.**

## INVESTMENT ADVISORY PANEL

**THE ROLE OF THE PANEL IS TO PROVIDE ADVICE TO THE STRATHCLYDE PENSION FUND COMMITTEE AND TO ASSIST ITS MEMBERS IN THE DISCHARGE OF THEIR RESPONSIBILITIES. IN PARTICULAR, MUCH OF THE INVESTMENT MONITORING FUNCTION IS DELEGATED BY THE COMMITTEE TO THE INVESTMENT ADVISORY PANEL. THE PANEL ALSO SPENDS CONSIDERABLE TIME DEVELOPING AND MONITORING INVESTMENT STRATEGY. MEMBERS OF THE STRATHCLYDE PENSION FUND COMMITTEE MAY ATTEND PANEL MEETINGS IN AN OBSERVER CAPACITY, AT THEIR DISCRETION.**

### Investment Advisory Panel Members during 2006/07

Dick Barfield

Investment Adviser

Ronnie Bowie

Senior Partner, Hymans Robertson,  
Actuaries and Investment Consultants

Lynn Brown

Director of Financial Services

Caroline Burton

Investment Adviser

David Crum

Chief Pensions Officer (Investments)

Richard McIndoe

Head of Pensions

Prof. Geoffrey Wood

Investment Adviser

### Professor Geoffrey Wood /

Professor Geoffrey Wood joined the Investment Advisory Panel during the year. Current holder of the chair in Economics at City University, London, Professor Wood's career has included a variety of distinguished academic appointments including a professorship at the University of Buckingham, and visiting professorships at Oxford and Athens. He has advised a number of large financial institutions including the Bank of England, the Bank of Finland and the New Zealand Treasury. Professor Wood is an Honorary Fellow of the Institute of Economic Affairs and is a widely published author, editor and journalist.



Professor  
Geoffrey Wood



## DIRECTOR'S SUMMARY REPORT

IN MY SUMMARY OF LAST YEAR'S ANNUAL REPORT, I SAID THAT I WAS VERY HAPPY TO BE GIVING AN OVERVIEW OF A FUND IN VERY GOOD SHAPE. THIS YEAR I AM DELIGHTED TO SAY THAT THINGS ARE EVEN BETTER. THIS IS CONFIRMED AND ANALYSED FURTHER THROUGHOUT THIS YEAR'S REPORT, AND SUMMARISED HERE.

- / Equity markets continued to rise during 2006/07. Investment property fared better still. As a result the Fund continued to grow. The Investment Report shows a total Fund return of 7.4% for the financial year.
- / The Fund Accounts as at 31st March 2007 confirm that the Fund again finished the year at a new record level in terms of its total value. Net closing assets were over £9.7 billion. Investment income for the year was more than £215 million. And capital growth was over £452 million.
- / Last year's Annual Report included results of the 2005 actuarial valuation of the Fund. The headline figure was a funding deficit of £230 million representing a funding level of 97%. A full, formal valuation is only carried out every third year, but interim monitoring results are shown in the Actuarial Report. As at 31st March 2007 the funding position was estimated to have improved to 108% representing a surplus of around £729 million.
- / 2006/07 was a very difficult year for pension scheme administrators as a new tax regime – labelled with some irony as "tax simplification" – was introduced along with other regulatory changes aimed at removing age discrimination and encouraging a more flexible approach to retirement. The result was a series of fundamental changes to processing and procedures relating to scheme members. The Administration Report confirms that these changes were introduced successfully within Strathclyde Pension Fund Office, that administration performance remained very good in the face of these difficulties, and that scheme membership continued to grow – to over 181,000 by 31st March 2007.
- / Having tasted domestic success by winning the LGC Large Fund of the Year Award in 2005, a rare Scottish victory in Europe was secured when the fund won the Investment & Pensions Europe Award for Best Use of Specialist Investment Management in 2006 against competition from many of the largest corporate and public sector funds from across Europe. The Best Investment Strategy Award at the Engaged Investor Trustee Awards 2007 was subsequently added. These awards underline our current strength as a Fund and the progress we are continuing to make.

**Lynn Brown**  
Executive Director of Financial Services  
Glasgow City Council



## REPRESENTATIVE FORUM

### Background /

The Forum is a quarterly formal meeting of designated representatives forming a broad cross-section of the Fund's stakeholders. The Forum is designed to:

- / Provide an interface between the Fund's stakeholders and the Strathclyde Pension Fund Committee;
- / Allow interested parties, on a representative basis, to contribute to decisions regarding the Fund; and
- / Facilitate ongoing dialogue on the management of the Fund and pensions issues generally between all interested parties.

### History /

The Representative Forum was established at the end of 2005. This was the result of a review of the Fund's policy on representation which was carried out in consultation with employers, trade unions and other interested parties.

### Review /

The Forum arrangements were formally reviewed during 2006/07 and it was agreed that they should continue in their current form.

### Membership /

During 2006/07, Representative Forum membership was as follows.



#### Chair /

Cllr. Ruth Simpson	Glasgow City Council
Gary Mulvaney	Argyll & Bute Council
Chief Executive	East Ayrshire Council
Karen Mitchell*	East Dunbartonshire Council
Ian Black*	East Dunbartonshire Council
Alan Lafferty	East Renfrewshire Council
Les Campbell*	GHA
Norma Aird	Glasgow City Council
Julie Blackburn	Glasgow Metropolitan College
Eliot Leviten	Glasgow School of Art
Alan Puckrin	Inverclyde Council
Paul Doak	North Ayrshire Council
Gerard McElroy	North Lanarkshire Council
Douglas Paxton	Reid Kerr College
John Kenny	Renfrewshire Council
Frank Burns*	Scottish Enterprise
Alison Fettes*	Scottish Water
Andrew Shoolbread	SOSCN
Neil Wylie*	SPT
Eileen Howat	South Ayrshire Council
Louise Murphy	South Lanarkshire Council

#### Vice Chair /

Cllr. James McNally	Glasgow City Council
Sarah O'Donnell*	Strathclyde Fire & Rescue
Alan Macleod*	Strathclyde Police
Andrew Heron*	University of Paisley
John McColgan*	University of Strathclyde
Tricia O'Neill	West Dunbartonshire Council
Robert Gordon	Amicus
Tommy Asken	GMB Scotland
Frank Murphy	T&G Scotland
Stuart Young	UCATT
Joe Connolly	UNISON
David Thomson	Pensioner Representative

\* Denotes part year membership. A number of the places at the Representative Forum rotate annually amongst groups of similar employers.

## ADMINISTRATION REPORT TO 31ST MARCH 2007

### STRATHCLYDE PENSION FUND OFFICE (SPFO)

STRATHCLYDE PENSION FUND OFFICE (SPFO) IS A DIVISION OF GLASGOW CITY COUNCIL'S FINANCIAL SERVICES DEPARTMENT. SPFO ADMINISTERS THE LOCAL GOVERNMENT PENSION SCHEME (LGPS) ON BEHALF OF THE TWELVE LOCAL AUTHORITIES SITUATED IN THE FORMER STRATHCLYDE AREA, AND FOR OVER 200 OTHER EMPLOYING BODIES, IN ACCORDANCE WITH GLASGOW'S STATUTORY ROLE AS ADMINISTERING AUTHORITY.

SPFO ALSO ADMINISTERS THE POLICE AND FIRE PENSION SCHEMES ON BEHALF OF STRATHCLYDE POLICE FORCE AND STRATHCLYDE FIRE & RESCUE AND PAYS TEACHERS COMPENSATION PAYMENTS UNDER THE SCOTTISH TEACHERS SUPERANNUATION SCHEME IN CONJUNCTION WITH THE SCOTTISH PUBLIC PENSIONS AGENCY.

#### Membership /

As at 31st March 2007, LGPS membership administered by SPFO comprised more than:

**89,000** active members;  
**34,000** deferred members; and  
**58,000** pensioners.

Police, Fire and Teachers Scheme membership comprise a further **26,000** members.

#### Staffing and Structure / Administration Sections

Three administration sections within the Pension Fund Office deliver a full range of benefit calculation services to the membership of the Local Government, Police and Fire Pension schemes. The statistics in the operational performance table provide a summary of the performance delivered by these sections during the year 2006/2007.

#### Technical Section

The Technical Section provides training, and systems support and maintenance. The team ensure that new system developments are tested and implemented, that system integrity and availability is maintained and that pensions legislation is consistently interpreted and implemented.

#### Pensions Payroll

The Pensions Payroll section is responsible for all pensions payments to LGPS, Police and Fire pensioners including spouses' and dependants' benefits, and for Teachers' compensation payments.

The section processes payments with a value of over **£30 million** per month. Continuity of income from employment to retirement for members is a priority for SPFO and the Pensions Payroll team are committed to ensuring that members receive prompt and accurate payment of pension and lump sum benefits on retirement.

#### Communications

A dedicated Communications Team is responsible for implementing the Communications Strategy to ensure appropriate communication and accountability between the Fund and all of its stakeholders.

#### Service Delivery Update Member Data /

Member records form the basis for administering the scheme. Holding accurate data relating to individual members is essential to allow SPFO to accurately:

- / Give guidance to scheme members
- / Produce annual benefit statements
- / Process benefit calculations
- / Pay pensions benefits
- / Complete actuarial valuations
- / Set employer contribution rates
- / Provide FRS17 reporting
- / Introduce a New Scheme from 2009

**THE LOCAL GOVERNMENT PENSION SCHEME (LGPS)**  
**THE LGPS IS A TRADITIONAL FINAL SALARY SCHEME WHERE BENEFITS ARE GENERALLY RELATED TO THE MEMBER'S LENGTH OF SCHEME MEMBERSHIP AND AVERAGE PAY DURING THE FINAL YEAR OF MEMBERSHIP. SCHEME BENEFITS ARE DEFINED BY STATUTE AND ARE NOT DEPENDENT ON INVESTMENT PERFORMANCE OR PREVAILING MARKET CONDITIONS. THIS PROVIDES A SECURE PENSION SCHEME WITH LITTLE OR NO RISK TO MEMBERS' BENEFITS. THE SCHEME RULES ARE CURRENTLY UNDER REVIEW BUT THE GOVERNMENT HAS AFFIRMED ITS CONTINUING COMMITMENT TO MAINTAIN THE LGPS AS A STATUTORY DEFINED BENEFIT SCHEME.**

Historically the member database has been incomplete and the quality of member data has been unsatisfactory. Huge improvements have been made in recent years, not least in preparation for the 2005 actuarial valuation. As a result of improved data the outcome of the valuation was much better than had been anticipated representing a real saving to employers.

SPFO continues to work with its participating employers to ensure that they provide timely and accurate data in respect of members so that the integrity of the SPFO database can be maintained and improved. Priorities are electronic delivery of new data, correction of historic errors and supply to SPFO of missing items to ensure the database is complete and accurate. In April 2006 a dedicated data team was formed within SPFO to tackle these issues.

Progress in improving member data is reported to the Strathclyde Pension Fund Committee each quarter. The position for the Fund's principal employers at year end is summarised as follows.

