Defined Benefit Pension Scheme Questionnaire

1. Purpose

1.1. As part of our review of the adherence by licensees to the six Price Control Pension Principles, a completed questionnaire is required from each licensee for each Defined Benefit (DB) scheme in which a licensee is/has been a participating employer since 1990. Where different employee groups are dealt with separately, provide the information 9e.g. benefits, liabilities) for each employee group.

1.2. It would be helpful if colleagues would complete this questionnaire even if you have previously supplied any of this information so that we can collate it in the same format for all.

1.3. This data will be used to assess the uniqueness of each scheme and in particular to ascertain what actions have been taken to satisfy principle 1.

2. Instructions for completion

2.1. Complete the data in the text boxes underneath or by the side of each question.

2.2. The size of answer boxes/tables will expand to accommodate overflowing text.

3. Background

3.1. What is the name of the scheme?

ScottishPower Pension Scheme

3.2. In what year was the scheme established?

1954

3.3. What was the background to the establishment of the scheme? (For example, did it supersede a previous scheme which is now closed to new entrants? If so, a separate questionnaire should be provided for that scheme.)

The Scheme was originally the South of Scotland Electricity Board Scheme, and continued after privatisation in 1990.

3.4. Is the scheme, or any of its members, subject to any protected rights conditions from the time of privatisation? If so, provide details.

Yes, the Scheme abides by the Protected Persons Regulations for employees of the Industry as at 31 March 1990.

3.5. Is the scheme closed to new entrants and/or future accruals? If so, when did it close, and what pension benefits are provided for subsequent entrants/accruals?

The Scheme closed to new entrants in 1999 but members at that time remain entitled to further accrual of benefits.

3.6. Have any of the scheme's liabilities been insured (or bought out with an insurer)? If so, provide details.

None of the Scheme's benefits have been insured.

4. Scheme membership

4.1. Provide the number of scheme members as at the date of each of the last three triennial actuarial valuations and as at the most recent scheme accounts date. (If full actuarial valuations have been carried out more frequently than triennially, include all full actuarial valuations in the last ten years.)

The figures in years 2000 and 2003 include Lifeplan members even though there was a separate scheme in those years. In 2006 the Lifeplan was merged into SPPS. Some of the figures below prior to 2008 have been estimated because we haven't been able to go back to source files.

Name of regulated business	**Total Scheme**			
Numbers of members	31/03/00	31/03/03	31/03/06	31/03/08
Members with protected rights from the time of privatisation				
Active members	3314	2339	2105	1912
Deferred members	2232	3324	3558	3751
Pensioner members	8412	8198	8116	8119
Total	13958	13861	13779	13782
Other members				
Active members	3632	2858	4249	3400
Deferred members	117	1082	456	519
Pensioner members	443	431	427	427
Total	4192	4371	5132	4346

4.2. Provide equivalent tables to 4.1 separately for each regulated and unregulated business. [Insert tables as appropriate.]

We are still trying to split the membership and we will forward this information when it is available.

Name of regulated business				
Numbers of members	dd/mm/yy	dd/mm/yy	dd/mm/yy	dd/mm/yy
Members with protected rights from the time of privatisation				

Active members				
Deferred members				
Pensioner members				
Total				
Other members				
Active members				
Deferred members				
Pensioner members				
Total				

Name of unregulated business				
Numbers of members	dd/mm/yy	dd/mm/yy	dd/mm/yy	dd/mm/yy
Members with protected rights from the time of privatisation				
Active members				
Deferred members				
Pensioner members				
Total				
Other members				
Active members				
Deferred members				
Pensioner members				
Total				

4.3. Which companies within your group currently participate in the scheme?

ScottishPower UK plc, Core Utility solns, SP Energy Retail ltd, SP Generation Ltd, SP Energy management Ltd, SP Dataserve Ltd, SP Power Systems Ltd, SP Transmission Ltd, SP Distribution Ltd, SP Manweb plc, ScottishPower Renewable Energy Ltd.

