



Strathclyde Pension Fund

ANNUAL REPORT & ACCOUNTS
FOR THE YEAR TO 31st MARCH 2002

200102



www.spfo.org.uk



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- ✦ Strathclyde Pension Fund is a pool into which employees' and employers' contributions and income from investments are paid, and from which pensions and other lump sum benefits are paid out in accordance with the provisions of the Local Government Pension Scheme.
- ✦ The Fund services the 12 Unitary Authorities in the west of Scotland together with over 200 other public sector bodies, large and small.
- ✦ Fund administration is carried out by the Strathclyde Pension Fund Office, for both the No.1 Fund (the main Fund) and also the No.3 Fund (Strathclyde Buses Fund). The Pension Fund was previously administered by Strathclyde Regional Council and was not subject to disaggregation on local government reorganisation, but transferred intact to Glasgow City Council at 1st April 1996.
- ✦ The investment assets of the Fund are externally managed.
- ✦ Investment policy and strategy are the responsibility of the Strathclyde Pension Fund Panel who take advice from the Investment Advisory panel and from the Fund's external consultants.

These are the 12 unitary authorities covering the Strathclyde area.





Contents	<i>page</i>
Introduction	
Panel Members	02
Chairman’s Introduction	03
Advisers + Managers	04
Director’s Summary Report	05
Administration	
Administration Report	06
Staffing Structure	08
Summary of Benefits	09
Investment	
Market Report	10
Investment Report	12
The Myners Review	14
Statement of Investment Principles	15
Financial Statements	
No.1 Fund Accounts	16
Notes to Accounts	18
No.3 Fund	
Background	19
No.3 Fund Accounts	20
Notes to Accounts	22
Actuarial	
Actuarial Valuation	23
Membership	25
Communications	
Communications Report	28
Contacts	

01





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STRATHCLYDE PENSION FUND PANEL

The Strathclyde Pension Fund Panel is a subsidiary panel of Glasgow City Council's Policy and Resources Committee.

The Panel is responsible for all decisions concerning Pensions and Pension Fund Policy and Strategy.

The Panel performs a role similar to that of the Trustee Board of a private sector pension fund.

SPF Panel Members



Councillor **Craig Roberton**

Convener



Councillor **James Mutter**



Councillor **Eamon Fitzgerald**



Councillor **Margaret Sinclair**



Bailie **John Lynch**



Bailie **Ruth Simpson**



Councillor **Charles McCafferty**



Councillor **Elaine Smith**



Councillor **Malcolm McLean**



Councillor **James McNally**



Councillor **Bashir Maan**



Councillor **John Mason**

02



CHAIRMAN'S INTRODUCTION

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Councillor **Craig Roberton**
Convener, Strathclyde Pension Fund Panel

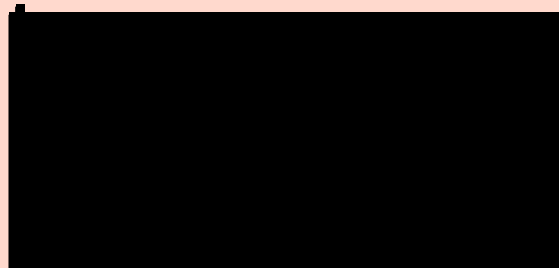


Over the last year the general subject of Pensions has attracted a degree of attention and publicity which many regard as completely unprecedented. Regrettably, much of the coverage has been negative. Company accounting scandals, falling investment markets, FRS17, and the closure of final salary schemes have dominated not just the business sections, but the front pages of newspapers.

Things are rarely as bad (or good) as they may seem. I hope that the following pages go some way to addressing these issues and explaining their impact on the Strathclyde Pension Fund and its employer and employee members. Certainly, these are difficult times. The Investment Report shows that the Fund's value fell by almost 10% during 2001 - a second consecutive year of losses. The Financial Statements record only a small loss, but this is largely a factor of the period covered. The accounting year was preceded and followed by larger losses.

However, the longer-term investment returns remain robust, and the Actuarial Report reveals a healthy surplus at the time of the last valuation in 1999. This surplus will inevitably have been eroded when the 2002 actuarial valuation is finalised, but it does provide a considerable protection against recent market performance.

Funding considerations and the state of investment markets have featured prominently on the agenda of the Strathclyde Pension Fund Panel over the last year. For the most part the response of the Panel has been to remain focused on the long-term objectives and strategy of the Fund. Some interim changes were made in order to afford a degree of protection in the short term. But the strategic direction of the Fund remains unaltered. Changes will continue to be made, but only in a gradual and considered manner as befits the nature of the funding requirements.



03





ADVISERS + MANAGERS

Investment Advisory Panel Members

Neil Hood CBE: Professor of Business Policy at Strathclyde University

Angus Mathieson: Director + Chairman of Strathaird Investments

Ronnie Bowie: Senior Partner, Hymans Robertson

Caroline Burton: Investment Adviser

The Investment Advisory Panel is responsible for monitoring the performance of the Fund and each of its investment managers.

Investment Managers



Other Service Providers

Actuaries



Solicitors

Glasgow City Council - Legal Services

Nabarro Nathanson

Advisers



Valuers

Colliers CRE

Auditors

Audit Scotland

Global Custodian



Performance Measurement

WM Co.

AVC Provider



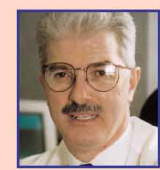


DIRECTOR'S SUMMARY REPORT

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George Black

Director of Financial Services



Much of the challenge of service provision in Local Government is to deliver quality services now, and simultaneously to build for the future.

The Strathclyde Pension Fund is a particularly good example of this. The Fund's financial statements show income of over £240 million from members and payments of more than £220 million to members. The immediate service priority is the efficiency of these functions and the vast number of pensions payments and other transactions which underlie the accounting figures. The level of efficiency within the Pension Fund Office is measured on a continuous basis via automated workflow management and monitoring systems. Monitoring shows that our quality of administration is high and improving, and this is reflected in the Administration Report.

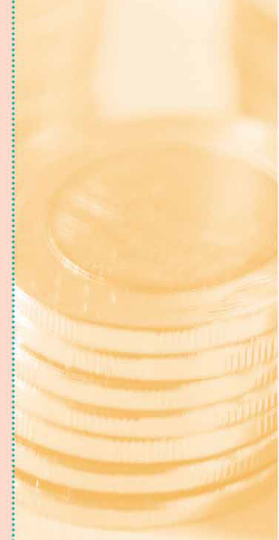
At the same time, it is necessary to build for the future to ensure that the current levels of delivery can be sustained and further improved. A number of significant developments were accomplished during the last year with this in mind. Central to the development of service was the re-structuring of the office into a larger number of smaller teams. Each of the new teams has a very clear focus, either on core functions or on the specialist areas of Technical, Development and Communications. Teams are, of course, comprised of individuals and one of the most significant achievements during the year was the attainment, by 5 senior staff members, of the Diploma in Pensions Management from the Institute of Pensions and Payroll Management. This formal qualification is both an endorsement of the experience and ability of the individuals, and an affirmation of the SPFO's commitment to development and service excellence.

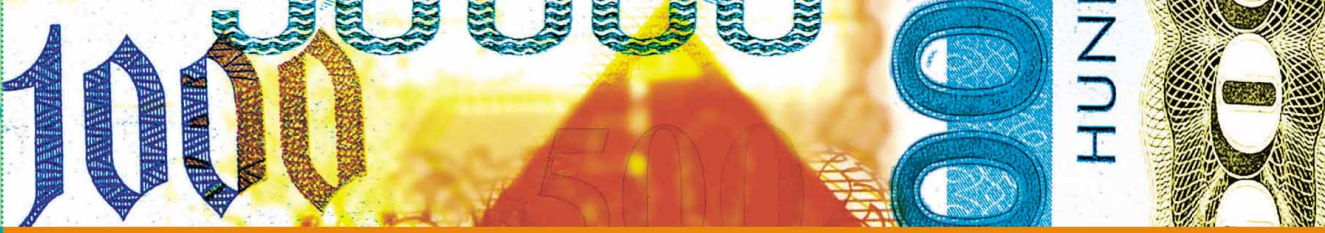
On the investment front these are clearly difficult times. The financial statements show that investment income of £138 million was more than wiped out by capital losses of £156 million resulting from falling markets. Much of the immediate focus of the investment function is on the monitoring of investment managers – particularly as day to day investment management is carried out externally. The Fund's monitoring processes are particularly robust. The investment results are set out within the Investment Report. Recent returns have been very disappointing for all investors, but over the longer term the figures remain healthy and the Strathclyde Fund's performance compares favourably with that of other pension funds.