Employer Number	31st March 2007			
	Missing Joiner Details	Missing Leaver Details	Active Members	Error Rate (%)
Argyll & Bute	229	417	3,428	19
East Ayrshire	187	189	3,833	10
North Ayrshire	90	384	4,563	10
South Ayrshire	261	311	3,468	16
West Dunbartonshire	175	309	3,848	13
East Dunbartonshire	53	154	2,784	7
Glasgow	1,909	1,214	17,581	18
North Lanarkshire	2,656	626	8,844	37
South Lanarkshire	681	882	10,003	16
East Renfrewshire	277	244	2,524	21
Renfrewshire	203	814	6,005	17
Inverclyde	15	157	2,704	6
Scottish Water	20	34	1,412	4
Strathclyde Police	5	44	3,021	2
Strathclyde Fire	12	20	497	6
<b>Grand Total</b>	<b>6,773</b>	<b>5,799</b>	<b>74,515</b>	<b>17</b>

### Administration Developments /

Most developments during the year related to regulatory changes. These are summarised as follows.

/ 6th April 2006, also known as "A" Day, saw the introduction of Tax Simplification legislation in the UK resulting from the Finance Act 2004. This legislation entailed significant procedural changes and an increased administration workload for SPFO including a requirement to monitor members' previous pension benefits on retirement from the LGPS and the level of their overall pension benefits compared to the newly introduced lifetime allowance.

- / The Local Government Pension Scheme regulations were amended in October 2006 to incorporate additional flexibilities afforded by the "A-day" legislation. This provided greater flexibility to members including:
  - / an option for them to commute up to 25% of their fund value to provide a larger lump sum and a smaller pension;
  - / increasing the amount they may pay towards their pension provision;
  - / increasing the range of products available to them to save towards their pension;
  - / providing options to take 100% of their AVC fund as a lump sum, an annuity, or as scheme service in some instances at the point of retirement.

Each of these additional flexibilities imposed further procedural changes and administrative workload for SPFO.

- / A new Police Pension Scheme was introduced from April 2006 and an ongoing exercise to build a database of existing Police Pension Scheme members was undertaken. An options exercise was carried out from October 2006 where each Officer was provided with a membership certificate, a benefit statement containing new and old scheme benefits and an option to transfer. In effect SPFO is now administering two pension schemes in respect of Strathclyde Police.
- / A similar exercise was undertaken in respect of Strathclyde Fire and Rescue.
- / In June 2006 the new Pensions Regulator introduced a code of practice entitled "**Early Leavers – Reasonable Periods**" which defined standard timescales for informing scheme members of their rights and options on termination of membership and also expanded the scope of information which requires to be provided to members. Members must now be supplied with full details of all benefit options and amounts available to them on termination of scheme membership, so they can make an informed decision.
- / In December 2006, after much heated debate, the Rule of 85 was finally removed from the Local Government Pension Scheme in Scotland. Transitional provisions give protection to members' rights accrued before October 2008. until 2020.

**IN DECEMBER 2006, AFTER MUCH HEATED DEBATE, THE RULE OF 85 WAS FINALLY REMOVED FROM THE LOCAL GOVERNMENT PENSION SCHEME IN SCOTLAND. TRANSITIONAL PROVISIONS GIVE PROTECTION TO MEMBERS' RIGHTS ACCRUED BEFORE OCTOBER 2008. UNTIL 2020.**

**Operational Performance /** Strathclyde Pension Fund Office (SPFO) is an established user of Class CPX – a bespoke Local Government Pension Scheme administration system. SPFO employs the latest Windows version - Axis-e. The system configuration uses a merged employee and pensioner database to ensure continuity of service throughout the pensions life-cycle. Within Axis-e, SPFO has implemented Task Management

Workflow and Performance Measurement modules. These now form the core of process planning, management and monitoring. Axis-e is aligned with a Document Image Processing System (DIPS) to achieve straight-through electronic processing.

As a result of this integrated IT approach SPFO is able to achieve and demonstrate a very high level of performance.

SPFO sets itself targets well inside statutory timescales, consistently achieves them and reports performance widely. A detailed performance report is presented to both the Representative Forum and Pension Fund Committee quarterly and is publicly available on the SPFO and Council websites.

The table below shows the volumes processed and average days turnaround time for the completion of the main SPFO procedures. Work in progress shows the volume of outstanding cases per procedure as at 31st March 2007.

Table of Operational Performance 2006/2007

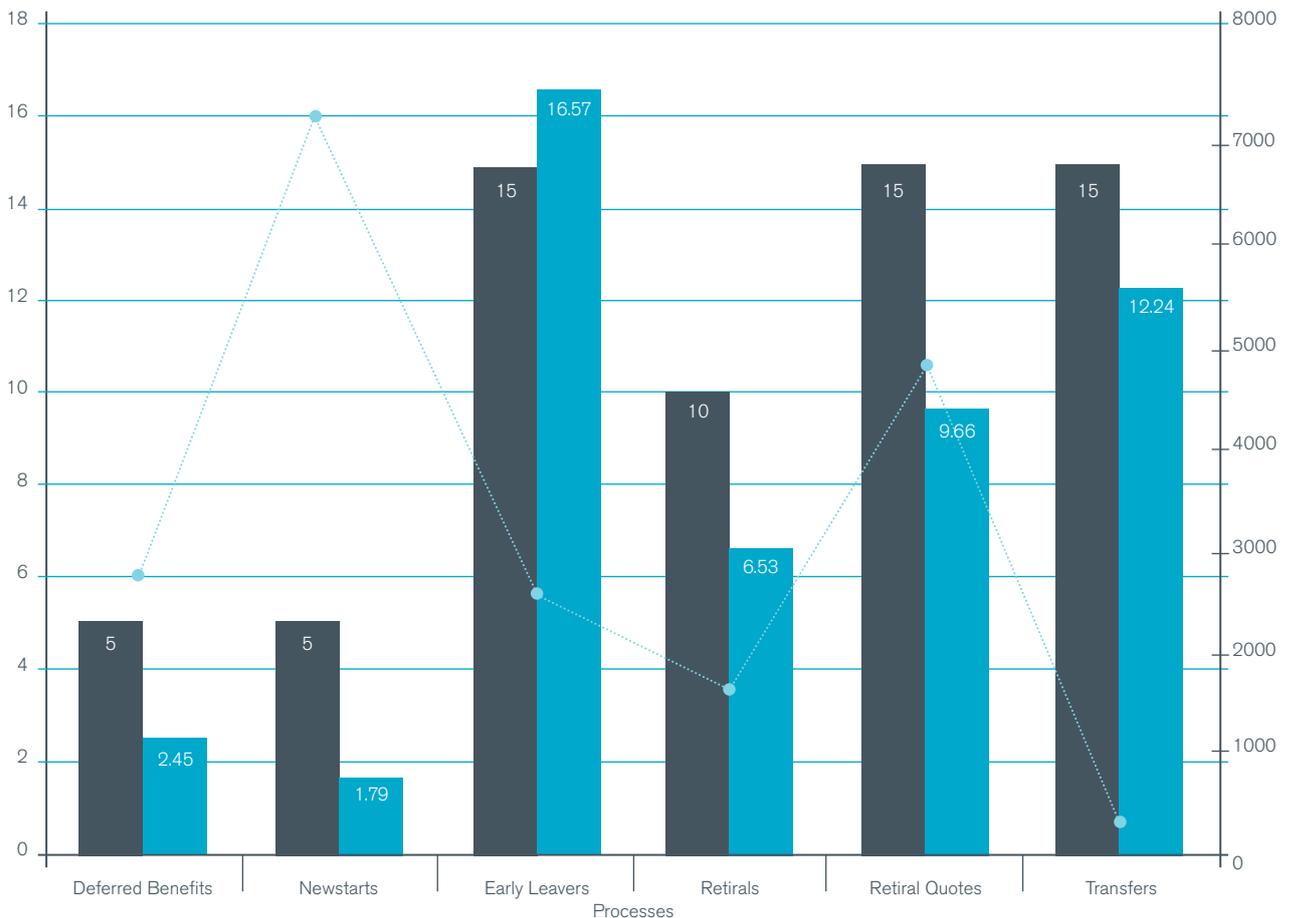
Activity	Volume	(05/06)	Average Days	(05/06)	Work In Progress	(05/06)
Retirals	1,577	1,618	6.53	3.66	1	1
Estimates	4,636	4,046	9.65	6.30	16	30
Deferred Benefits	2,709	2,883	2.45	1.79	1	6
Refunds	576	3,262	10.01	4.02	3	18
Transfer Out Quotes	616	600	10.54	5.58	4	5
Transfers Inwards Actuals	1,293	1,658	7.79	2.62	8	5
Transfers Inward Quotes	1,433	1,918	8.22	5.49	8	7
New Start Administration	7,080	10,674	1.79	0.94	28	26

Processing of retirals, refunds and transfers took considerably longer this year than last as a result of complex new requirements arising out of the Finance Act 2004. This was reflected in revised targets in the course of the year. Within this context, overall performance remained satisfactory with most areas either ahead of or close to target. Amended indicators have been agreed for 2007/08 which more accurately measure current procedures.

■ Target Days (LHS)  
■ Actual Days (LHS)  
● Volume (RHS)

Performance against targets during 2006/07 is illustrated in the following chart.

Performance 2006 / 2007





## AWARDS

IN THE PAST THE FUND ONLY INFREQUENTLY ENTERED SUBMISSIONS FOR THE VARIOUS AWARDS WHICH ARE A FEATURE OF THE PENSIONS INDUSTRY. MORE RECENTLY AS PERFORMANCE HAS STRENGTHENED ACROSS ALL AREAS OF THE FUND'S ACTIVITY AND THE COHERENCE AND COHESIVENESS OF THE COUNCIL'S OVERALL APPROACH AS ADMINISTERING AUTHORITY HAVE BECOME MORE APPARENT, MORE FREQUENT SUBMISSIONS FOR AWARDS HAVE BEEN MADE. THIS LED TO OUR FIRST SUCCESS IN WINNING THE LGC LARGE FUND OF THE YEAR AWARD 2005.

DURING THE LAST YEAR THE FUND WAS SUCCESSFUL IN WINNING TWO FURTHER ACCOLADES:

### IPE Best Use of Specialist Investment Management Award 2006 /

The competition included many of the largest corporate and public sector funds from across Europe.