4.4. Which companies have previously been participating employers in the scheme?

Elect Services Ltd

5. Scheme benefits

5.1. Complete the following table, summarising the current scheme benefits. Where benefits are not the same for all members, provide a separate table for each group of members, and explain which employees are in each group. [Insert additional copies of the table as necessary]

	Example
Type of benefits	*Final salary*
Contracted in or out of S2P	*Contracted out*

Normal retirement age (age when unreduced pension is payable)	*60 for service to 1 April 2005, 65 thereafter*
Definition of pensionable pay (specify any deductions in particular)	*Basic pay plus pensionable allowances. No deductions*
Member contributions	*5% of pensionable pay*
Accrual rate for member benefits	*1/60 for service to 1 April 2005, 1/70 for service thereafter*
Lump sum terms on retirement (specify commutation rate at NRA, if applicable)	*By commutation, 15:1 at age 60, 12:1 at age 65*
Dependants' provision	*Legal spouse, Civil Partner or nominated partner*
Dependant's pension on death after retirement	*50% of member's pension ignoring commutation*
Ill-health benefits	*Immediate unreduced pension. Service enhanced by 10 years (or period to NRA if less).*
Lump sum benefit on death in service	*3 x pensionable pay*
Pension increases in retirement (for excess pension over GMP)	*None for service to 5 April 1997. RPI subject to annual cap of 5% for service between 6 April 1997 and 5 April 2005. RPI subject to annual cap of 2½% for service after 6 April 2005.*
Pension increases in deferment (excess pension over GMP)	*In line with statutory revaluation requirements (RPI with annual cap of 5% over whole period)*

Specify which group of members	SPPS
Type of benefits	Final Salary
Contracted in or out of S2P	Contracted out
Normal retirement age (age when unreduced pension is payable)	60 for males and females who joined the Electricity Supply Industry before 1 April 1988, otherwise 63.
Definition of pensionable pay (specify any deductions in particular)	Basic annual salary plus, if appropriate, any additional earnings approved by the Employer to count towards benefits.
Member contributions	5%
Accrual rate for member benefits	60th
Lump sum terms on retirement (specify commutation rate at NRA, if applicable)	Up to 25% of value of pension. Cash commutation factors for males and females are: At 63 – 13.96 At 60 – 15.40
Dependants' provision	Spouse, Civil partner or, at company discretion, a financial dependent.
Dependant's pension on death after retirement	50% of members pension at NRD before commutation including any increases received since retirement.
Ill-health benefits	Pension based on service to NRA (if > 5 years Pensionable Service).
Lump sum benefit on death in service	4 x Pensionable Salary
Pension increases in retirement (for excess pension over GMP)	5% LPI (or if RPI is greater than 5% then RPI at the company's discretion)
Pension increases in deferment (excess pension over GMP)	Statutory revaluation

Specify which group of members	Final Salary LifePlan (FSLP)
Type of benefits	Final Salary
Contracted in or out of S2P	Contracted out
Normal retirement age (age when unreduced pension is payable)	63 for pre 1 April 2006 service and 65 for post 1 April 2006 service. However, 63 if aged over 60 at 1 April 2006.

Definition of pensionable pay (specify any deductions in particular)	Basic annual salary plus, if appropriate, any additional earnings approved by the Employer to count towards benefits.
Member contributions	*5%*
Accrual rate for member benefits	60th
Lump sum terms on retirement (specify commutation rate at NRA, if applicable)	Up to 25% of value of pension. Cash commutation factors for males and females are: At 63 – 13.96 (5% LPI), 13.56 (2.5% LPI) At 65 – 13.00 (5% LPI), 12.60 (2.5% LPI)
Dependants' provision	Spouse, Civil partner or, at company discretion, a financial dependent.
Dependant's pension on death after retirement	50% of members pension at NRD before commutation including any increases received since retirement.
Ill-health benefits	Pension based on service to NRA (if > 2 years Pensionable Service).
Lump sum benefit on death in service	4 x Pensionable Salary
Pension increases in retirement (for excess pension over GMP)	5% LPI for pension accrued to 31 March 06; 2.5% LPI on pension accrued from 1 April 06
Pension increases in deferment (excess pension over GMP)	Statutory revaluation

5.2. Do you have a salary sacrifice arrangement for any group of employees? No If so:

When was it introduced?	However we are planning to introduce in 2009 for active members of the scheme
To which groups of employees does it apply?	
What percentage of eligible members participates in the arrangement?	
How is the reduction in salary calculated?	
Is the saving in employer's National Insurance Contributions shared between the employer and employees? If so, how?	