Building for the future is the whole rationale for the Fund's existence. Referring again to the financial statements, it is worth noting that there is no current requirement to draw on the investment income to fund payments. Current pensions are effectively funded from current contributions. The investments exist to fund pensions far into the future. Day to day market movements become less significant in this context. And it is this long-term perspective which will be the backdrop for the pending actuarial valuation, and continues to be the focus of the Fund's investment strategy.



05





Administration report

Introduction

Strathclyde Pension Fund Office (SPFO) is a sub-division of the Financial Services department of Glasgow City Council.

SPFO's primary role is to fulfil the Council's responsibilities as Administering Authority for the Strathclyde Pension Fund. Management of the Fund's investments is one of these responsibilities, but, from an operational perspective, a much greater workload is involved in benefits administration. Key administration functions are the maintenance of tens of thousands of member records; operation of the pensions payrolls on which around 70,000 pensioners rely; a huge number of other payments including lump sum retiring allowances and transfers; and receipt of millions of pounds in contributions and other income. Movements in fund membership are analysed in the table shown below.

On an agency basis, SPFO also operates pensions payrolls for the Police and Fire Pension Schemes and pays Teachers Compensation payments on behalf of the Teacher's Superannuation Scheme.

These are the functions which impact most directly on scheme members, and SPFO's key objective is to attain the highest standards of service delivery to its membership.

Statement for improvement in service delivery

In the drive to continually improve the level of service delivery to members, dependants, employers and all other stakeholders in Pension Schemes administered by SPFO the following developments were undertaken in the year to 31st March 2002.

OFFICE RESTRUCTURE

The organisational structure of the office was reviewed and reconfigured. SPFO is now structured as follows.

An **Investments and Income Team** dealing with fund management, income collection and accounting for the Fund.

Three **Benefits Teams** dealing with calculation and payment of the full range of benefits to members. The teams deal with the membership split on a geographical basis.

A dedicated **Communications Team** as an integral part of the communications strategy of Strathclyde Pension Fund Office. The team includes a compliment of four liaison officers who will provide a link between SPFO, Fund members, employers and employee representatives.

A **Technical Team** that will provide advice and guidance within the office in terms of interpretation and implementation of pensions

Membership of the Fund Analysis of Movements

	Contributors	Pensioners	Dependants	Deferred
As at 1st April 2001	75,546	46,067	10,403	17,780
New Contributors	+6,528			
New Pensioners	-1,348	+1,620		-272
Deferred Membership	-1,446			+1,446
Rejoined Scheme	+145			-145
Became Dependants			+797	
Left Scheme	-1,744		-46	-389
Died	-98	-1,604	-584	-26
As at 31st March 2002	77,583	46,083	10,570	18,394
<i>Police, Fire + Teachers Pensioners</i>			13,709	



legislation, IT support and systems development. The Technical Team also carries responsibility for the coordination and delivery of staff training.

A **Pensions Payroll Team** that is responsible for the prompt and accurate payment of pension benefits to LGPS, Teachers, Police and Fire Pensioners as well as spouses and dependants pensions.

EMPLOYEE DEVELOPMENT

Glasgow City Council recognises that continuous improvement, one of the underlying principles of Best Value, can only be achieved through the efforts of knowledgeable and skilled staff. Strathclyde Pension Fund Office is therefore committed to ensuring that all staff gain a nationally recognised qualification in pensions administration as an assessment of competence.

During 2001, five members of staff gained a Diploma in Pensions Management from the Institute Of Payroll and Pensions Management (IPPM); a further eight staff are expected to attain the qualification during 2002. In addition eighteen staff are preparing to sit exams for the newly created Advanced Certificate in Pensions Administration through the IPPM.

Developments

BENEFIT STATEMENTS

The final batch of Benefit Statements was issued to the members of those employers where the late submission of year-end data meant that they had missed the previous targeted date of

31st March 2001. The exercise generated a substantial number of enquiries from the membership - a valuable outcome as it allows us to amend and update member records.

It is intended that following the completion of the work associated with the 2002 actuarial valuation of the Fund, a further issue of Benefit Statements will take place during 2002/2003.

The programme will involve the issue of Statements to one third of the membership each year on a three-year rolling programme.

DOCUMENT IMAGING (DIPS)

SPFO is continuing the process of scanning all live and deferred member files onto our DIPS system. At 31st March 2002 approximately 40,000 member files have been processed.

Service Delivery

Operational performance is monitored and reported at several levels within SPFO, from Team level through to Senior Management level. The office also participates in several benchmarking clubs to compare operational performance with other local authority funds and large private sector schemes for the purpose of identifying and adopting best practice and also to ensure that our performance compares favourably with those schemes.

A report of the average turnaround times for the main activities measured as part of the benchmarking exercise is shown below.

Operational Performance 1st April 2001 to 31st March 2002			
Activity	Volume	Average days¹	Work in Progress²
Retirals	1,150	7.15	0
Estimates	2,452	12.72	107
Deferred Benefits	2,587	6.26	16
Refunds	1,934	7.36	36
Transfer Out Quotes	741	21.01	33
Transfers Inward Actuals	1,356	13.31	46
Transfers Inward Quotes	1,724	15.91	63
New Start Administration	6,751	18.75	35

1. Average Days is the turnaround time for the completion of procedures

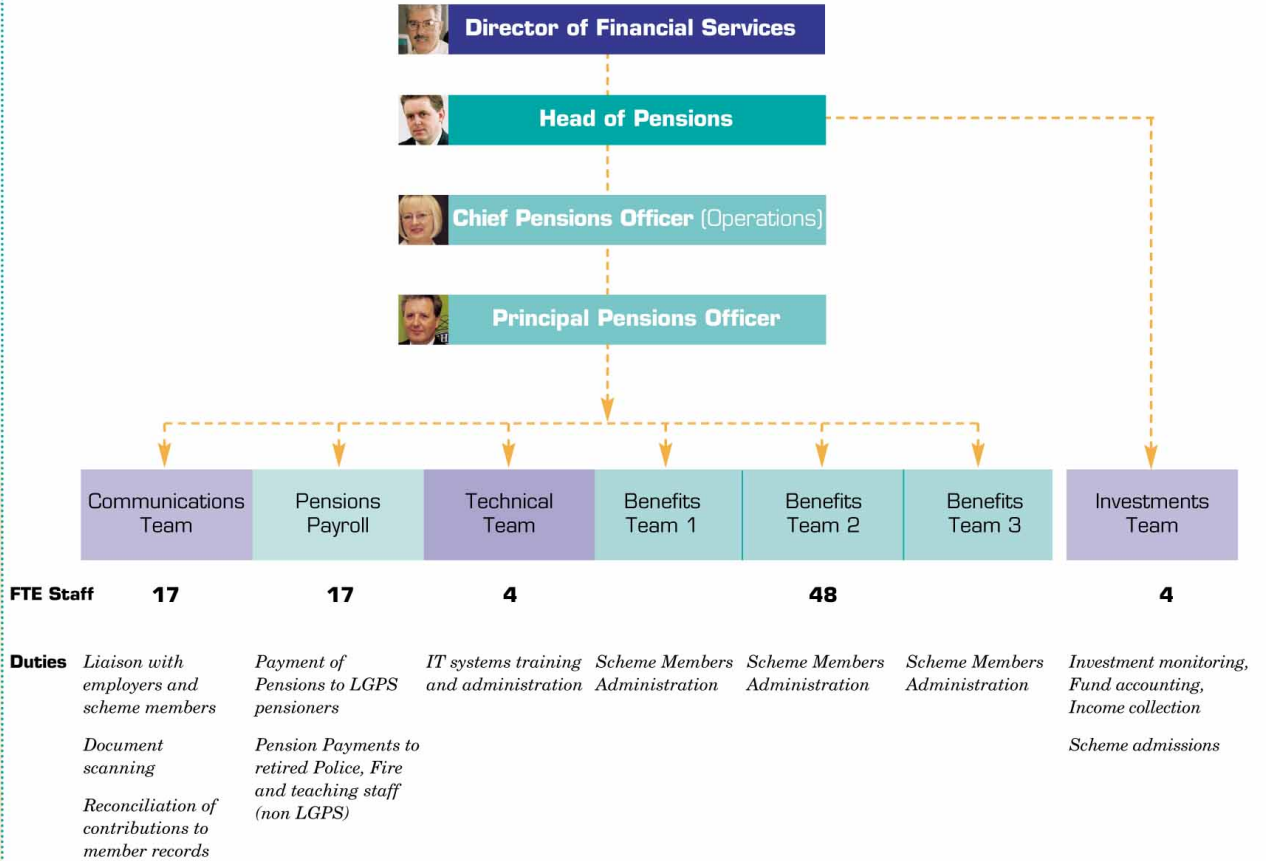
2. Work in Progress shows the volume of outstanding cases per procedure as at 31st March 2002.