### Best Investment Strategy - Engaged Investor Trustee Awards 2007 /

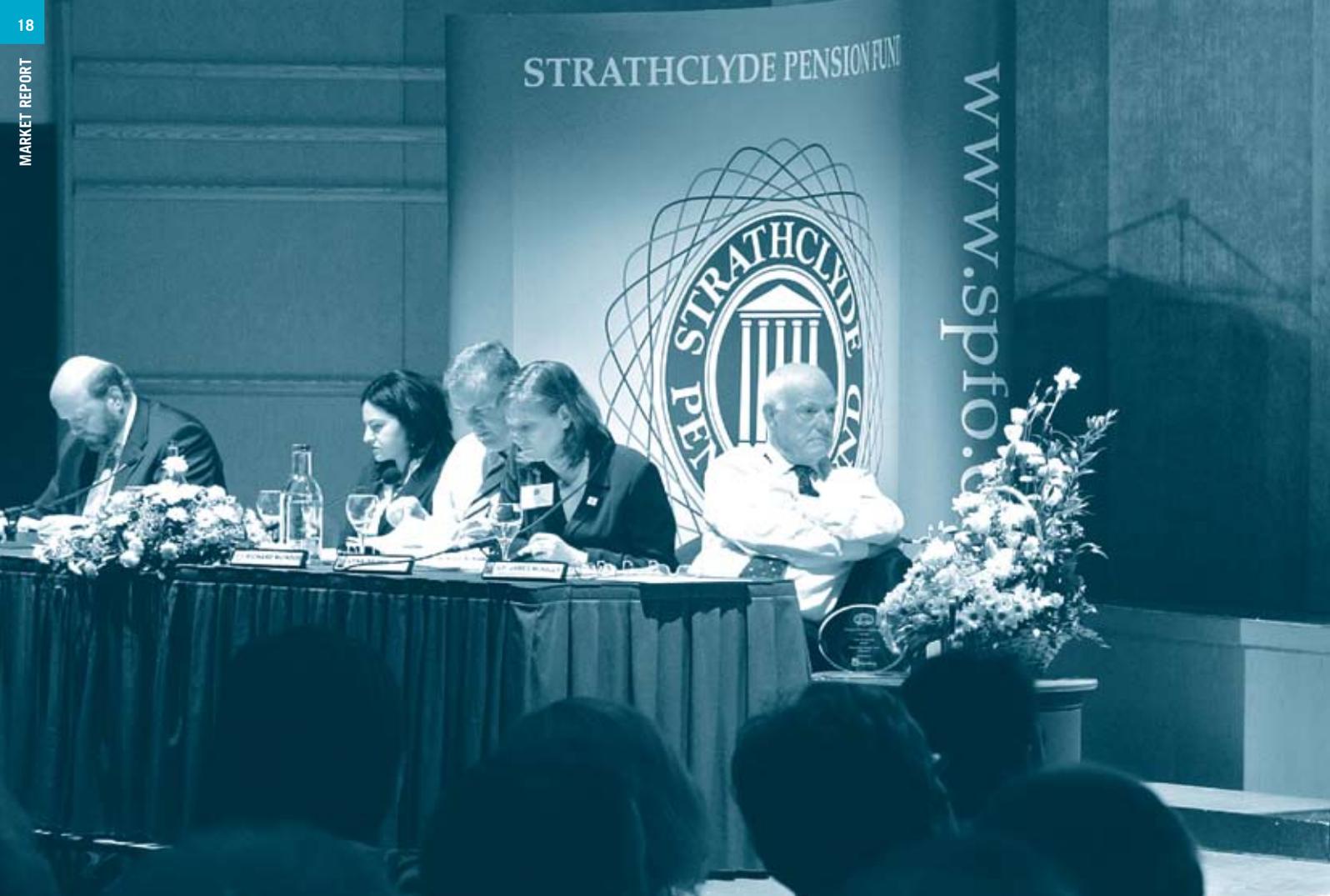
This award was judged on:

- / process for review of strategy
- / use of advisers
- / risk assessment
- / assessment of employer covenant
- / implementation
- / performance monitoring
- / investment performance.

The Fund was able to present a strong case on each of these criteria.



These awards reflect the diligent approach taken by the Committee and the Council to its role as administering authority, together with the careful efforts of staff and all other parties involved in the management of the Fund.



## MARKET REPORT

### **2006 WAS AN EXCEPTIONALLY GOOD YEAR - FINANCIAL MARKETS, ECONOMIC GROWTH AND COMPANY PROFITS ALL DID WELL. THE GLOBAL ECONOMY REMAINED BUOYANT.**

The US slowed because the overhang of unsold houses had a depressing effect on construction: but company profits remained very strong; the American consumer displayed some vigour, and inflation seemed to be under control in most places. Most stock markets rose strongly. The emerging ones had another exceptional year; the laggard was Japan, where corporate profits growth tapered off. The strongest sectors globally were those which offered the highest yields - utilities and diversified telephone companies.

Bond markets were less exciting, but credit spreads (the amount by which you are recompensed for lending to riskier borrowers) continued to diminish during the year. Emerging market spreads fell especially sharply, as dollar debt was paid off; but high yielding corporate bonds saw lower yield premiums too.



Currency movements were an important feature in 2006. The US dollar was weak compared to almost every other country's currency (except those of South Africa and Turkey). It held its own against the yen and fell by over -13% against sterling. The size of these movements compared to the magnitude of share price rises, meant that returns were more than usually dependent on where you live: while the US and British stock markets produced similar returns in local terms, an American investing in the UK could expect to have made a gain of about +30% in 2006, while a Briton investing in Wall Street would have to have been satisfied with making about +3%.

UK property yields fell further in 2006, narrowing property's income advantage over 10 year gilts. This put pressure on debt financed property buyers borrowing in the UK. Overseas investors borrowing at lower Eurozone rates, however, continued to enjoy a competitive advantage.

#### 2007 to 31st March /

Equity markets started 2007 well and, despite a fairly volatile period towards the end of February, finished the first quarter in positive territory. The FTSE All World Index rose by +2.3% in sterling terms. Developed Asia was the best performing area; the US was again a laggard, although it still managed to produce a positive return.

Investors' main concern in the first three months of the year was the emergence of problems in the US mortgage market. Whilst these problems were initially confined to a small portion of the market, they did weigh on the share prices of some financial companies.

However, neither these concerns nor indications of a slowing economy dampened the enthusiasm of major private equity houses for utilities and some of the larger food and drug retailers, and both the Electricity and Food and Drugs Retailers sectors did very well. The Industrial Metals sector (which is mainly steel companies) and the Miners also continued to rise on merger and acquisition activity and very good operating results.

UK ten-year bond yields rose in the first quarter, moving from 4.74% to 4.97%. UK interest rates rose again in early January, and with core inflation remaining well above its official 2% target for ten consecutive months, gilt investors began pricing in a further rate hike in the second quarter.

US ten-year yields fell as the slowdown in the economy triggered by the downturn in the US housing market led investors to pricing in an early reduction in interest rates. After a strong start to the year, the dollar weakened again through February and March.



# STATEMENT OF INVESTMENT PRINCIPLES

## 01\_ Introduction /

Glasgow City Council is the administering authority for the Strathclyde Pension Fund. Elected members of Glasgow City Council recognise that they have fiduciary duties and responsibilities towards beneficiaries, employers and local taxpayers that are analogous to those holding the office of Trustee in the private sector.

## 02\_ Advisers /

The Council obtains expert, professional advice and maintains an independent Investment Advisory Panel of experts to assist it in managing the Fund.

## 03\_ Funding Policy /

The primary objective of the Fund is to provide for members' pension and lump sum benefits on their retirement, or for their dependants' benefits on death before or after retirement, on a defined benefit basis. A separate Funding Strategy Statement exists, but in short the funding policy is that over the long term all accrued benefits should be fully covered by the actuarial value of the Fund's assets, and that in order to secure this objective an appropriate level of employer contributions and an appropriate investment policy should be agreed by the administering authority.

## 04\_ Investment Policy /

The strategic benchmark, and in particular the allocation to equities, aims to deliver a long-term return in excess of the rate of growth of the accrued liabilities. Return enhancement is also sought through active management of most of the assets. It is anticipated that this will make a significant contribution to the overall control of the costs of providing benefits to members.

## 05\_ Types of Investments to be Held /

The Fund invests primarily in Equities (both UK and Overseas) with the balance invested in Bonds (UK and Overseas), Index-Linked stocks, and Property. Within these broad asset classes the Fund makes specific allocations to smaller sub-divisions. These include Private Equity, Emerging Markets, Small Companies and Corporate Bonds. The Investment Managers are expected to maintain a diversified portfolio within each major asset class and sub-division.

## 06\_ Balance Between Different Types of Investments /

The Fund has a customised strategic benchmark. In broadly defining the assets to be held and setting the asset allocation this benchmark provides an efficient balance between risk and return in the light of the liability profile and funding level of the Fund.

## 07\_ Expected Return on Investments /

The strategic benchmark is expected to produce a return over the long term in excess of the risk free return. The majority of the Fund's assets are managed on an active basis. They are expected to outperform their respective benchmarks over the long term so that the investment performance achieved by the Fund is expected to exceed the rate of return assumed by the Actuary in the funding valuation.

## 08\_ Risk /

The Fund acknowledges that its equity based investment strategy may entail significant risk including short-term volatility or longer term underfunding. The Administering Authority's strategy recognises the relatively immature liabilities of the Fund and the secure nature of most employers' covenants and is biased towards equities in the pursuit of long-term higher returns than from bonds. The Fund pursues a policy of lowering risk through diversification of both investments and investment managers. A management agreement is in place for each Investment Manager, which sets out the relevant benchmark performance target, asset allocation ranges, and restrictions, as determined by the Fund.

## 09\_ Monitoring /

The Fund's advisers and/or officers meet with each of its investment managers every quarter to monitor performance relative to performance targets. This discipline constrains the investment managers from deviating significantly from the intended approach, whilst permitting them flexibility to manage the Fund in such a way as to enhance returns.

## 10\_ Realisation of Investments /

The majority of investments held by the Fund are quoted on major stock markets and could be realised quickly if required. Property and Private Equity investments, which are relatively illiquid, currently make up less than 15% of the Fund.

## 11\_ Social, Environmental & Ethical Consideration /

The Fund believes that, where they may be relevant to shareholder value, social, environmental and ethical considerations are among the factors which managers should take into account when selecting investments for purchase, retention or sale. The Fund has instructed its investment managers to initiate a process of active engagement on these issues with companies in which the Fund has invested.

## 12\_ Exercise of Rights /

The Fund ensures that the votes attaching to its holdings in all quoted companies, both in the UK and Overseas, are exercised whenever practical. The Fund's voting policy is exercised by its Investment Managers in accordance with their own policies and practices and taking account of current best practice and the Combined Code on Corporate Governance.

## 13\_ Custody /

The Fund ensures separation of the custody of its assets from its investment managers and its officials by the employment of a Global Custodian.

## 14\_ Myners Principles /

The fund is compliant with each of the Myners Principles as set out in the CIPFA Pensions Panel guidance (Issue No. 5) published in April 2002.

# INVESTMENT REPORT 2006

## PERFORMANCE MEASUREMENT /

### IN 2003 THE FUND APPOINTED NORTHERN TRUST AS PROVIDER OF INDEPENDENT INVESTMENT PERFORMANCE MEASUREMENT. PREVIOUSLY (IN FACT SINCE 1976) THE WM COMPANY HAD HELD THIS APPOINTMENT. THE FUND HAS MAINTAINED A RELATIONSHIP WITH WM CO. TO PROVIDE AN ANNUAL INVESTMENT REPORT INCLUDING COMPARISON WITH THE WM UNIVERSES WHICH CAPTURE PERFORMANCE DATA FROM UP TO 1,000 UK PENSION FUNDS.

The analysis presented in the following sections comprises:

- / Fund and benchmark returns as calculated by Northern Trust;
- / Universe comparisons as provided by WM Co.; and
- / property returns calculated by the Investment Property Databank (IPD).

All returns are total gross investment return figures expressed in percentage terms. In line with the industry norm, the Fund's principal investment review is presented on a calendar year basis for 2006. Figures for the financial year – 1st April 2006 to 31st March 2007 – are also available and are shown below in the Local Authority Review.

#### 2006 Results /

Strathclyde Pension Fund Return	11.8%
Strategic Benchmark Return	12.2%
WM Average Fund Return	10.5%

#### 2006 Market Background /

2006 was another exceptionally good year in investment terms, with all of the major equity markets producing double-digit returns. But the strength of sterling had a negative impact on returns in the US and Japan, dragging them both into negative territory. Bonds had an uninspiring year as yields, influenced by increasing interest rates in the major economies of the World, continued to rise, dragging prices down. UK Commercial Property had yet another excellent year.