5.3. Are Additional Voluntary Contribution (AVC) facilities available to members? If so:

Is this on a defined contribution basis, by buying added years, or both?	Added years available to SPPS members only. FSLP added years ceased on 30 April 2006. No defined contribution AVC facilities. Facility ceased post A-Day. Stakeholder scheme available.
Does the employer contribute to members' AVCs?	No

5.4. Does the scheme accept transfers in? Yes, although as the scheme is closed to new members we are only obliged to transfer intra industry protected staff

If no, when did the scheme cease to accept transfers in?	
If yes, has ceasing to accept transfers in been considered?	Protected staff who wish to join our scheme must transfer within 6 months of leaving their previous

	company.

6. Changes to scheme benefits

6.1. Provide details of any changes to scheme benefits and/or member contributions since 1990. For each change: [Insert additional tables as necessary] The majority of these changes were to bring into line with best practice and the market.

Describe the change.	Member contributions reduced from 6% to 5%
State the effective date of the change, and what periods of service (or which groups of members) were affected by the change.	1 April 1991
Explain briefly the reasons for the change (for example, "to comply with the Pensions Act 1995", "to reduce costs", or "to apply valuation surplus").	To equalise rates for men & women
Provide details of any consequential or associated changes in other terms and conditions or pension benefits.	Dependants benefits also equalised (previous unequal terms had been available for men & women depending on contribution rate)
Quantify the benefits / costs / savings separately to the employer and to members, and the effect on the current scheme surplus or deficit.	Cost to employer = 1% of payroll since 1991 Total cost still paid to Scheme therefore no impact on current funding position, all other things being equal.
For decreases in member contribution rates, state whether the decrease was directly met by an equivalent increase in employer contribution rates at the same time.	In effect yes

Describe the change.	Accrual rate changed for all active members, from 80ths pension + 3/80ths cash, to 60ths pension (with cash by commutation). Change applied retrospectively for all service.
State the effective date of the change, and what periods of service (or which groups of members) were affected by the change.	Applied to all active members at 1 April 1995.
Explain briefly the reasons for the change (for example, "to comply with the Pensions Act 1995", "to reduce costs", or "to apply valuation surplus").	Simplify provision of benefits
Provide details of any consequential or associated changes in other terms and conditions or pension benefits.	Cash option at retirement now based on age-specific commutation terms at time of retirement.
Quantify the benefits / costs / savings separately to the employer and to members, and the effect on	Improvement in members' benefits assuming commute for cash at retirement, varies with retirement age but approximately 5% overall.

the current scheme surplus or deficit.	Cost to employer = approximately 1% of payroll since 1995 Total (higher) cost still paid to Scheme therefore no impact on current funding position, all other things being equal.
For decreases in member contribution rates, state whether the decrease was directly met by an equivalent increase in employer contribution rates at the same time.	n/a
Describe the change.	From 1 April 2006 Members of merged Final Salary LifePlan only (new entrants since 1999) future accrual of benefits from 1 April 2006 based on Normal Pension Age 65 (had been 63) and increases in payment of RPI limited to 2.5% p.a. (limit had been 5% p.a.)
State the effective date of the change, and what periods of service (or which groups of members) were affected by the change.	Benefit changes Applied to all non protected active members at 1 April 2006.
Explain briefly the reasons for the change (for example, "to comply with the Pensions Act 1995", "to reduce costs", or "to apply valuation surplus").	Reduction in costs.
Provide details of any consequential or associated changes in other terms and conditions or pension benefits.	Cash commutation terms at retirement were reduced slightly for post-April 2006 accrual for these members, to reflect lower increases in payment.
Quantify the benefits / costs / savings separately to the employer and to members, and the effect on the current scheme surplus or deficit.	On retirement at age 63, member's pension reduced by 10%, and by lower potential pension increases in payment. Reduction in costs to Company = 3.1% of FSLP payroll since 2006. Total (reduced) cost still paid to Scheme therefore no impact on current funding position, all other things being equal.
For decreases in member contribution rates, state whether the decrease was directly met by an equivalent increase in employer contribution rates at the same time.	n/a