07





Staffing Structure



This structure was implemented during 2001/02 after a comprehensive review of the existing staff structure. The review examined best practice in other large pension funds, together with SPFOs current and future operational requirements.

The revised structure comprises smaller teams which will have the ability to focus more clearly on specific areas of service delivery.



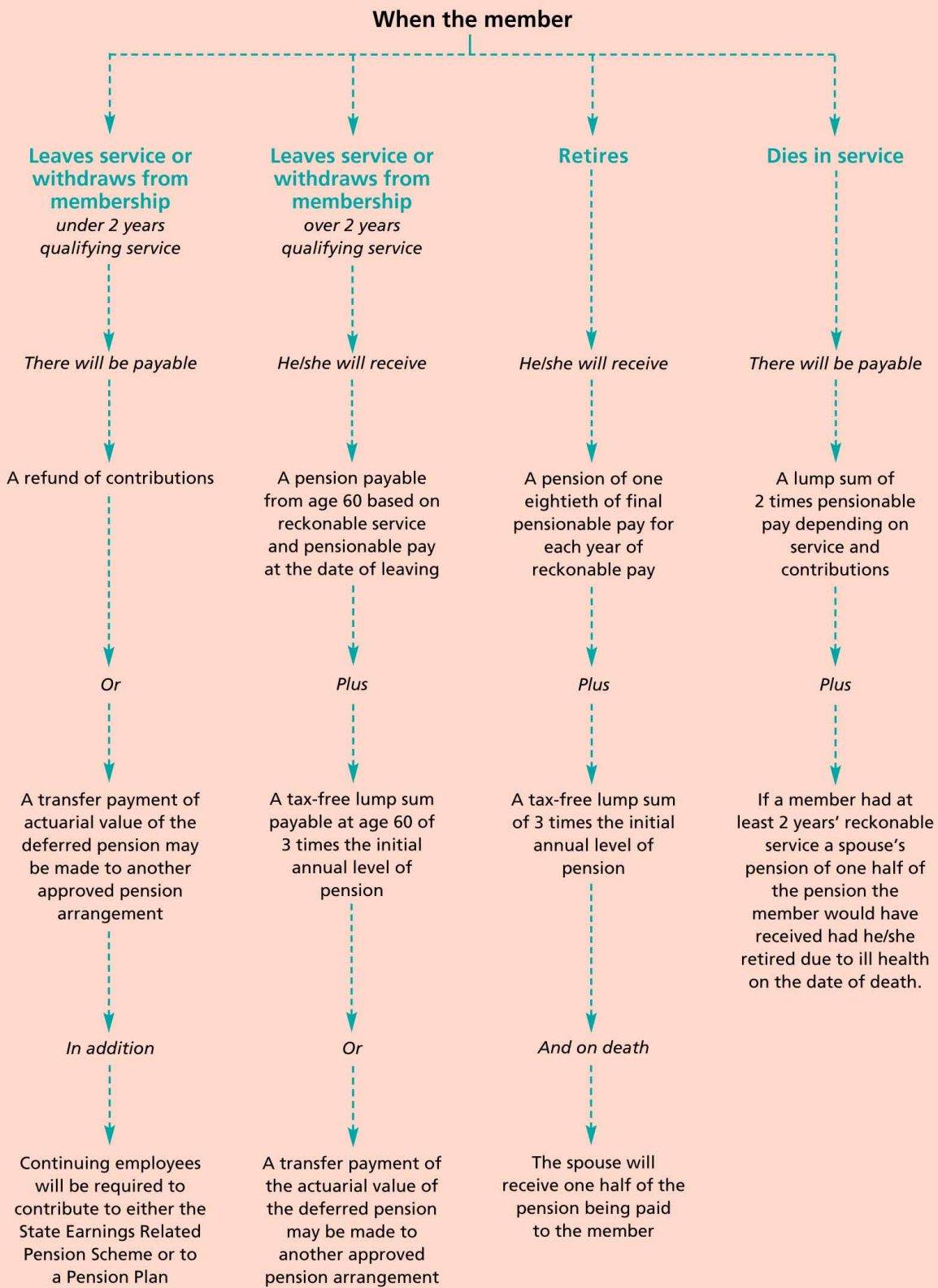


SUMMARY OF BENEFITS

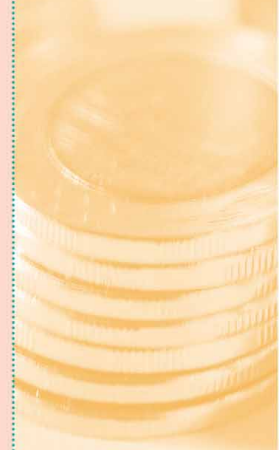
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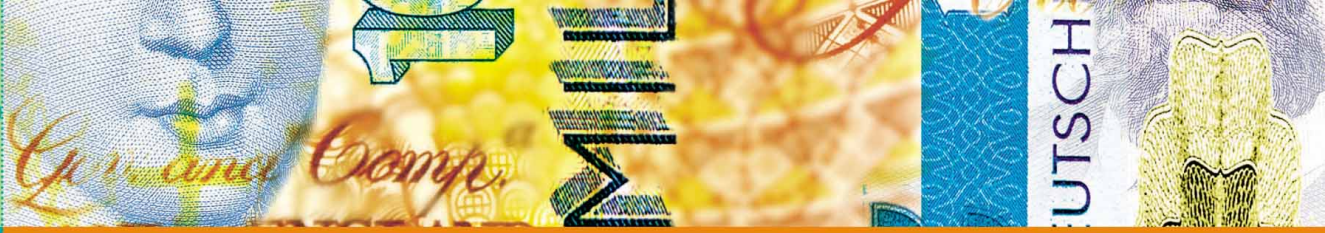


Summary of Benefits



09





Market report

The following table shows the returns in sterling percentage terms of each of the major global markets over 1, 3 and 5 years to 31st December 2001.

Market Returns	1 Year	3 years (pa)	5 years (pa)
Equities: UK	-13.3%	0.4%	7.3%
US	-9.6%	3.5%	14.3%
Europe	-20.1%	-0.8%	10.8%
Japan	-27.5%	-1.5%	-5.3%
Pacific (ex Japan Index)	-0.4%	7.3%	-4.6%
Emerging Markets	0.2%	8.8%	-2.6%
Bonds: World (ex UK)	1.7%	3.2%	5.6%
UK	3.0%	3.6%	8.6%
UK Index-Linked	-0.5%	2.7%	8.1%
Property	7.0%	11.2%	12.6%
Cash	5.0%	5.4%	6.1%

Source: Datastream

Market Review

Equities in 2001 had a weak start as investors re-assessed the global outlook following the falls by technology stocks in 2000. Ongoing profit warnings and the September terrorist attacks in the US brought markets sharply lower and made a likely US recession a reality. The US attacks prompted a move towards the safety of government bonds but this proved short-lived and the introduction of FRS 17 again raised the profile of UK corporate debt. The positive returns from the bond markets were capped mildly at the end of 2001 as valuations fell following the signs of some recovery from the equity market.

DETAILED REVIEW OF EQUITY MARKETS

US

Continued interest rate cuts in 2001 restored some confidence in equities, but continued weakness in earnings proved a constant negative factor. As consumer confidence data began to weaken, fears grew over the future direction of the US economy. The September 11th terrorist attacks sent the US market into its worst ever one day fall in points terms. September 22nd marked the low point for the year as the market made a recovery in the fourth quarter, boosted by growing confidence that the US would be victorious in the war against terrorism.

Europe

The European Central Bank appeared to lag behind the rest of the world in its readiness to cut interest rates, with the first interest rate cut not occurring until June 2001. Weakness in the telecoms sector also had a significant impact in Europe. European equity markets joined in the global rally in the fourth quarter, but the European markets remained poor performers in both absolute and relative terms during the year.

10





UK

Technology stocks were initially weak, driven downwards by frequent profit warnings from the sector and declining investor confidence, but defensive stocks, which make up a large proportion of the UK market, proved more resilient. Overall, volatility was a major feature throughout the year as investors were torn between the conflicting signals of lower interest rates and a poorer outlook for profits. The UK market was badly affected by the events in the US, but was the first major market to recover following the attacks and more than recouped its losses as technology stocks staged a strong rally along with the rest of the market.

Japan

Japan started 2001 in economic and political turmoil. The appointment of the reformist Koizumi as prime minister restored some confidence, which was further boosted when his LDP party gained a majority in July's upper house elections. However, a failure to implement the promised reforms and the economy's plunge into recession damaged sentiment and the US attacks only served to exacerbate the country's domestic woes. With no good news apparent on the economic front, equity markets failed to rally along with the rest of the world.