#### 2006 Performance /

The Fund's total return for 2006 was +11.8%.

This was -0.4% behind the Fund's strategic benchmark. Below benchmark returns in UK Equities, all of the Overseas Equities areas and in Private Equity were the main causes. Another excellent annual return for Property was not sufficient to overcome the relative performance drag from Equities – since they made up over 70% of the Fund.

The Fund's returns by asset class were as follows:

Asset Class	Fund Return (%)	B/mark Return (%)
UK Equities	16.4	16.8
Overseas Equities		
US	(1.5)	1.7
Europe	19.6	20.1
Japan	(10.4)	(7.4)
Pacific	17.6	19.2
Emerging Markets	15.7	16.3
UK Bonds	1.0	0.8
Overseas Bonds	(10.1)	(7.5)
UK Index Linked	2.0	2.6
Cash / Other***	7.5	16.8
UK Property	20.7	18.1
<b>Total Fund</b>	<b>11.8</b>	<b>12.2</b>



### Long Term Review /

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	3Yr	5Yr	10Yr
	%	%	%	%	%	%	%	%	%	%	Annualised		
											%	%	%
Retail Prices	3.6	2.8	1.8	2.9	0.7	2.9	2.8	3.5	2.2	4.4	3.4	3.2	2.8
Avg. Earnings	4.9	4.2	6.3	4.8	2.4	3.5	4.3	4.2	4.2	4.0	4.1	4.0	4.3
Fund B/mark	-	-	28.3	(4.3)	(10.0)	(16.5)	20.9	11.2	21.5	12.2	15.2	9.1	-
Fund Return	14.8	13.0	28.2	(2.5)	(9.7)	(15.4)	19.9	11.9	22.2	11.8	15.2	9.2	8.6
WM All Funds	16.8	14.0	21.3	(1.3)	(8.9)	(13.9)	17.0	11.2	20.1	10.5	13.9	8.3	8.0
Fund Ranking	73	57	7	64	43	35	18	21	9	22	14	7	16

In relative terms the Fund has outperformed its own benchmark in 5 of the 8 years since its introduction at the end of 1998, and has also outperformed the average fund over the 3, 5 and 10 year periods. As a result, the Fund ranks in the top fifth of the WM Universe over 3, 5 and 10 years.

### Local Authority Review /

WM Performance Services produce a Local Authority Review on an accounting year (to 31st March) basis. The Fund's performance on this basis is shown in the table below:

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	3yr	5yr
	%	%	%	%	%	%	Annualised	
							%	%
Fund Return	-0.2	-20.8	26.6	12.4	27.2	7.4	11.0	9.0
Local Authority Average	-0.5	-19.5	23.4	11.3	24.9	7.0	10.1	8.1
Fund Ranking (/100)*	29	62	10	13	9	36	-	-

### Investment Strategy /

The Fund's investment strategy was reviewed during the year, and the following revised strategy was agreed:

The Fund remains committed to having a high Equity exposure, to benefit from the expected excess returns over bonds in the long term. The Fund also has a significant exposure to Property, with the remainder being held in Bonds.

Asset Class	Fund Weight
	(%)
UK Equities	31.50
UK Small Companies	2.00
Overseas Equities	21.50
North America	6.25
Europe (ex UK)	5.75
Japan	3.25
Pacific	3.25
Emerging Markets	3.00
Global Equities	15.0
Private Equity	3.0
Total Equity	73.0
Property	12.0
Index Linked	3.0
UK Gilts	3.0
Corporate Bonds	6.0
Overseas Bonds	3.0
Total Bonds	15.0
<b>Total</b>	<b>100.0</b>

#### Other Developments /

During 2006/07 the triennial review of investment strategy and structure was completed. The main outcomes were a slight increase in property exposure, reduction in UK equities and increase in global equities. The most significant structural change was the introduction of four new "unconstrained" global equity mandates which were funded in April 2007.

The Strathclyde Pension Fund has historically been primarily an equity investor. This remains very firmly the case with over 70% of the Fund still invested in equities. But the structure of the equity investments has been refreshed to provide a more flexible, "unconstrained" approach which maximises investment manager discretion, stock selection skill and return generation.

The Fund has, for many years, adopted a three yearly review cycle starting with the triennial actuarial valuation, progressing to an Asset Liability Study and concluding with a review of investment structure and strategy.

In 2003/04, after several years of substantial losses driven by falling markets, the Fund deliberately consolidated its equity structure. Exposure to equities was maintained at 75% of total Fund. But the number of portfolios was reduced so that the strategy was concentrated on those of its managers who were perceived to be the strongest. So the Fund was well positioned to enjoy the equity market recovery from 2003 to 2006.

In 2006/07, with the funding level restored to well over 100%, a more expansive approach was taken. Overall equity exposure was reduced very slightly, to 73% of total Fund, in order to marginally reduce risk. Existing equity specialisms including emerging markets and small companies were retained. One large "traditional" portfolio was deleted. And four new "unconstrained" global equity portfolios were added.

The unconstrained approach is designed to free investment managers from the constraints of benchmark-oriented portfolio construction; encourage them to think more fundamentally and laterally, and so elicit from them portfolios which contain only their best investment ideas rather than a cross-section of the benchmark.

Investment managers for the new portfolios were appointed following an open, pan-European tendering exercise, and were selected to provide a diversity of styles within the unconstrained approach. The new portfolios were funded in April 2007. The Fund's retained Transition Manager project-managed the re-structuring, market trading and risk control.

All four portfolios have a 5-year objective (another innovation, as portfolios have previously been given 3-year objectives) of adding an annualised 3-5% against the MSCI World AC index (which is used for performance measurement purposes only - not portfolio construction).

The appointment and funding of three active currency managers and one private equity manager were also completed during the year.

**INVESTMENT MANAGERS FOR THE NEW PORTFOLIOS WERE APPOINTED FOLLOWING AN OPEN, PAN-EUROPEAN TENDERING EXERCISE, AND WERE SELECTED TO PROVIDE A DIVERSITY OF STYLES WITHIN THE UNCONSTRAINED APPROACH.**



# SHAREHOLDER ACTIVISM

## Corporate Governance / Background /

The importance of Corporate Governance and Proxy Voting have long been recognised. The Cadbury Report in 1992, commissioned in response to continuing concern about companies' standards of financial reporting and accountability and to controversy over directors' pay clearly stated that "given the weight of their votes, the way in which institutional shareholders use their power to influence the standards of corporate governance is of fundamental importance."

In January 2004, Paul Myners' report to the Shareholder Voting Working Group re-iterated this. The Introduction states that "it cannot be stated too forcefully that institutional investors in the voting process have fiduciary duties to their beneficiaries to preserve and enhance value through informed and effective corporate governance of the companies in which they invest. Voting is the bedrock of governance and should not be approached lightly. The process must be efficient, effective and transparent."

## Policy /

Since 1995, the Fund has instructed its investment managers to vote in respect of the Fund's holdings at all AGM/EGMs of all companies in the UK portfolios. Since 2001, managers have also been instructed to vote their overseas holdings wherever this is practical and economically viable. Managers are instructed to vote in accordance with their own voting policies. This approach is consistent with the Fund's philosophy of externalising investment management, and places the voting responsibility where it can be effectively and economically exercised. The Fund's participation in a securities lending programme means that portfolio securities will occasionally be on loan and not available for voting purposes unless specifically recalled. The Fund has instructed its investment managers that they may recall any security that is out on loan for the purpose of lodging votes.

## Reporting /

Each manager must report back to the Fund every quarter on all votes cast. Manager and custodian voting records are reconciled within SPFO and a consolidated report on the Fund's voting activity is submitted to the Strathclyde Pension Fund Committee every quarter. Reports can be viewed at these sites [www.spfo.org.uk](http://www.spfo.org.uk) [www.glasgow.gov.uk](http://www.glasgow.gov.uk)

**IT CANNOT BE STATED TOO FORCEFULLY THAT INSTITUTIONAL INVESTORS IN THE VOTING PROCESS HAVE FIDUCIARY DUTIES TO THEIR BENEFICIARIES TO PRESERVE AND ENHANCE VALUE THROUGH INFORMED AND EFFECTIVE CORPORATE GOVERNANCE OF THE COMPANIES IN WHICH THEY INVEST.**

Voting Activity during 2006/07 is summarized in the following tables.

Voting Results /  
2006/07 /  
UK Companies /

Manager	No of meetings	No. of AGM's	No. of EGM's	No of Resolutions	Votes For	Votes Against	Abstentions	Not Voted	Proxies Lodged	Proxies Not Lodged
Schroders	64	46	18	790	775	8	7	-	64	-
Gartmore	307	219	88	2,186	2,089	40	57	-	307	-
Baillie Gifford	57	48	9	735	731	3	1	-	57	-
Schroders (No. 3)	58	43	15	701	681	9	7	4	57	1
Capital International	51	36	15	593	573	18	2	-	51	-
Legal & General	550	351	199	4,625	4,550	66	9	-	550	-
<b>Total</b>	<b>1,087</b>	<b>743</b>	<b>344</b>	<b>9,630</b>	<b>9,399</b>	<b>144</b>	<b>83</b>	<b>4</b>	<b>1,086</b>	<b>1</b>
					98%	1%	1%	0%	100%	0%

Voting Results /  
2006/07 /  
Overseas Companies /

Manager	No of meetings	No. of AGM's	No. of EGM's	No of Resolutions	Votes For	Votes Against	Abstentions	Not Voted	Proxies Lodged	Proxies Not Lodged
Schroders	130	119	11	1,377	1,262	88	-	27	125	5
Baillie Gifford	57	52	5	676	596	13	1	66	50	7
Schroders (No. 3)	100	93	7	1,157	1,055	67	-	35	92	8
JP Morgan	288	236	52	2,106	1,778	171	42	115	268	20
Capital International	151	131	20	1,575	1,414	80	3	78	144	7
Legal & General	6	5	1	81	62	4	15	-	6	-
<b>Total</b>	<b>732</b>	<b>636</b>	<b>96</b>	<b>6,972</b>	<b>6,167</b>	<b>423</b>	<b>61</b>	<b>321</b>	<b>685</b>	<b>47</b>
					88%	6%	1%	5%	94%	6%

## THE FUND BELIEVES THAT, WHERE THEY MAY BE RELEVANT TO SHAREHOLDER VALUE, SOCIAL, ENVIRONMENTAL AND ETHICAL CONSIDERATIONS ARE AMONG THE FACTORS WHICH MANAGERS SHOULD TAKE INTO ACCOUNT WHEN SELECTING INVESTMENTS FOR PURCHASE, SALE OR RETENTION.

### Socially Responsible Investment / Background /

It is becoming widely accepted that public opinion and consumerism can add a further dimension to corporate life such that companies which act irresponsibly or without consideration for the public view may run serious reputational risk which could have a significant impact on their earnings and ultimately on the value of their shares.

### Policy /

The Strathclyde Pension Fund agreed a Socially Responsible Investment policy during 2000, which was reviewed in 2004, and will be reviewed again during 2007. The Fund believes that, where they may be relevant to shareholder value, social, environmental and ethical considerations are among the factors which managers should take into account when selecting investments for purchase, sale or retention. The Fund has instructed the managers of its UK equity holdings to initiate a process of active engagement on these issues with the companies in which the Fund has invested.