Asia Pacific

Asian markets were stronger in 2001. Slowing global economic growth had a negative impact but individual country factors supported several areas. Australia was notable as a good performer, as bank stocks performed well and a stronger Australian dollar underpinned the stock market. The FT free float benchmark changes again boosted Australian markets. Elsewhere, domestic worries in Korea and Taiwan had a negative impact but merger activity in Singapore's banking sector provided a boost to overall returns. The terrorist attacks on the US had a limited impact as the ensuing "war on terror" was seen in some quarters as more of a problem for the major Western markets. The fourth quarter technology rally proved beneficial as these sectors make up a significant proportion of the region's markets.

Emerging Markets

Emerging economies had been very sensitive to the global growth environment and as might be expected the economic slowdown proved negative for returns. Debt problems in Argentina depressed returns in Latin America towards the middle of 2001 and despite the IMF's \$8bn recovery package the country's economic position grew increasingly shaky. The attacks on the US led to sharp falls in Emerging Markets as risk aversion grew, but increasingly attractive valuations tempted investors back and led to a strong rally. Argentina finally defaulted on its debt at the end of 2001, an event which had by that time been largely discounted by market valuations.



The Market Report was provided by Schroder Investment Management.



11





WHERE SERVICE COUNTS



Investment report

2001 - Summary

For UK pension funds 2001 was the poorest year in over a decade. The average UK pension fund recorded a return of -8.9% for the year. Due to its higher equity content, the Strathclyde Fund's benchmark returned -9.9%. The actual return achieved by the Fund was -9.7%, ahead of benchmark by +0.2%.

2001 - Review

As the Market Report indicates, 2001 was a difficult year for investors – particularly equity investors.

The Strathclyde Pension Fund is primarily an equity investor. In this respect, the Fund's asset structure – as defined by its customised benchmark – differs from that of the average UK fund. The Fund's higher exposure to equities and lower

allocation to bonds was detrimental in 2001. A relatively high exposure to property was beneficial, but overall the asset structure was not advantageous.

The impact of falling markets was mitigated to some extent by the Fund's specialist equity managers - Baillie Gifford (UK) and Capital International (overseas) – who both produced strong performances. This in turn was balanced by poor results from the smaller portfolios of Gartmore, Fleming and Pantheon whose high-growth style suffered badly in the prevailing investment environment.

The Fund's total return for the year of -9.7% ranked it on the 43rd percentile (i.e. in the top half) of the funds which comprise the All Funds Universe as compiled by WM Co., the independent investment performance measurer.

Long Term Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Annualised		
											3yr	5yr	10yr
Retail Prices	2.6%	1.9%	2.9%	3.2%	2.5%	3.6%	2.8%	1.8%	2.9%	0.7%	1.8%	2.3%	2.5%
Average Earnings	5.0%	3.2%	4.4%	2.9%	4.9%	4.7%	4.5%	6.1%	4.5%	2.1%	4.3%	4.4%	4.0%
Fund Return	18.3%	31.3%	-3.6%	16.9%	10.4%	14.8%	13.0%	28.2%	-2.5%	-9.9%	4.1%	7.9%	11.0%
WM All Funds	18.6%	28.2%	-3.9%	19.1%	10.75%	16.8%	14.0%	21.3%	-1.3%	-8.9%	2.9%	7.7%	10.8%
Fund Ranking	75	22	18	91	68	73	57	7	64	45	15	31	49

Over 10 years, investment returns remain very satisfactory. The Fund has modestly outperformed the WM average for the period as a whole. Over 3 and 5 years the Fund is further ahead, though heavy reliance is placed on the exceptional returns achieved in 1999.

Local Authority Review

In line with the investment industry norm, the Fund's principal review of investment (above) is set out on a calendar year basis.

WM Co. also produce a Local Authority Review on an accounting year (to 31st March) basis.

The Fund's performance on this basis is summarised in the table opposite.

12



INVESTMENT REPORT

WHERE SERVICE COUNTS



Fund's Performance						Annualised	
	1997/98	1998/99	1999/00	2000/01	2001/02	3yr	5yr
Fund Return	22.5%	9.2%	18.7%	-8.6%	-0.2%	2.7%	7.7%
Local Authority Average	23.2%	8.0%	13.6%	-6.3%	-0.5%	1.9%	7.1%
Fund Ranking	64	18	3	74	29		

Investment Strategy

The Fund's investment strategy is embodied in its strategic benchmark which describes the long term asset mix which the fund will adopt. Individual portfolio benchmarks are derived from the Fund's overall benchmark. The benchmarks act as an instruction to investment managers and form the basis for performance measurement.

The benchmark underwent some change as a decision to invest on a more global basis was implemented through the course of the year.

The initial and revised benchmarks are shown below.

Asset	Benchmark Distribution	
	Initial	Revised
UK Equities	54%	48%
Overseas Equities	26%	30%
Private Equity	1%	3%
UK Bonds	4%	5%
Overseas Bonds	2%	2%
UK Index Linked	5%	4%
UK Property	8%	8%
TOTAL FUND	100%	100%

Given the weakness of equity markets, the actual asset structure drifted quite significantly from the benchmark position during the year. A positive decision was taken to allow this effect to continue without immediate re-balancing. In particular, the property portfolio was maintained above its target weight as a deliberate defensive strategy.

Investment Structure

The Fund retained the same list of investment managers throughout the year, with no additions or terminations. There were changes in the relative sizes of some mandates. These arose initially from the decision to increase the Fund's investment in overseas equities during the course of the year. A later decision to reduce the exposure to Schroder and increase the passively managed element led to significant changes in the Schroder (reduced) and Legal & General (increased) allocations. This was a defensive measure which will be kept under close review.

Other Developments

At the start of the year, the fund introduced a Commission Recapture Programme to reduce the cost of buying and selling shares. In its first year the Programme returned over £0.5 million in cash to the Fund.

The existing Securities Lending Programme generated revenue in excess of £0.75 million for the year.

The Fund's Socially Responsible Investment (SRI) policy which had been implemented in 2000 gathered pace and saw the Fund's investment managers engage in regular dialogue with the companies in which they invested on social, environmental and ethical issues. SRI activity is reported every quarter to the Strathclyde Pension Fund Panel. The SRI report and all other committee papers are available on the Fund's internet site.

The Fund's proxy voting policy was extended to cover overseas markets in addition to UK.

After a tendering exercise, the Fund appointed Colliers CRE as independent valuer of the property portfolio on a 5-year contract.

13





Gartmore

The Myners Review

The findings of the Myners Review were published in March 2001 and immediately endorsed by the Chancellor of the Exchequer, Gordon Brown, in his Budget speech. (The review was led by Paul Myners, Chairman of fund managers Gartmore - hence the title.)

The report had been commissioned by Mr. Brown to investigate possible distortions in the decision-making processes adopted by UK institutional investors. The role of these institutions was of concern to Mr. Brown both because they look after the savings of millions of people, and because their investment decisions have a direct impact on the UK economy.

The report concluded that "institutional investment in the equity markets has been a major success story for the UK allowing millions of pension scheme members, individual policyholders and investors to benefit from stock market returns."

Nevertheless the Review did identify a number of distortions, and it proposed a code of 10 principles as "a blue print for more effective institutional investment decision-making."

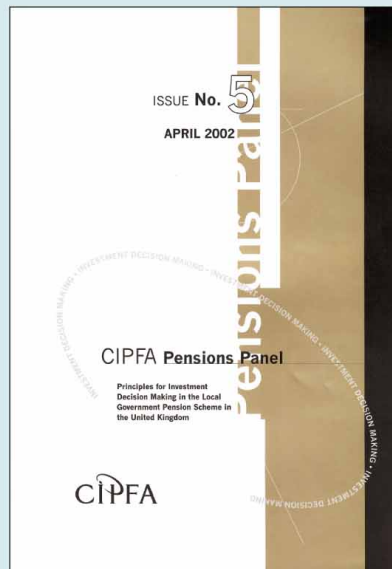
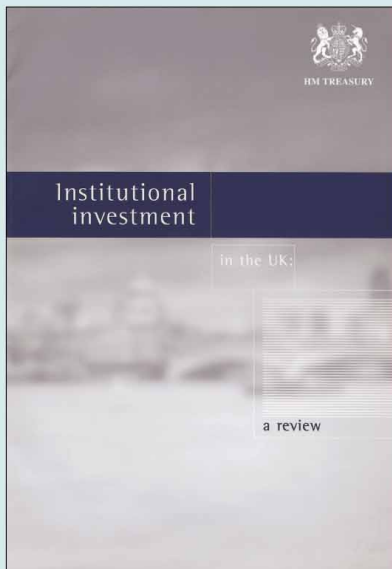
The Strathclyde Pension Fund has always tried to keep up with investment industry best practice. As a result, all of the ideas contained in the Myners principles were familiar to the Fund, and even at the time of publication the Fund already complied, at least in broad terms, with each of the principles.