Each manager must report back to the Fund every quarter on SRI engagements undertaken. A consolidated report on SRI is submitted to the Strathclyde Pension Fund Committee every quarter. Reports can be viewed either at [www.spfo.org.uk](http://www.spfo.org.uk) or at [www.glasgow.gov.uk](http://www.glasgow.gov.uk)

### Engagement /

During 2006/07, the Fund's external investment managers reported on specific engagements with 137 UK and Overseas companies in total, on topics including\_

- / Climate Change
  - / Responsible Drinking
  - / Overseas Sales of Military Equipment
  - / Animal Testing
  - / Genetically Modified Crops
  - / Energy Efficiency
  - / Equator Principles for Overseas Lending
  - / Research, Evaluation and Authorisation of Chemicals (REACH)
  - / Bribery and Corruption
  - / EU Directive on Waste Electrical and Electronic Equipment (WEEE)
  - / Health, Safety and Environment
- The Fund's quarterly SRI reports also contained Special Papers produced by the investment managers on:
- / Healthy Workforce/Healthy Bottom Line
  - / SEE Assessment of the Pan European Pharmaceuticals Sector
  - / Climate Change Developments

### External Assessment of Engagements /

The Fund continues to subscribe to the independent provider, EIRIS, as a means of monitoring manager activity. The role undertaken by EIRIS has developed significantly and they have now effectively become the Fund's engagement consultants.

# FUND NO. 1

## FINANCIAL STATEMENT

### FUND ACCOUNT

<u>2005/06</u>		<u>2006/07</u>	
<u>£000</u>		<u>£000</u>	<u>£000</u>
	<b>Dealings with members, employers and others directly involved in the scheme</b>		
	<b><u>Contributions Receivable</u></b>		
	From Employers		
226,843	- normal	246,983	
20,363	- additional	<u>18,616</u>	265,599
<u>247,206</u>			
	From Members		
91,464	- normal		95,638
	<b><u>Transfers In</u></b>		
28,000	- individual transfers in from other schemes		20,330
	<b><u>Other Income</u></b>		
339	- other income		351
	<b><u>Benefits Payable</u></b>		
209,456	- pensions	220,903	
33,102	- commutation of pension and lump sum retirement benefits	45,187	
5,179	- lump sum death benefits	<u>6,023</u>	272,113
<u>247,737</u>			
	<b><u>Payments to and on account of leavers</u></b>		
1,664	- refunds of contributions	1,470	
	- group transfers out to other schemes	3,521	
17,498	- individual transfers out to other schemes	<u>14,794</u>	19,785
<u>19,162</u>			
3,221	<b>Administrative Expenses</b>		3,542
<b>96,889</b>	<b>Net Additions from dealings with members</b>		<b>86,478</b>
	<b><u>Returns on Investments</u></b>		
	<b><u>Investment Income</u></b>		
41,063	- interest from fixed interest securities	31,476	
84,023	- dividends from equities	127,185	
1,418	- income from index linked securities	1,064	
11,562	- income from pooled investment vehicles	5,963	
31,572	- net rents from properties	34,401	
13,711	- interest on cash deposits	13,813	
<u>3,533</u>	- other	<u>1,955</u>	215,857

**FUND ACCOUNT (CONT)**

<u>2005/06</u>		<u>2006/07</u>
<u>£000</u>		<u>£000</u>
1,695,759	<b>Change in Market Value of Investments</b>	452,716
2,460	<b>Taxation</b>	3,123
14,684	<b>Investment Management Expenses</b>	17,144
<b>1,865,497</b>	<b>Net Returns on Investments</b>	<b>648,306</b>
<b>1,962,386</b>	<b>Net Increase in the fund during the year</b>	<b>734,784</b>
<b>6,989,201</b>	<b>Add: Opening Net Assets of the Scheme</b>	<b>8,951,587</b>
<b><u>8,951,587</u></b>	<b>Closing Net Assets of the Scheme</b>	<b><u>9,686,371</u></b>

**NET ASSETS STATEMENT****Investment Assets**

	<u>Quoted</u>		
202,438	- Fixed interest securities (Public Sector)	173,897	
378,439	- Fixed interest securities (Other)	496,749	
4,115,577	- Equities	4,853,777	
50,052	- Index Linked Securities	72,356	
2,447,203	- Pooled Investment Vehicles (Managed Funds)	2,142,807	
344,855	- Pooled Investment Vehicles (Unit Trusts)	314,669	
	<u>Unquoted</u>		
111,203	- Pooled Investment Vehicles (Property Unit Trust)	155,996	
747,547	- Property	814,501	
158,164	- Venture Capital	214,213	
250,579	Cash Deposits	250,042	
-	Other Investments	<u>2,327</u>	9,491,334
38,265	Other Investment Balances		117,485
	<b>Net Current Assets and Liabilities</b>		
19,551	- contributions due from employer		22,379
9,817	- unpaid benefits		10,118
79,130	- cash balances		53,018
-1,233	- other current liabilities		-7,963
<b><u>8,951,587</u></b>	<b>Net Assets</b>		<b><u>9,686,371</u></b>

# NOTES TO THE ACCOUNTS 2006/07

## ACCOUNTING POLICIES

### Basis of Preparation /

The accounts have been prepared on an accruals basis to 31st March 2007, in accordance with SORP1, Financial Reports of Pension Schemes, as adopted by CIPFA in the Accounting Code of Practice.

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the year end. These are covered within the actuarial valuation.

Valuations of the investments have been carried out by each of the fund managers at mid market prices at 31st March 2007. Items denominated in foreign currencies have been translated into sterling at the closing foreign exchange rate at 31st March 2007.

Valuation of the property portfolio was carried out at 31 December 2006 by an independent valuer. Property values have been trended to show the estimated value as at 31st March 2007.

### Restatement /

Due to a change in CIPFA's Accounting Code of Practice, Additional Voluntary Contributions are no longer included within the accounts. Therefore, 2005/06 opening balances have also been adjusted to reflect this change.

	<b>£000</b>
Previous Net Assets Balance as at 31/03/2006	8,968,985
Deduct Value of AVCs as at 31/03/2006	-17,398
<b>Restated Balance as at 31/03/2006</b>	<b>8,951,587</b>

### AVCs /

The AVC scheme is currently managed by Prudential. AVCs are invested separately from the main Fund, on a money purchase basis. Members of this scheme receive an annual statement informing them of the value of their individual Fund.

The market value of AVCs as at 31 March 2007 (including values held with previous managers) was £20.0 million. Contributions, which are used in their entirety to purchase investments, totalled £3.9 million. Sales of investments to settle benefits due to members totalled £1.8 million. The change in market value of investments over the year was £0.464 million.

### Audit /

The Fund accounts are audited as part of the audit of Glasgow City Council's financial statements. The audit certificate is included in the Council's audited accounts.

### Fund Management /

The investment assets of the Fund are externally managed. There were several manager changes during 2006/07\_

/ A decision was taken to replace Schroder with four new managers. As at 31st March 2007, the Schroder portfolio was held in transition by newly-appointed transition manager Lehman Bros, to be transferred to the four new managers during April 2007.

/ An additional private equity manager – Partners Group – was appointed.

/ Three currency managers were appointed – Record Currency Management, Mellon Capital and Millennium Global Investments.

Investment management arrangements as at 31st March 2007 are shown below.

<b>Asset Class</b>	<b>Fund Manager</b>	<b>% Under Management</b>
Multi Asset – Passive	Legal & General	19.8%
Global Equity	Baillie Gifford	16.2%
Global Equity	Capital International	15.8%
Global Equity	Lehman Bros (Transition)	20.3%
Specialist - Property	Arlington PI	10.7%
Specialist – Bonds	Henderson	4.0%
Specialist – Bonds	Western	4.4%
Equities - UK Small Co.s	Gartmore	2.2%
Equities – Overseas Small Co.s	JP Morgan	2.4%
Specialist – Private Equity	Pantheon/Partners Group	2.2%
Specialist - Emerging Markets	Genesis	2.0%

THE MARKET VALUE OF ASSETS MANAGED BY FUND MANAGERS, EXCLUDING CASH AND AVCS, AS AT 31 MARCH 2007 WAS £9.2 BILLION. OF THIS, £5.4 BILLION RELATED TO UK INVESTMENTS, AND THE REMAINING £3.8 BILLION WAS INVESTED OVERSEAS. CASH BALANCES ARE MANAGED BY THE FUND'S GLOBAL CUSTODIAN, NORTHERN TRUST.

PROPERTY ASSETS COMPRISED £669 MILLION FREEHOLD, £145 MILLION LONG LEASE/LEASEHOLD, AND £156 MILLION UNIT TRUSTS. THE VALUES OF PURCHASES AND SALES DURING THE YEAR WERE £9,610 MILLION AND £8,495 MILLION RESPECTIVELY.

THE FUND PARTICIPATES IN A STOCKLENDING PROGRAMME MANAGED BY ITS GLOBAL CUSTODIAN, NORTHERN TRUST. AS AT 31ST MARCH 2007 THE TOTAL AMOUNT OF STOCK RELEASED BY THE FUND UNDER THIS ARRANGEMENT WAS £696 MILLION. STOCK ON LOAN IS SECURED VIA A POOLED COLLATERALISATION ARRANGEMENT. INITIAL COLLATERAL LEVELS ARE NOT LESS THAN 102% OF THE MARKET VALUE OF THE BORROWED SECURITIES FOR LOANS OF FIXED INCOME, AND NOT LESS THAN 105% OF THE MARKET VALUE OF THE BORROWED SECURITIES FOR LOANS OF EQUITY SECURITIES. MARKING TO MARKET IS PERFORMED EVERY BUSINESS DAY.

THE FUND FIRST PUBLISHED A STATEMENT OF INVESTMENT PRINCIPLES IN 1997. THE STATEMENT IS UPDATED ANNUALLY. IT IS PUBLISHED ON THE FUND'S WEBSITE ([WWW.SPFO.ORG.UK](http://WWW.SPFO.ORG.UK)), OR IS AVAILABLE ON REQUEST FROM STRATHCLYDE PENSION FUND OFFICE.

# ACTUARIAL VALUATION IN ACCORDANCE WITH THE LOCAL GOVERNMENT PENSION SCHEME (SCOTLAND) REGULATIONS 1998, AN ACTUARIAL VALUATION OF THE FUND IS CARRIED OUT EVERY THREE YEARS BY A CONSULTING ACTUARY.

## Background /

The actuarial valuation establishes the funding position at the valuation date and sets employer contribution rates for the following 3 years. The last formal valuation was at 31st March 2005. On its completion the Fund commissioned Hymans Robertson to provide regular funding updates between formal valuations. The estimated funding position as at 31st March 2007 on this basis is shown below. Results of the 2005 actuarial valuation remain the latest formal position and these are also reproduced below.

## 2007 Funding Projection /

The funding updates provided by Hymans Robertson are projections based on the 2005 actuarial valuation results updated for subsequent movement in asset values; movement in bond yields (and therefore valuation of liabilities); cash flows; and benefit accruals. The projection is provided as a means of monitoring the funding position. It is not intended that it will result in any changes, particularly to employer contribution rates, during the inter-valuation period.

## Estimated Funding Position /

The projected funding position reported by Hymans Robertson can be summarised as follows.