CIPFA has subsequently (April 2002) published guidance on how the Myners principles should apply to Local Authority funds. An amendment to the Local Government Pension Scheme regulations will require funds to include a statement of compliance with the principles in future versions of their own Statement of Investment Principles.

The CIPFA guidance and the original Myners Report contain a wealth of detail. Perhaps not surprisingly, the Strathclyde Fund does not comply in every point of detail. The Fund is progressively working towards full compliance and has already made a number of small but significant changes such as separating its contracts for actuarial and investment advice and making early revisions to its Statement of Investment Principles.

Further changes are required in a number of areas, but the Fund intends in due course to be compliant with all aspects of the Myners principles.

14





Statement of Investment Principles

Introduction

Glasgow City Council is the administering authority of 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.

Advisers

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

Funding Policy

The primary objective of the Fund is to provide for member's pension and lump sum benefits on their retirement or for their dependants' benefits on death before or after retirement, on a defined benefit basis.

Investment Policy

The Fund's investment policy is directed to ensuring that, in normal market conditions, all accrued benefits are fully covered by the actuarial value of the Fund's assets and that an appropriate level of contributions is agreed by the administering authority to meet the cost of future benefits accruing.

The 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.

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.

Expected Return on Investments

The strategic benchmark is expected to produce a return over the long term in excess of the investment return assumed in the Actuarial Valuation. 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 funding the Fund on an ongoing basis.

Risk

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.

Monitoring

The Fund's officers and advisers meet 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.

Realisation of Investments

The majority of investments held by the Fund are quoted on major stock markets and may be realised quickly if required. Property and Private Equity investments, which are relatively illiquid, currently make up around 10% of the Fund.

Social, Environmental & Ethical Consideration

The Fund believes that social, environmental and ethical considerations are among the factors which managers should take into account, where relevant, 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.

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 the Combined Code on Corporate Governance.

Custody

The Fund ensures separation of the custody of the Fund's assets from its Investment Managers and its officials by the employment of a Global Custodian.





No.1 fund

Fund Account

2000/01 £000		2001/02	
		£000	£000
	CONTRIBUTIONS		
63,128	Contributions Receivable from Employees	68,142	
125,486	Contributions Receivable from Employers	142,109	
10,346	Additional Contributions from Employers	8,647	
24,643	Transfers In	23,658	
324	Other Income	339	
<u>223,927</u>			242,895
	BENEFITS		
	Benefits Payable		
172,972	Pensions	180,534	
27,359	Lump Sums	26,169	
	Payments to and on account of leavers		
959	Refund of Contributions	666	
10,381	Transfers Out	12,831	
2,229	Administrative and Other Expenses borne by the scheme	2,566	
<u>213,900</u>			222,766
10,027	Net Addition from dealings with members		20,129
	RETURNS ON INVESTMENTS		
131,874	Investment Income		138,876
	Less:		
(10,561)	Investment Management Expenses	(10,834)	
	Overseas Tax	(1,218)	(12,052)
<u>121,313</u>			
(701,812)	Change in Market Value of Investments		(156,195)
<u>(580,499)</u>	Net Returns on Investments		<u>(29,371)</u>
<u>(570,472)</u>	Net Increase in the fund during the Year		<u>(9,242)</u>
6,618,913	Opening Net Assets of the Scheme		6,048,441
6,048,441	Closing Net Assets of the Scheme		6,039,199
<u>(570,472)</u>	Asset Movement during the Year		<u>(9,242)</u>



STRATHCLYDE PENSION FUND/No 1 FUND

WHERE SERVICE COUNTS



Net Assets Statement

2000/01 £000	2001/02 £000 £000	
	INVESTMENT ASSETS AT MARKET VALUE	
Listed Investments		
2,114,140	- UK Equities	1,798,098
57,829	- UK Fixed Interest (Public Sector)	81,535
165,549	- UK Fixed Interest (Others)	166,357
981,935	- Overseas Equities	1,059,836
167,710	- Overseas Fixed Interest	152,997
63,342	- Index Linked	182,722
		<u>3,441,545</u>
Unlisted Investments		
454,867	- Property (Freehold)	489,430
59,115	- Property (Long Lease)	53,307
115,539	- Venture Capital	100,261
1,119	- Overseas Equities	22
		<u>643,020</u>
1,361,563	Managed Funds	1,454,377
283,131	Unit Trusts	272,517
<u>5,825,839</u>		<u>5,811,459</u>
Current Assets		
286,545	Sundry Debtors	235,439
28,320	Advances to Loans Fund	41,114
178,836	Bank	200,192
<u>493,701</u>		<u>476,745</u>
Less: Current Liabilities		
(271,099)	Sundry Creditors	(249,005)
<u>222,602</u>	Net Current Assets	<u>227,740</u>
<u>6,048,441</u>	Net Assets	<u>6,039,199</u>
STATEMENT OF MOVEMENT IN NET ASSETS		
6,618,913	Fund Balance as at 1 April 2001	6,048,441
343,181	Surplus for Year	275,540
(211,841)	Less : Realised Gains	(128,587)
<u>6,750,253</u>		<u>146,953</u>
(701,812)	Change in Market Value of Investments	(156,195)
<u>6,048,441</u>	Net Assets at 31 March 2002	<u>6,039,199</u>

17





Notes to the Accounts

Accounting Policies

- ✦ The accounts have been prepared on an accruals basis to 31st March 2002, in accordance with CIPFA's Accounting Code of Practice.
- ✦ The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.
- ✦ Valuations of the investments have been carried out by each of the fund managers at mid market prices at 31st March 2002. Items denominated in foreign currencies have been translated into sterling at the closing foreign exchange rate at 31st March 2002.
- ✦ Valuation of the property portfolio was carried out at 31 December 2001 by an independent valuer. Property values have been trended to show the estimated value as at 31st March 2002.

Other

- ✦ The Fund had contractual commitments totalling £155.7million as at 31st March 2002 within its Private Equity portfolio.
- ✦ There were no transactions with related parties during the year other than the balance with the city council's loans fund, which is disclosed in the net assets statement.

Fund Management

The investment assets of the Fund are externally managed. During 2001/2002 there were no manager changes. The investment management arrangements as at 31st March 2002 are shown below.

Cash balances are managed by the Fund's Global Custodian, Northern Trust.

- ✦ Value of purchases and sales in the year were £4.536 billion and £4.274 billion respectively.
- ✦ The Fund participates in a stocklending programme managed by its Global Custodian, Northern Trust. As at 31st March 2002 the total amount of stock released by the Fund under this arrangement was £504.9 million.

Fund Management

Asset Class	Manager	% of Fund
Multi Asset - Active	Schroder	14.8%
Multi Asset - Active	JP Morgan Fleming	10.1%
Multi Asset - Passive	Legal & General	33.8%
Equities - UK	Baillie Gifford	9.6%
Equities - Overseas	Capital International	10.3%
Equities - UK Small Co.	Gartmore	1.7%
Equities - Overseas Small Co.	JP Morgan Fleming	2.0%
Specialist - Property	Aberdeen Property Investors	10.0%
Specialist - Bonds	Henderson	4.6%
Specialist - Emerging Markets	Genesis	1.1%
Specialist - Venture Capital	Pantheon	2.0%
		100%



No.3 fund

Membership

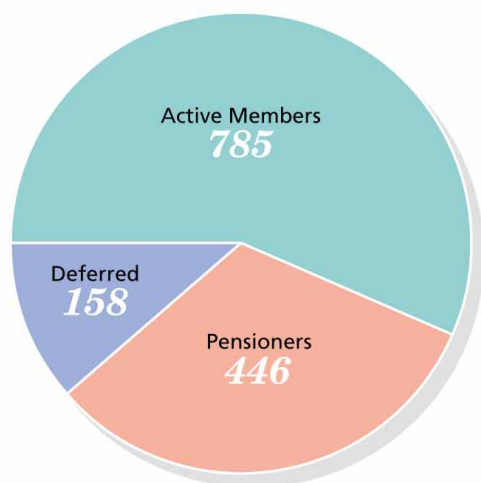
The No.3 Fund was established on 19th February 1993 in order to preserve the pensionable benefits of those remaining employees of Strathclyde Buses who had transferred from the service of Strathclyde Regional Council upon the implementation of the Transport Act 1985 in October 1986. The sole employer contributing to the Fund is Strathclyde Buses.

Actuarial Position of the Fund

The Fund is subject to Local Government Pension Scheme (Scotland) Regulations. Employees' contributions are fixed by statute whilst employers' contributions are assessed every three years by a consulting actuary and are calculated to ensure the actuarial solvency of the Fund.

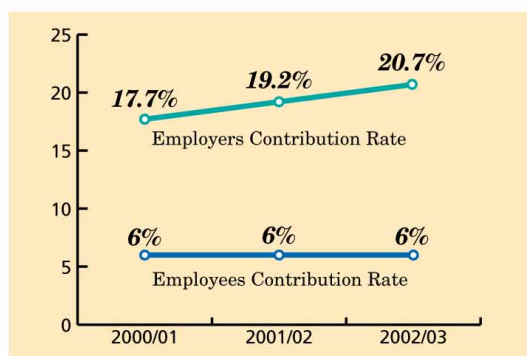
The last valuation was carried out at 31st March 1999. The 2002 valuation is currently being carried out. Results will be available from December 2002.

Current Membership Profile*



On its establishment in 1993, the Fund was comprised entirely of active (contributing) members. Pensioners now form a significant element of the Fund's membership. As the Fund is closed to new members, this trend to maturity will continue.

Current Contribution Rate



This graph compares the contribution rates of employee and employer. Whilst the employee pays at a fixed rate of 6% of basic salary, the employer rate varies, as advised by the actuary, to ensure the Fund will remain solvent.

Actuarial Calculation

The method of calculating the employers' contribution rate is known as the Attained Age Method. This method calculates the future 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.

The main financial assumptions under this method are:-

Financial Assumptions	
Rate of Return on Investments	6.3% per annum on equities
	5.1% per annum on bonds
Rate of Salary Increase	4.3% per annum
Rate of Pensions Increase	2.8% per annum

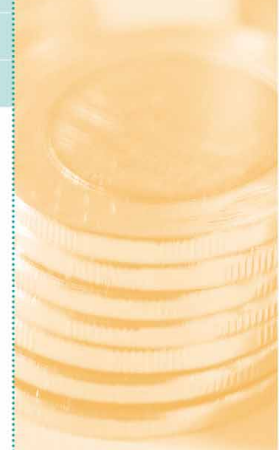
Asset values are calculated using the average market value in the 12 months to valuation date. On this basis, the assets were valued at £66.3 million.

Statistical 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.

The 1999 valuation showed a funding level of 101%, which means that the Fund can currently cover more than 100% of its future liabilities.

* From 1999 Actuarial Valuation

19





WHERE SERVICE COUNTS



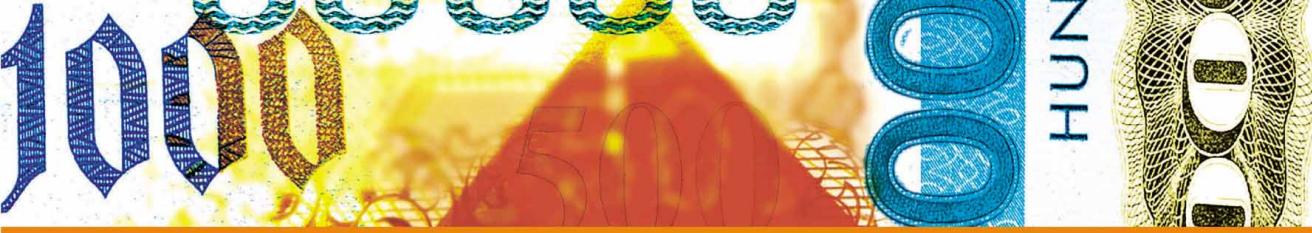
No.3 fund

Fund Account

2000/01 £000		2001/02	
		£000	£000
	CONTRIBUTIONS		
474	Contributions Receivable from Employees	424	
1,396	Contributions Receivable from Employers	1,351	
<u>1,870</u>			1,775
	BENEFITS		
	Benefits Payable		
1,713	Pensions	2,002	
800	Lump Sums	667	
	Payments to and on account of leavers		
48	Transfers Out	197	
23	Administrative and Other Expenses borne by the scheme	22	
<u>2,584</u>			2,888
(714)	Net Reduction from Dealing with Members		(1,113)
	Returns on Investments		
2,334	Investment Income		2,241
	Less :		
(184)	- Investment Management Expenses	(208)	(226)
	- Overseas Tax	(18)	
		<u>(226)</u>	
(7,743)	Change in Market Value of Investments		(3,324)
<u>(5,593)</u>	Net Returns on Investments		<u>(1,309)</u>
<u>(6,307)</u>	Net Increase in the fund during the year		<u>(2,422)</u>
80,275	Opening Net Assets of the Scheme		73,968
73,968	Closing Net Assets of the Scheme		71,546
<u>(6,307)</u>	Asset Movement During The Year		<u>(2,422)</u>

20





STRATHCLYDE PENSION FUND/No 3 FUND

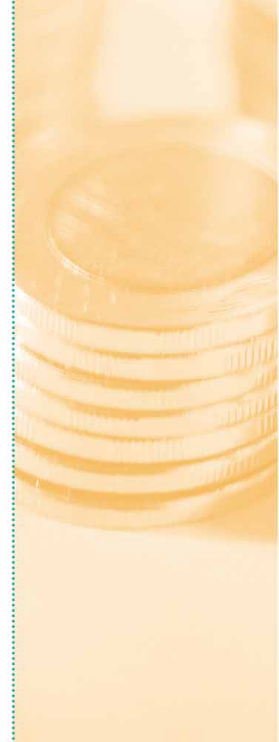
WHERE SERVICE COUNTS



Net Assets Statement

2000/01 £000	2001/02 £000	
	£000	£000
INVESTMENT ASSETS AT MARKET VALUE		
Listed Investments		
36,463	- UK Equities	27,321
4,463	- UK Fixed Interest (Public Sector)	3,685
2,580	- UK Fixed Interest (Others)	2,292
10,734	- Overseas Equities	11,556
5,831	- Overseas Fixed Interest	3,899
		48,753
Unlisted Investments		
32	- Overseas Equities	0
Unit Trusts		
2,433	- Property	7,674
7,423	- Others	11,145
69,959		67,572
Current Assets		
616	Sundry Debtors	6,727
274	Advances to Loans Fund	689
3,352	Bank	2,557
4,242		9,973
Less :Current Liabilities		
(233)	Sundry Creditors	(5,999)
4,009	NET CURRENT ASSETS	3,974
73,968	NET ASSETS	71,546
STATEMENT OF MOVEMENT IN NET ASSETS		
80,275	Fund Balance as at 1 April 2001	73,968
2,817	Surplus for Year	1,953
(1,381)	Less: Realised Gains	(1,051)
		902
(7,743)	Change in Market Value of Investments	(3,324)
73,968	Net Assets at 31 March 2002	71,546

21





Notes to the Accounts

Accounting Policies

- ✦ The accounts have been prepared on an accruals basis to 31st March 2002, in accordance with CIPFA's Accounting Code of Practice.
- ✦ The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.
- ✦ Valuations of the investments have been carried out by the fund manager at mid market prices at 31st March 2002. Items denominated in foreign currencies have been translated into sterling at the closing foreign exchange rate at 31st March 2002.

Other

- ✦ There were no transactions with related parties during the year other than the balance with the city council's loans fund, which is disclosed in the net assets statement.

Fund Management

The investment assets of the Fund are externally managed by Schroder Investment Management.

Cash balances are managed by the Fund's Global Custodian, Northern Trust.

- ✦ Value of purchases and sales in the year were £59.1 million and £57.7 million respectively.
- ✦ The Fund participates in a stocklending programme managed by its Global Custodian, Northern Trust. As at 31st March 2002 the total amount of stock released by the Fund under this arrangement was £8.9 million.





Actuarial valuation

The last actuarial valuation was carried out at 31st March 1999. The Fund is currently undergoing its 2002 valuation. Results will be available from December 2002, and a copy will be sent directly to employers.

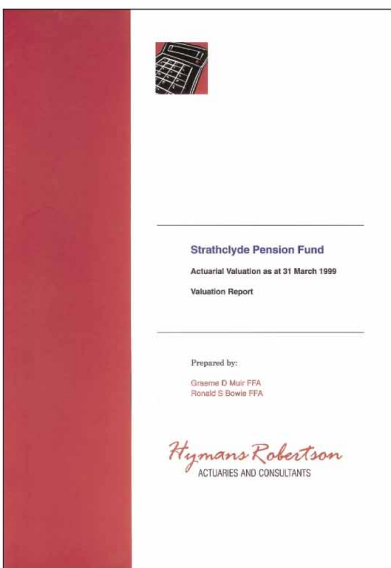
The method of calculating the employers' contribution rate is known as the Projected Unit Method. The main financial assumptions under this method are:-

Financial Assumptions	
Rate of Return on Investments	6.3% per annum on equities 5.1% per annum on bonds
Rate of Salary Increase	4.3% per annum
Rate of Pensions Increase	2.8% per annum

Asset values are calculated using the average market value in the 12 months to valuation date. On this basis, the assets were valued at £4.998 billion.