	Date 31 Mar 2005 £m	31 Mar 2006 £m	31 Mar 2007 £m
Assets	7,005	9,020	9,755
Liabilities	7,235	8,651	9,026
Surplus/Deficit	(230)	369	729
<b>Funding Level</b>	<b>96.8%</b>	<b>104.3%</b>	<b>108.1%</b>

The position improved steadily from March 2005 as a result of substantial gains from investment returns. These were partially offset by a fall in real gilt yields and resultant increase in the valuation placed on liabilities.

## Contribution Rates /

The fall in gilt yields has increased the projected Future Service Contribution rate from 245% at March 2005 to a projected 275% at March 2007. The projected surplus would suggest a Common Contribution Rate lower than the Future Service rate. But no change to the employer contribution rates certified in the 2005 valuation report is envisaged. Contribution rates will next be reviewed during the 2008 valuation, with any changes effective from 1st April 2009.

## Limitations /

An advisory warning on the limitations of this approach is included in Hymans Robertson's report.

**2005 Actuarial Valuation /**

In accordance with Regulation 76 of the Local Government Pension Scheme (Scotland) Regulations 1998 an actuarial valuation of the Strathclyde Pension Fund was carried out as at 31st March 2005. Results of the valuation were confirmed during February 2006, and a copy of the valuation report was issued to all participating employers. The report is summarised as follows.

**Results /**

**Funding Level**

As at 31st March 2005, the funding position was as follows\_

Fund Assets	£7,005m
Fund Liabilities	£7,235m
Deficit	£230m

This implies a funding level of 97%, which has fallen from the previous valuation in 2002, when the funding level was 108%.

**Common Contribution Rate /**

The Common Contribution Rate, calculated as 275%, comprises two elements:

**/ Future Service Funding Rate**

The Future Service Funding Rate is the cost to employers of pensions benefits which will be earned after the valuation date. The actuary calculated the Future Service Funding Rate as 245% of employee contributions.

**/ Past Service Adjustment**

This is the adjustment required to bring the funding level back to 100%, over the average remaining working life of employees (10.6 years), as set out in the Funding Strategy Statement. The actuary calculated the Past Service Adjustment as 30% of employee contributions.

**Employer Contribution Rates /**

In order to achieve stability of contributions, the required increase is phased in over three years. The following common contribution rates for employers were agreed.

Year to	Rate (as % of employee contributions)
31 March 2007	260%
31 March 2008	270%
31 March 2009	280%

In addition, a number of employers have been set contribution rates which include individual adjustments (increases) In most cases this is because they have closed membership of the fund to new employees.

**Method /**

The method of calculating the employers' contribution rate is known as the Projected Unit Method. The key feature of this method is that it provides a stable long term contribution rate if the average age of the workforce remains constant. If the admission of new entrants is such that the age of the membership profile increases then the contribution rate calculated at future valuations would be expected to increase.

**Assumptions /**

**Demographic**

Demographic assumptions cover rates of mortality, retirement and withdrawal. The actuary is able to draw on a wide experience of Local Government Funds in constructing tables to reflect best estimates of future trends.

At this valuation the actuary incorporated revised mortality tables for current employee members.

# ACTUARIAL VALUATION

## Financial /

The key financial assumptions used in the 2005 valuation were as follows.

Financial Assumptions	Nominal (% p.a)	Real (% p.a)
Overall Anticipated Long Term Return from_		
Equities	6.7%	3.8%
Bonds (50% Gilts 50% Corporates)	5.0%	2.8%
Property	5.7%	2.1%
Discount Rate	6.3%	3.4%
Pay Increases	4.4%	1.5%
Price Inflation	2.9%	

The valuation basis for setting employer contribution rates - the "ongoing valuation" anticipates an element of expected future returns from equities. Without anticipating future equity out-performance the funding level would be around 73%.

## Maturity /

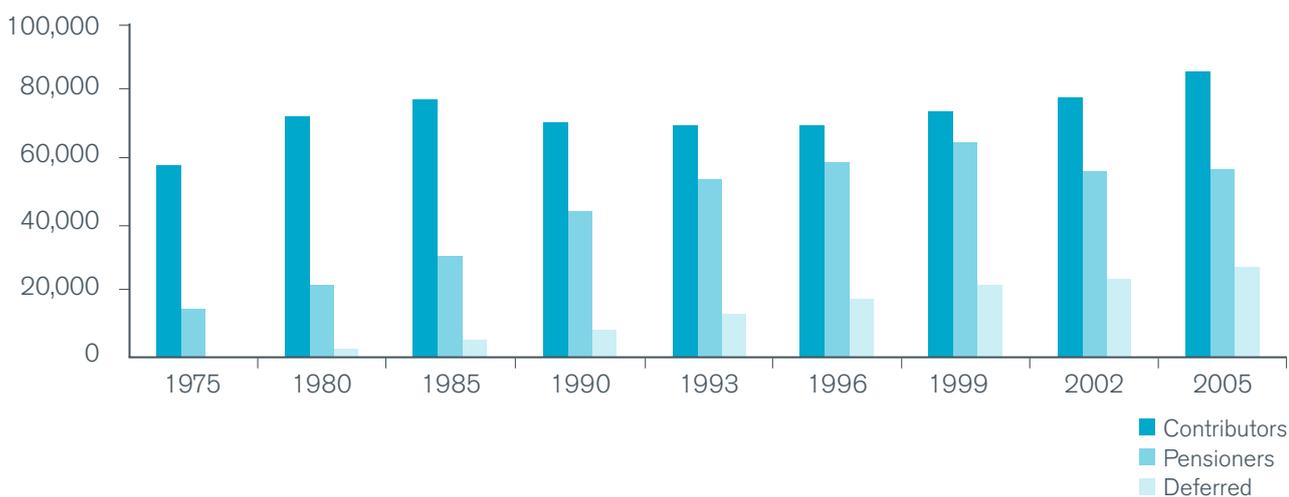
Within the 2005 actuarial valuation, the maturity profile of the Fund's liabilities was as follows.

Past Service Liabilities	(£m)	(%)
Employee Members	3,982.1	55.0
Deferred Pensioners	572.9	7.9
Pensioners	2,680.2	37.1
<b>Total</b>	<b>7,235.2</b>	<b>100</b>

## Actuarial History /

Fund Membership Profile  
(1975 – 2005)

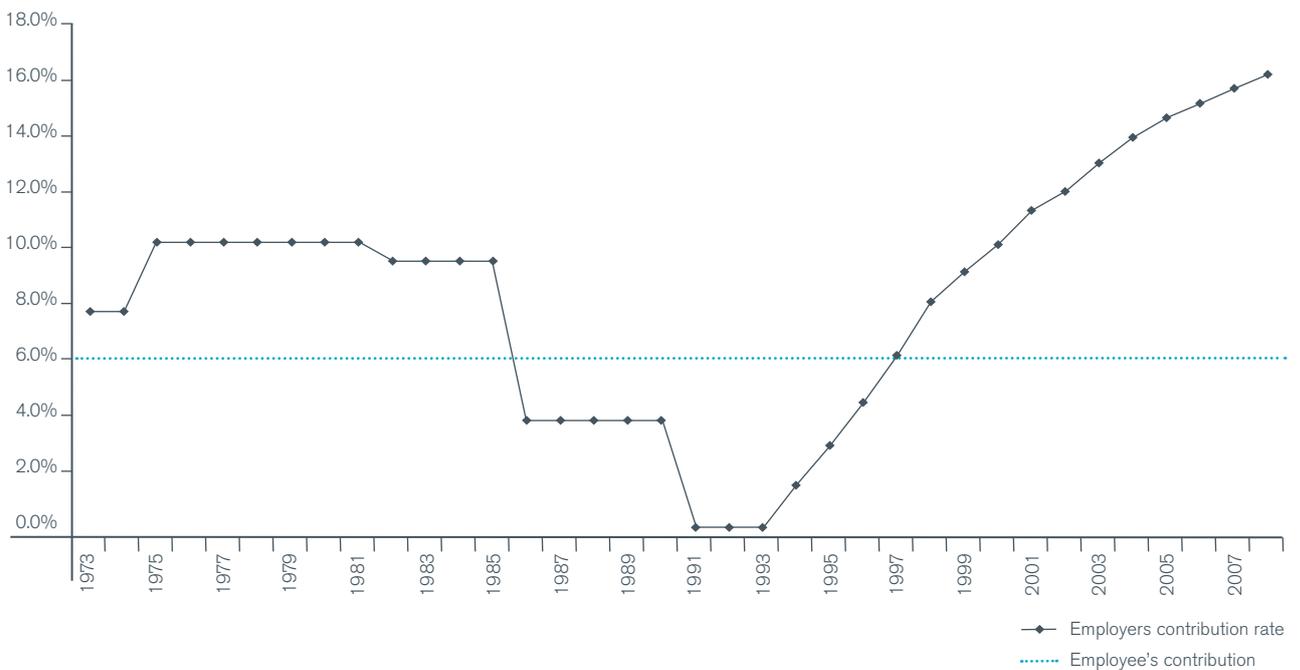
The chart below outlines the ratio of contributors to pensioners over the 30-year history of the Fund. The ratio of pensioners to current contributors has increased steadily over the years. More recently however, the number of contributors has grown to over 86,000, whilst the number of pensioners has remained relatively steady.



**Comparison of Employer and Employee Contribution Rates /**

The above graph compares the contribution rates of employee and employer. Whilst the employee pays a fixed rate – 6% for the vast majority – the employer rate varies over time. The employer rate is set by the actuary, following the triennial actuarial valuation of the Fund, to ensure its continuing solvency over the long term.

The recent trend of year-on year increases in the employer rate is common to most Local Government Pension Scheme funds. The LGPS is currently under review. Proposals for a new scheme will be issued during 2007 with a planned implementation date of April 2009. The new scheme provisions are likely to include changes to the employee contribution rate and scope for a cost sharing agreement between employers and members.



**Funding Strategy Statement /**

In accordance with revised Regulations, and after consultation with interested parties the Fund published its first Funding Strategy Statement in 2006. The Statement provides a detailed explanation of the aims of the funding policy, the funding mechanism, the links to the investment strategy and the associated risks and control measures.

**Further Information /**

The Funding Strategy Statement and the full Report on the 2005 Actuarial Valuation are available on the Fund's or the Council's website or on request from SPFO.



## FUND NO. 3

### Membership /

The No. 3 Fund was established in February 1993 in order to preserve the pensionable benefits of those remaining employees (1,362) of Strathclyde Buses who had transferred from the service of Strathclyde Regional Council on the implementation of the Transport Act 1985 in October 1986. The value of those employees' accrued benefits, and the assets in respect of them were actuarially assessed by the Fund's actuaries, Hymans Robertson.

The No. 3 Fund was established as a closed Fund – i.e. it is not open to new membership.

The sole employer contributing to the No. 3 fund is First Glasgow, a subsidiary of First Group.

### Administration /

Fund and Scheme administration are carried out by Glasgow City Council within the Strathclyde Pension Fund Office

### Actuarial Position of the Fund /

In accordance with Regulation 76 of the Local Government Pension Scheme (Scotland) Regulations 1998 an actuarial valuation of the No.3 Fund was carried out as at 31st March 2005. Results of the valuation were confirmed during March 2006. The results are summarised as follows.

### Results /

Funding Level

As at 31st March 2005, the funding position was as follows/

<b>Fund Assets</b>	<b>£90.4m</b>
<b>Fund Liabilities</b>	<b>£78.0m</b>
<b>Deficit</b>	<b>£12.4m</b>

This implies a funding level of 86%, which has fallen from the previous valuation in 2002, when the funding level was 98%.

### Future Service Funding Rate /

The Future Service Funding Rate is the cost to the employer of pensions benefits which will be earned after the valuation date. The actuary calculated the Future Service Funding Rate as 460% of employee contributions.

### Past Service Adjustment /

This is the adjustment required to bring the funding level back to 100%, over the average remaining working life of employees (7.1 years), as set out in the Funding Strategy Statement. The actuary calculated the Past Service Adjustment as a series of annual deficit recovery contribution payments starting with an initial payment of £1.9m per annum and increasing at the rate of 4.4% per annum.

### Employer Contribution Rates /

In order to achieve stability of contributions, the required increase is phased in over three years. The following contribution rates have been agreed with the employer and certified by the actuary.

Year to	Rate (as % of employee contributions)	Additional Monetary Payments (£000 per annum)
31 March 2007	420%	1,920
31 March 2008	440%	2,004
31 March 2009	460%	2,100



#### Method /

The method of calculating the employers' contribution rate is known as the Attained Age Method. The key feature of this method is that it calculates the futures service cost for the current workforce allowing for the ageing of that group of employees. Thus it effectively assumes that there will be no new employees joining the Fund.

#### Assumptions / Demographic

Demographic assumptions cover rates of mortality, retirement and withdrawal. The actuary is able to draw on a wide experience of Local Government funds together with published tables to derive assumptions which are as close to best estimates as is practicable.

#### Financial /

The key financial assumptions used in the 2005 valuation were as follows.

Financial Assumptions	Nominal (% p.a.)	Real (% p.a.)
Overall Anticipated Long Term Return from -		
Equities	6.7%	3.8%
Gilts	4.7%	1.8%
Corporate Bonds	5.2%	3.3%
Property	5.7%	2.8%
Discount Rate – pre-retirement	6.7%	3.8%
Discount Rate – post-retirement	5.2%	2.1%
Pay Increases	4.4%	1.5%
Price Inflation	2.9%	

The valuation basis for setting employer contribution rates - the "ongoing valuation" anticipates an element of expected future returns from equities only in respect of pre-retirement liabilities. Without anticipating future equity out-performance the funding level would be around 76%.

#### 2007\_ Estimated Funding Position /

During 2007 the No.3 Fund commissioned Hymans Robertson to provide a funding update. (See Main Fund - Actuarial section of this report for further details of the funding projection process.)

The projected funding position reported by Hymans Robertson can be summarised as follows.

Date	31 Mar 2005	31 Mar 2007
	£m	£m
Assets	78	105
Liabilities	90	107
Surplus/Deficit	(12)	(2)
Funding Level	86.3%	98.2%

#### Funding Strategy Statement /

In accordance with revised Regulations, and after consultation with the employer, the No. 3 Fund published its first Funding Strategy Statement during 2006. The Statement provides a detailed explanation of the aims of the funding policy, the funding mechanism, the links to the investment strategy and the associated risks and control measures.

#### Further Information /

The Funding Strategy Statement and the full Report on the 2005 Actuarial Valuation are available on the Fund's or the Council's website or on request from SPFO.

# FUND NO. 3

## FINANCIAL STATEMENT

### FUND ACCOUNT

<u>2005/06</u>	<u>2006/07</u>	
<u>£000</u>	<u>£000</u>	<u>£000</u>
<b>Dealings with members, employers and others directly involved in the scheme</b>		
<b><u>Contributions Receivable</u></b>		
From Employers		
1,446 - normal	1,520	
<u>505 - additional</u>	<u>1,920</u>	3,440
1,951		
From Members		
362 - normal		362
<b><u>Benefits Payable</u></b>		
2,717 - pensions	2,924	
371 - commutation of pension and lump sum retirement benefits	562	
<u>29 - lump sum death benefits</u>		<u>3,486</u>
3,117		
<b><u>Payments to and on account of leavers</u></b>		
69 - individual transfers out to other schemes		
28 <b>Administrative Expenses</b>		34
<b>-901 Net (Reduction)/Increase from dealings with members</b>		<b>282</b>
<b><u>Returns on Investments</u></b>		
<b><u>Investment Income</u></b>		
438 - interest from fixed interest securities	288	
973 - dividends from equities	1,590	
95 - income from index linked securities	75	
836 - income from pooled investment vehicles	1,023	
115 - interest on cash deposits	203	
<u>30 - other</u>	<u>102</u>	3,281
16,383 <b>Change in Market Value of Investments</b>		4,180
21 <b>Taxation</b>		29
180 <b>Investment Management Expenses</b>		193
<b>18,669 Net Returns on Investments</b>		<b>7,239</b>
<b>17,768 Net Increase in the fund during the year</b>		<b>7,521</b>
<b>77,952 Add : Opening Net Assets of the Scheme</b>		<b>95,720</b>
<b><u>95,720 Closing Net Assets of the Scheme</u></b>		<b><u>103,241</u></b>

**NET ASSETS STATEMENT**

<u>2005/06</u>	<u>2006/07</u>	
<u>£000</u>	<u>£000</u>	<u>£000</u>
<b><u>Investment Assets</u></b>		
<u>Quoted</u>		
6,895 - Fixed interest securities (Public Sector)	5,879	
301 - Fixed interest securities (Other)	892	
37,207 - Equities	42,378	
3,424 - Index Linked Securities	3,446	
<u>29,175</u> - Pooled Investment Vehicles (Unit Trusts)	<u>28,685</u>	
<u>Unquoted</u>		
15,124 - Pooled Investment Vehicles (Property Unit Trust)	16,281	
1,536 Cash Deposits	<u>2,227</u>	99,788
329 Other Investment Balances		208
<b><u>Net Current Assets and Liabilities</u></b>		
72 - contributions due from employer		183
1,657 - cash balances		3,063
- other current liabilities		-1
<b><u>95,720</u></b> <b>Net Assets</b>		<b><u>103,241</u></b>

(3,542)

(297,195)

Members

8,636



# FUND NO. 3

## NOTES TO THE ACCOUNTS 2006 / 07

### ACCOUNTING POLICIES

#### Basis of Preparation /

The accounts have been prepared on an accruals basis to 31st March 2007, in accordance with SORP1, Financial Reports of Pension Schemes, as adopted by CIPFA in the Accounting Code of Practice.

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the year end. These are covered within the actuarial valuation.

Valuations of the investments have been carried out by each of the fund managers at mid market prices at 31st March 2007. Items denominated in foreign currencies have been translated into sterling at the closing foreign exchange rate at 31st March 2007.

#### Other /

There were no transactions with related parties during the year other than the balance with the City Council's loans fund, which is listed as 'cash balances' in the net assets statement.

#### Fund Management /

The Fund's investments are managed by Schroder Investment Management. The market value of assets managed by the fund manager, excluding cash, as at 31 March 2007 was £97.6million. Of this, £61 million relates to UK investments, and the remaining £36.6 million is invested overseas. Cash balances were managed by the Fund's Global Custodian, Northern Trust.

Property assets comprised £12 million worth of Unit Trusts.

The values of purchases and sales in the year were £41.5 million and £35.4 million respectively.

The Fund participates in a stocklending programme managed by its Global Custodian, NorthernTrust. As at 31st March 2007 the total amount of stock released by the Fund under this arrangement was £14.25 million. Stock on loan is secured via a pooled collateralisation arrangement. Initial collateral levels are not less than 102% of the market value of the borrowed securities for loans of fixed income, and not less than 105% of the market value of the borrowed securities for loans of equity securities. Marking to market is performed every business day.



## COMMUNICATIONS REPORT

### 01\_ SPFO Website / [www.spfo.org.uk](http://www.spfo.org.uk)

Launched in 2001 the website contains a wealth of information for all those with an interest in the Fund.

Comprehensively re-designed during 2006/07, key features of the site going forward are:

- / a modern, member focused, professional but friendly look and feel
- / easy-steer navigation
- / a high level of interactivity
- / strong brand reinforcement and
- / enhanced content.

### 02\_ Newsletters /

Our newsletters continue to be published on an annual basis. During the last year we restyled Fundnews and Pensionnews in a magazine format to make sure they continue to command the attention of our members and provide all the information they need in an easy-to-read style.

### 03\_ Handbooks /

Each new member receives a guide to the scheme. Over 7,000 of these guides were issued in the last year. These were part of our starters pack incorporating a guide, a nomination form, a prompt regarding previous pensionable service and details regarding how a member can top up their pension rights.

### 04\_ Technical Bulletins /

Technical Bulletins are now an integral part of our communications with the Fund's participating employers. During 2006/07 we issued 5 Technical Bulletins advising employers of a variety of changes to regulations and procedures.

### 05\_ Meetings /

Our Annual Meeting now attracts an attendance of over 200 - mainly employer and trade union representatives. In addition to presentation of the Fund accounts and formal investment and other reports, delegates hear a variety of guest speakers. Feedback confirms that we have now developed a very successful Annual Meeting format. We continue to hold additional workshops and briefing sessions and give a variety of standard and ad hoc presentations, thus providing face-to-face all the information sought by our employers and scheme membership.



#### 06\_ Consultation /

The Strathclyde Pension Fund Representative Forum was established in 2005 to provide a quarterly formal meeting of employer and employee representatives which facilitates ongoing dialogue on the management of the Fund and pensions issues generally between all interested parties. The Forum arrangements were formally reviewed during 2006/07 and it was agreed that they should continue in their current form.

#### 07\_ Annual Report and Accounts /

The Annual Report combines a high level of informational content with an attractive design as a result of our collaboration with Glasgow-based agency, Curious Group.

#### 08\_ Benefit Statements /

Issue of Benefit Statements has for some years been part of our annual routine. Working with the Department of Work and Pensions again this year we included details of State Benefits alongside Local Government Pension Scheme benefits to give our members a more complete picture of their retirement provision. We also issued Benefit Statements to our deferred beneficiaries.

#### 09\_ Service Level Agreements /

We continue to advocate the use of Service Level Agreements between SPFO and its participating employers as a means to regulate the partnership and clarify the respective responsibilities of each of the parties to the ultimate benefit of Scheme members.

#### 10\_ Promoting LGPS /

Promotion of the Scheme and the benefits of membership are of paramount importance to the SPFO and the Communications Team. To this end, over the last year we carried out a concerted promotional campaign based on the message Strength in Numbers. The objectives of the campaign were to simultaneously provide:

- / a reminder to employees of the importance of financial planning for retirement;
- / reassurance to existing scheme members that the LGPS provides them with a very solid basis of retirement income;
- / a prompt for them to consider additional payments or provision within the scheme; and
- / encouragement to employees who have not yet joined the scheme to do so as a matter of urgency.

We have reason to believe that each of these objectives was successfully achieved.