Statistical 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.

The 1999 valuation showed a funding level of 108%, which means that the Fund can currently cover more than 100% of its future liabilities.



Hymans Robertson

Appointment of Actuaries

During 2001 the Fund carried out a review of its actuarial service provision in the form of a competitive tendering exercise. The exercise concluded in the re-appointment of the existing actuaries, Hymans Robertson. The appointment will cover full actuarial valuations of both funds in 2002 and 2005 together with interim work including asset/liability modelling; FRS17 and other ad hoc calculations; and the ongoing provision of actuarial advice.

FRS 17

Financial Reporting Standard (FRS) 17 - Retirement Benefits has caused some controversy since it was issued by the Accounting Standards Board in November 2000. The standard requires a more detailed disclosure of pensions costs and funding balances than has previously been the case, but has been criticised for its prescriptive nature and short term focus.

The direct impact of FRS17 is on the accounts of participating employers - not the accounts of the Fund itself. FRS 17 disclosures are based on actuarial - rather than cash - measurements, and the Fund's primary role is as an intermediary between employers and the actuary.

During 2001/2002, the first year of FRS17's phased implementation, the Fund arranged around 70 FRS17 calculations for participating employers. In most cases the process resulted in employers reporting a funding surplus, but this varies according to individual employer circumstances, the accounting date and the discount rate employed.

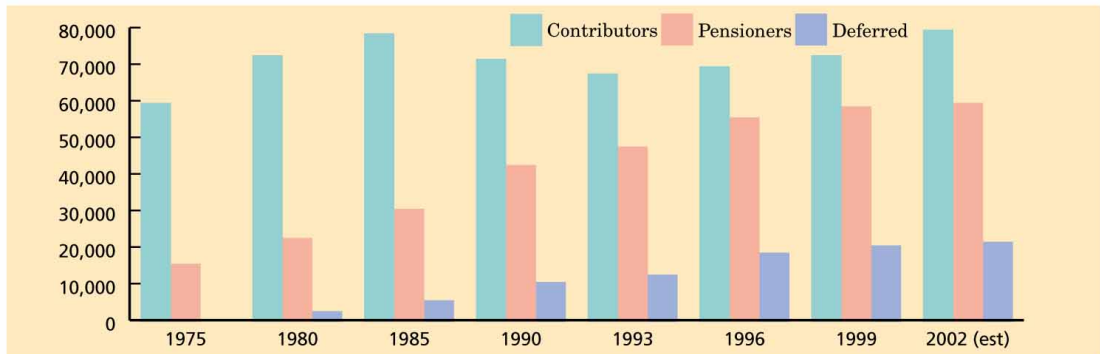


23





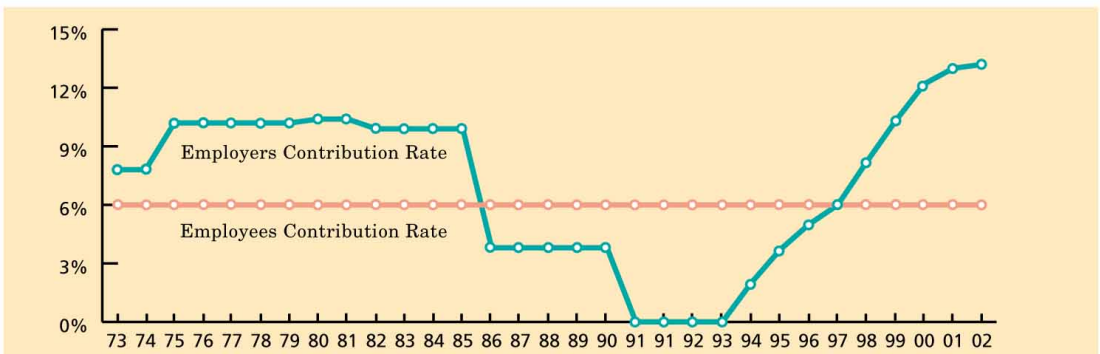
Fund Membership Profile (1975 - 2002)



Employees' contributions are fixed by statute, whilst employers' contributions are assessed every three years by our consulting actuary, and are calculated to ensure that the Fund will be able to meet 100% of its liabilities in the future.

The above chart outlines the ratio of contributors to pensioners over the 27 year history of the Fund, and shows that the ratio of pensioners to current contributors has increased steadily over the years.

Comparison of Employer and Employee Contribution Rates



This graph compares the contribution rates of employee, and employer. Whilst the employee pays at a fixed rate of 6% of basic salary, the employer rate varies, as advised by the actuary, to ensure the Fund will remain solvent.

As pensioner numbers, (and therefore pensions paid) have increased, in comparison to current contributors, an increased level of funding is required from employers, after taking into account the returns received from investments, to ensure the Fund's solvency.

In recent years, the employer rate has steadily increased such that for the financial year 2000/01, most employers paid 200% (i.e double) of the employee's contribution, increasing to 210% in 2001/02, and 220% in 2002/2003.





MEMBERSHIP

WHERE SERVICE COUNTS



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 Brigade;
- ✦ 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 (organisations that made contributions during 2001/2002) 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
 South Ayrshire Council
 South Lanarkshire Council
 Strathclyde Fire Authority
 Strathclyde Passenger Transport Executive
 Strathclyde Police Authority
 West Dunbartonshire Council
 West of Scotland Water
 Anniesland College
 Ayr College
 Bell College
 Cardonald College
 Central College of Commerce
 Clydebank College
 Coatbridge College
 Cumbernauld College
 Glasgow College of Building & Printing
 Glasgow College of Food Technology
 Glasgow College of Nautical Studies
 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 North Ayr
 Acre Tenant Management Co-operative
 Advocacy Project
 Alcohol Focus Scotland
 Alpha Project
 Alternatives
 Arden Out of School Project
 Argyll & Bute Careers Partnership
 Argyll & Bute Local Learning Partnership
 Auldhouse Tenant Management Co-operative
 Ayr Housing Aid Centre
 Ayrshire & Arran Tourist Board
 Ayrshire Careers Partnership
 Ayrshire North Community Housing Organisation

B

Balgrayhill Tenant Management Co-operative
 Banner Tenant Management Co-operative
 Befriending & Respite Services Ltd
 Bridgeton Calton & Dalmarnock Credit Union
 Burns National Heritage Park Joint Board
 Bute & Cumbrae Tenant Management Co-operative

C

Caladh House Childrens Home
 Caldercuilt/Invershiel Tenant Management Co-operative
 Cambuslang Community Carers
 Cambuslang Community Resource Unit
 Cambuslang New Opportunities
 Cambuslang Outdoor Resource Project
 Care Partners
 Carers Action - Renfrew
 Carers Development Unit (Easterhouse)
 Castlemilk Stress Centre
 Castlemilk Youth Complex
 Childcare First





WHERE SERVICE COUNTS



Coatbridge Citizens Advice Bureau
Community Central Hall
Community Enterprise In Strathclyde
Community Volunteers Enabling Youth Ltd
CORA Foundation
Craigholme School
Craigneuk Development & Support Unit Management Committee
Cumbernauld Housing Partnership Limited
Cuthelton/Lilybank/Newbank Neighbourhood Initiative

D

Deaf Connections
Developing North Ayrshire Ltd
Dixon Hall Day Centre for Retired Citizens
Drumchapel Adventure Group
Dumbarton District Women's Aid
Dunbartonshire Careers Company Ltd

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 Council for the Voluntary Sector
Easterhouse Citizens Advice Bureau

Employee Counselling Service

Enable Services Ltd

Equals Advocacy Partnership

F

Financial Fitness Resource Team

First Bus

Flourish House

G

Garscadden Tenant Management Co-operative

Geilsland School

General Teaching Council for Scotland

Glasgow Alliance

Glasgow Anti-Racist Alliance

Glasgow Association for Mental Health

Glasgow Caledonian University
Glasgow City Centre Partnership Ltd
Glasgow Council for Voluntary Services
Glasgow Council on Alcoholism
Glasgow Cultural Enterprises Ltd
Glasgow Housing Association
Glasgow School of Art
Good Shepherd Centre
Govan Law Centre
Govanhill Self Help Initiative
Greater Easterhouse Women's Aid
Greater Glasgow & Clyde Valley Tourist Board

H

Halfway Tenant Management Co-operative
Hamilton Furniture Initiative
Hansel Alliance
Hansel Foundation
Hills Trust Parents Community Group
Highlands & Islands Enterprise
Home Start Kintyre

I

Inverclyde Leisure
Irvine Housing Association
Isle of Bute Housing Association

J

Jeely Piece Club
Johnstone Resource Centre for the Elderly & Disabled
Jordanhill School

K

Kenmure St Mary's Boys School
Kennishead Tenant Management Co-operative
Kibble School

L

Lanarkshire Housing Association
Lanarkshire Association for Mental Health
Lanarkshire Community Care Forum
Lanarkshire Key Fund Ltd
Larkfield Ladybird Pre 5 Centre
Laurel Park School
Learning Teaching Scotland
Linstone Housing Association

M

Meridian
Merrylee Tenant Management Co-operative

N

New Lanark Conservation & Civic Trust
North Ayrshire Leisure Ltd
Northern College
Northwest Economic Network
Notre Dame Child Guidance Clinic

O

Objective 3 Partnership (Scotland) Ltd
One Plus One Parent Families - Strathclyde

P

Paisley Partnership Regeneration
Parkhead Citizens Advice Bureau
Parkhead Housing Association Ltd
Parkhead Youth Project
Paths for All Partnership
Pensioners Action Group East
Planning Exchange
Play Scotland
Pollokshields Tenant Management Co-operative

Possil/Milton Community Renewal Ltd

R

Reidvale Adventure Playground
Renfrew Council on Alcohol
Renfrewshire Careers Partnership
Richmond Fellowship Scotland
Royal Scottish Academy of Music & Drama

S

SACRO
Safe Greater Easterhouse
Scottish Centre for Children with Motor Impairments
Scottish Environmental & Outdoor Centres Assoc 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



MEMBERSHIP

WHERE SERVICE COUNTS



Scottish Qualifications Authority
 Scottish Screen
 Scottish Society for the Mentally Handicapped
 Scottish Society for the Mentally Handicapped Homes
 Scottish Sports Council
 Scotwest Credit Union Ltd
 Social Welfare Commission Bishops Conference of Scotland
 South Ayrshire Energy Agency
 South Ayrshire Homes
 Speirs Housing Management Co-operative
 Springboig St John's School
 St Andrew's College (University of Glasgow)
 St Columba's School
 St Philip's Approved School
 Strathclyde European Partnership
 Strathclyde Wing Hong Chinese Elderly Group
 Swinton & Invergyle Tenant Management Co-operative

T

Tannahil Centre Ltd
 Town Centre Initiative Ltd

U

University of Aberdeen (ex Northern College)
 University of Dundee (ex Northern College)
 University of Edinburgh (formerly Moray House College)
 University of Paisley
 University of Strathclyde
 Utheo Limited

V

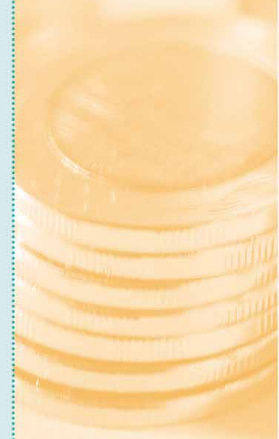
Viewfield Tenant Management Co-operative
 Village Project St James' (Pollok) Parish Church
 Voluntary Association for Mental Welfare
 Volunteer Centre

W

West of Scotland Colleges Partnership
 West of Scotland Community Relations Council

Analysis of Contributions Received		
	Contributions Received	No. of Current Contributors
Scheduled Bodies	£194 million	70,916
Admitted Bodies	£18 million	6,667

27





WHERE SERVICE COUNTS

COMMUNICATIONS STRATEGY



Communications report

Communications Team

During the year, a restructuring of the Strathclyde Pension Fund Office led to the creation of a dedicated Communications Team. The Team is led by Alistair Gray and, now at full strength, comprises 17 staff in total.

Members Database

Day to day, much of the team's work is in maintaining and improving the member database to ensure that the Fund has correct current details for all of its contributing members.

Links with Employers

Another early focus has been the opening of communications channels with the Fund's employers with a view to ensuring efficient flows of correspondence and data, and (crucially) making sure that the "right people" at SPFO are talking to the "right people" at employers offices. Often, particularly with larger employers, this involves multiple connections: with payroll and other finance functions; personnel officers; service officers; and trade union representatives.

28



Strathclyde Pension Fundnews september 2008

NEWSLETTER FOR CONTRIBUTORS WHERE SERVICE COUNTS

It's good to talk!

An internal reorganisation of the Strathclyde Pension Fund Office has led to the establishment of a dedicated Communications Team.

The team aims to provide a much needed replacement to the SPFO's communication strategy. Alistair Gray, the Senior Communications Officer, is currently appointing employees with a presentation of the Communications Overview. The presentation highlights the customer base that the SPFO wishes to target and the services the team hope to provide. The team has at it's disposal a dedicated staff of 6 who are available to meet with employers' employees/trade unions.

www.spfo.org.uk

The Strathclyde Pension Fund Office has its own web site... and you can now log on to detailed information about the Local Government Pension Scheme, the Fund, its structure, its investment portfolio, and current news.

"The new website delivers another avenue of communication between the SPFO and its members" - see Technical Officer Tim Hamilton.

"We're now looking at developing and expanding the site to provide greater information to members and links to other relevant sites"



WHERE SERVICE COUNTS



Communications Strategy

An overriding responsibility of the Team is delivery of the Fund's Communications Strategy. Huge progress has already been made in this respect and the Team will continue to build on this early success.

Highlights to date include the following:-

The **SPFO Website** (www.spfo.org.uk) was launched in 2001. The site contains a wealth of information for all those with an interest in the Fund. A number of enhancements are planned for the coming year.

Pensionnews has appeared on an annual basis. **Fundnews** has been more occasional, as a result of distribution difficulties. These have now been overcome and all contributing members will receive the 2002 Fundnews in the autumn.

Handbooks for scheme members are now an established feature and are updated regularly. The employers' guide is available on the Fund's internet site.

There has always been regular correspondence with employers on technical issues.

The restructuring of SPFO which created the Communications Team also led to the establishment of a Technical Team. In conjunction, the teams launched the **Technical Bulletins** initiative with Bulletin 1 issued shortly after the year end.

The Fund holds an **Annual Meeting** in June each year to which Finance, Personnel and Trade Union representatives from all participating employer bodies are invited. In addition, the Communications Team have embarked on a series of visits to promote the communications strategy, meeting with all 12 unitary authorities within the first 6 months. It is the team's intention to cover all employers within the next 12 months.

Regular **Consultation** is achieved via distribution of the minutes of the Strathclyde Pension Fund Panel to Directors of Finance and Trade Union secretaries at each of the Fund's major employers. In addition, all agendas, reports and minutes of the Panel are available on the internet site.

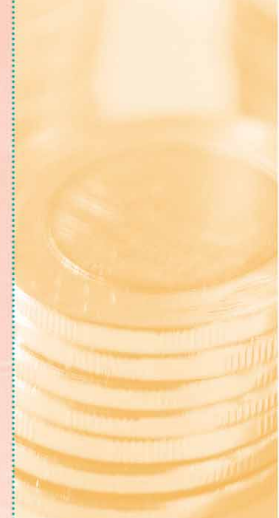
The Fund's first **Annual Report and Accounts** was well received. This is the second year of production. The objective now is to achieve earlier production in future years.

Issue of **Benefits Statements** to employees is now becoming an established routine, with all unitary authority contributory members having received one statement. Future statements will be issued on a rolling three-year programme.

The introduction of **Service Level Agreements** is a medium term objective with development still at a very early stage.

Individually and collectively these activities all play a part in **Promoting the LGPS**. Promotion of the scheme has also been achieved through directly targeted initiatives such as exhibiting at various conferences, workshops and similar events.

29



Contacts

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Employer Communications

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Benefits & Contributions

East Dunbartonshire Council
East Renfrewshire Council
Glasgow City Council ☎ 0141 287 7341
Strathclyde Buses
Strathclyde Fire Brigade

North Ayrshire Council
South Ayrshire Council
South Lanarkshire Council ☎ 0141 287 7342
Strathclyde Police
West Dunbartonshire Council

Argyll & Bute Council
East Renfrewshire Council
Inverclyde Council ☎ 0141 287 7343
North Lanarkshire Council
Renfrewshire Council
Strathclyde Passenger Transport
Scottish Water

Other employer ☎ 0141 287 7420

Pensions in Payment

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Internet

Visit Strathclyde Pension Fund's website at
www.spfo.org.uk

E-mail us at spfo@fs.glasgow.gov.uk
or follow the link on the website.

Other Useful Addresses

DISPUTES

Internal Disputes Resolution Procedure

For disputes involving our administration of the Local Government Pension Regulations, application forms can be obtained from the Strathclyde Pension Fund Office, and should be submitted to:

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 be referred initially to the Director of Financial Services

To help you trace pension schemes which may be holding benefits belonging to you from previous employment, contact :

The Pensions Schemes Registry,
PO Box 1NN, Newcastle-Upon-Tyne,
NE99 1NN
☎ 0191 225 6316