# FUND MEMBERSHIP

Membership of the Strathclyde Pension Fund comprises\_

- / employees and pensioners of the 12 Unitary Authorities in the former Strathclyde area;
- / civilian employees and pensioners of Strathclyde Police and Strathclyde Fire and Rescue;
- / employees and pensioners of other Scheduled bodies;
- / employees and pensioners of Admitted Bodies;
- / pensioners formerly employed by Strathclyde Regional Council and the 19 District Councils within the former Strathclyde area;
- / former employees of authorities in existence pre 1975

The full list of member organisations that made contributions to the Fund during 2006/2007 is as follows\_

## Scheduled Bodies

Argyll & Bute Council  
 East Ayrshire Council  
 East Dunbartonshire Council  
 East Renfrewshire Council  
 Glasgow City Council  
 Inverclyde Council  
 North Ayrshire Council  
 North Lanarkshire Council  
 Renfrewshire Council  
 Scottish Water  
 South Ayrshire Council  
 South Lanarkshire Council  
 Strathclyde Fire & Rescue  
 Strathclyde Passenger Transport  
 Strathclyde Police Authority  
 West Dunbartonshire Council

## Scheduled Bodies

Ayrshire Valuation Joint Board  
 Dunbartonshire & Argyll & Bute Valuation Joint Board  
 Lanarkshire Valuation Joint Board  
 Renfrewshire Valuation Joint Board

Visit Scotland

Anniesland College  
 Ayr College  
 Bell College  
 Cardonald College  
 Central College Of Commerce  
 Clydebank College  
 Coatbridge College  
 Cumbernauld College

Glasgow College Of Nautical Studies  
 Glasgow Metropolitan College  
 James Watt College  
 John Wheatley College  
 Kilmarnock College  
 Langside College  
 Motherwell College  
 North Glasgow College  
 Reid Kerr College  
 South Lanarkshire College  
 Stow College

## Admitted Bodies

**A**  
 Access to Employment Ayr Ltd  
 Advocacy Project  
 Alcohol Focus Scotland  
 Alpha Project  
 Alternatives  
 AMEY (Renfrewshire Schools PPP)  
 Arden Out of School Project  
 Argyll & Bute Local Learning Partnership Ltd  
 Argyll Community Housing Association Ltd  
 Auchenback Active Ltd  
 Ayr Action for Mental Health  
 Ayr Housing Aid Centre  
 Ayrshire Housing  
 Ayrshire Initiatives Ltd  
 Ayrshire North Community Forum  
 Ayrshire North Community Housing Organisation Ltd

**B**  
 Befriending & Respite Services Ltd  
 Bridgeton Calton And Dalmarnock Credit Union  
 Broadwood Stadium (Cumbernauld) Ltd

## Admitted Bodies

**C**  
 Caladh House Childrens Home  
 Cambuslang Community Carers  
 Care Partners (Three Towns Family Respite)  
 Castlemilk Environment Trust  
 Castlemilk Stress Centre  
 Childcare First  
 City Building (Glasgow) LLP  
 Clydebank Rebuilt  
 Coatbridge Citizens Advice Bureau  
 Colleges Open Learning  
 Community Central Hall  
 Community Enterprise In Strathclyde  
 Community Safety Trust  
 Exchange Group  
 Community Volunteers Enabling Youth Ltd  
 CORA Foundation  
 Craigholme School  
 Cumbernauld Housing Partnership Ltd  
 Cycling Scotland

**D**  
 Deaf Connections  
 Developing Strathclyde Ltd  
 Dixon Hall Day Centre For Retired Citizens  
 Drumchapel Adventure Group

**E**  
 East Ayrshire Carers Centre  
 East Ayrshire Employment Initiative  
 East Dunbartonshire Town Centre Management Ltd  
 East End Community Law Centre  
 East End Partnership Ltd  
 East End Respite Care Group  
 East Renfrewshire Carers  
 East Renfrewshire Council for the Voluntary Sector  
 Easterhouse Citizens Advice Bureau  
 Employee Counselling Service  
 Enable  
 Enable Services Ltd  
 Equals Advocacy Partnership

**F**  
 Financial Fitness Resource Team  
 First Bus  
 Flourish House  
 Fyne Homes

Admitted Bodies**G**

Geilsland School  
 General Teaching Council for Scotland  
 Glasgow Anti-Racist Alliance  
 Glasgow Association For Mental Health  
 Glasgow Caledonian University  
 Glasgow City Marketing Bureau  
 Glasgow Colleges Group  
 Glasgow Community Planning Ltd  
 Glasgow Council for Voluntary Services  
 Glasgow Cultural Enterprises Ltd  
 Glasgow Cultural Enterprises  
 (Trading) Ltd  
 Glasgow Film Theatre  
 Glasgow Housing Association  
 Glasgow North East Carers Centre  
 Glasgow School of Art  
 Glasgow Women's Aid  
 Good Shepherd Centre  
 Govan Law Centre  
 Greater Easterhouse Women's Aid  
 Greater Easterhouse Development  
 Company Ltd  
 Greenspace Scotland

**H**

H.E.L.P (Argyll & Bute) Ltd  
 HIE Argyll & The Islands  
 Haden Building Management (North  
 Lanarkshire Education PPP)  
 Hamilton Furniture Initiative  
 Hansel Alliance  
 Hansel Foundation  
 Hemat Gryffe Women's Aid  
 Hillhead Housing Association  
 Hills Trust Parents Community Group  
 Home Group Ltd  
 Home Start MAJIK  
 Housing Wider Action Group  
 Hutchesons Educational Trust

**I**

Inverclyde Leisure  
 Irvine Housing Association

**J**

Jeely Piece Club  
 Jordanhill School

**K**

Kenmure St Mary's Boys School  
 Kibble School  
 Kings Theatre Glasgow Ltd

**L**

Lanarkshire Housing Association  
 Lanarkshire Association for  
 Mental Health  
 Larkfield Ladybird Pre 5 Centre  
 Learning and Teaching Scotland  
 Linstone Housing Association Ltd  
 Loch Lomond & The Trossachs  
 National Park

Admitted Bodies**M**

Meridian  
 Milton Kids Dash Club

**N**

New Lanark Conservation  
 and Civic Trust  
 North Ayr Resource Centre  
 North Ayrshire Leisure Ltd  
 North Lanarkshire Carers Together  
 North Lanarkshire Leisure Ltd  
 Northwest Economic Network  
 Notre Dame Child Guidance Clinic

**O**

Objective 3 Partnership (Scotland) Ltd  
 One Plus One Parent Families \*  
 Outdoor Resource Base

**P**

Paisley Partnership Regeneration  
 Company  
 Parkhead Citizens Advice Bureau  
 Parkhead Housing Association Ltd  
 Parkinson's Self Help Group  
 Paths For All Partnership  
 Pensioners Action Group East  
 Possil/Milton Community Renewal Ltd

**R**

Rape Crisis Centre  
 Reidvale Adventure Playground  
 Renfrew Council on Alcohol  
 Renfrewshire Leisure Ltd  
 Renfrewshire Carers Centre  
 Richmond Fellowship Scotland  
 Routes to Work  
 Routes to Work South  
 Royal Scottish Academy of Music  
 and Drama

**S**

SACRO  
 Scottish Centre for Children With  
 Motor Impairments  
 Scottish Enterprise – Careers Scotland  
 Scottish Environmental & Outdoor  
 Centres Association Ltd  
 Scottish Further Education Unit  
 Scottish Institute of Human Relations  
 Scottish Institute of Sport  
 Scottish Library & Information Council  
 Scottish Maritime Museum Trust  
 Scottish Out Of School Care Network  
 Scottish Qualifications Authority  
 Scottish Screen  
 Scottish Throughcare and  
 Aftercare Forum  
 SCOTSS  
 Scotwest Credit Union Ltd  
 SLIMS  
 Social Welfare Commission Bishops  
 Conference of Scotland  
 South Ayrshire Energy Agency  
 South Ayrshire Women's Aid  
 South Lanarkshire Leisure

Admitted Bodies**S**

South West Scotland Community  
 Justice Authority  
 Springboig St John's School  
 SportScotland  
 St Columba's School  
 St Philip's Approved School  
 Strathclyde European Partnership  
 Strathclyde Wing Hong Chinese  
 Elderly Group

**T**

Tannahil Centre Ltd  
 Town Centre Initiatives  
 Time Capsule (Monklands)

**U**

University of Aberdeen  
 (ex Northern College)  
 University of Dundee  
 (ex Northern College)  
 University of Edinburgh (ex Moray  
 House College)  
 University of Glasgow  
 (ex St Andrews College)  
 University of Glasgow (ex SCRE)  
 University of Paisley  
 University of Strathclyde  
 Utheo Ltd

**V**

Village Story Telling Centre  
 Voluntary Association for Mental  
 Welfare  
 Volunteer Centre

**W**

West of Scotland Colleges Partnership  
 West of Scotland Loan Co.  
 West of Scotland Community Relations  
 Council  
 Women's Support Project

**Y**

Youth Counselling Service

\*membership ceased during 2006/07

# CONTACTS

## Head Of Pensions /

Richard McIndoe

Strathclyde Pension Fund  
4th Floor  
78 Queen Street  
Glasgow G1 3DN  
Tel: 0141 287 7383

## Investment /

Chief Pensions Officer  
(Investments)  
Strathclyde Pension Fund  
4th Floor  
78 Queen Street  
Glasgow G1 3DN  
Tel: 0141 287 7434

## Operations /

Janet McCabe

Chief Pensions Officer  
Strathclyde Pension Fund  
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Glasgow G1 3DN  
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## Accounting /

Puja Parbhaker

Pension Fund Accountant  
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Tel: 0141 287 7398

## Employer Communications /

Alistair Gray

Senior Communications  
Officer  
Strathclyde Pension Fund  
4th Floor  
78 Queen Street  
Glasgow G1 3DN  
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## Pensions In Payment /

Cathy Douglas

Senior Pensions  
Payroll Officer  
Strathclyde Pension Fund  
2nd Floor  
78 Queen Street  
Glasgow G1 3DN  
Tel: 0141 287 7432

## Employee Benefits /

If you are employed by /

East Dunbartonshire Council / East Refrewshire Council /  
Glasgow City Council / Scottish Water / Strathclyde Buses /  
Strathclyde Fire and Rescue. Tel: 0141 287 7341

North Ayrshire Council / South Ayrshire Council /  
South Lanarkshire Council / Strathclyde Police /  
West Dunbartonshire Council Tel: 0141 287 7342

Argyll & Bute Council / Inverclyde Council /  
North Lanarkshire Council / Renfrewshire Council  
Strathclyde Passenger Transport / Tel: 0141 287 7343

All Other Employers Tel: 0141 287 7420

## Internet /

Email: [spfo@glasgow.gov.uk](mailto:spfo@glasgow.gov.uk)

Web: [www.spfo.org.uk](http://www.spfo.org.uk)

## Other Useful Addresses

Internal Disputes Resolution Procedure For disputes involving our administration of the Local Government Pension Scheme Regulations, application forms can be obtained from the Strathclyde Pension Fund Office, and should be submitted to\_ The Director of Financial Services, Glasgow City Council, City Chambers, Glasgow G1 1DU, who will allocate your case to one of two appointed independent experts. Matters involving maladministration should also be referred to the Director of Financial Services.

## Previous Benefits /

To help you trace pension schemes which may be holding benefits belonging to you from previous employment, contact\_ The Pension Schemes Registry, PO Box 1NN, Newcastle-Upon-Tyne, NE99 1NN

Telephone: 0191 225 6316 Fax: 0191 225 6390/6391

Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)





Strathclyde Pension Fund /  
Administering The Local Government  
Pension Scheme In The West Of Scotland

Further information /  
Telephone: 0141 287 7373  
Email: [spfo@glasgow.gov.uk](mailto:spfo@glasgow.gov.uk)  
Web: [www.spfo.org.uk](http://www.spfo.org.uk)