Describe the change.	The Final salary Lifeplan was closed to new members. From 1 April 2006, new employees have access to a stakeholder money purchase scheme, with 6% employer contribution if member pays 5%. This compares to final salary scheme employer rate of 15%.
State the effective date of the change, and what periods of	The Final salary Lifeplan closed to new members on 31st March 2006.

service (or which groups of members) were affected by the change.	New stakeholder scheme applies to new recruits from 1 April 2006.
Explain briefly the reasons for the change (for example, "to comply with the Pensions Act 1995", "to reduce costs", or "to apply valuation surplus").	Reduction in costs. 6% employer contribution if member pays 5%. This compares to final salary scheme employer rate of 15%.
Provide details of any consequential or associated changes in other terms and conditions or pension benefits.	
Quantify the benefits / costs / savings separately to the employer and to members, and the effect on the current scheme surplus or deficit.	Employer costs relating to new members joining on or after 1 April 2006 reduced from 15% to 6%
For decreases in member contribution rates, state whether the decrease was directly met by an equivalent increase in employer contribution rates at the same time.	n/a

6.2. Have member contribution rates been reduced, and currently remain, below the maximum level allowed under the Electricity and Gas Acts for members covered by protected rights? If so, why?

See first table in 6.1

6.3. Have you ever restricted any new (or existing) elements of salaries to make them non-pensionable, or restricted salaries for pension scheme members relative to non-members? If so, provide details.

No

6.4. Have you ever offered cash, or other benefits, in return for employees giving up their protected rights? Have there been any other modifications to protected rights terms? If so, please provide details, including the percentage of eligible employees who accepted.

Have not offered cash or benefits in return for members giving up their protected rights. There have been no reductions to protected rights terms.

6.5. Where redundancy benefits were provided by the scheme, have such benefits been removed or reduced for any employees? If so provide details, including savings.

No

6.6. Quantify the overall saving achieved in pension costs due to changes in scheme benefits or member contributions since 1990.

The merger of the final salary life plan into the SPPS referred to in section 9, resulted in some minor administration savings. The Scheme was closed to new entrants (apart from Protected Persons) and separate lower cost arrangements for new entrants were put in place from 1999 (the final salary life plan). This was a basic final salary scheme with 10% employer contribution rising to 17% before it was closed in march 2006. From April 2006 a money purchase stakeholder scheme was introduced for new entrants with employer contribution of 6% compared to current SPPS scheme employer rate of 15%

7. Actuarial valuation results

7.1. Provide the following information as at the date of each of the last three triennial actuarial valuations. (If full actuarial valuations have been carried out more frequently than triennially, include all full actuarial valuations in the last ten years.) Results should be taken from ongoing actuarial funding valuations, unless stated otherwise. If appropriate, provide additional information on recommended employer contributions.

	31/03/00	31/03/03	31/03/06
Under Pensions Act 2004? (yes/no)	No	No	Yes
Funding method (for example, Projected Unit)	Projected Unit	Projected Unit	Projected Unit
Market value of assets	£2,090 million	£1,299 million	£2,032 million
Actuarial value of assets, if not at market value	£1,930 million		
Actuarial value of liabilities	£1,493 million	£1,497 million	£1,919 million
Ongoing funding level (%)	129%	87%	106%
Deficit recovery period (years)	0	See 7.3	0
Employer contribution rate for future accruals (%) of pensionable pay	19.8%	22.3%	SPPS 29.4% FSLP 20.8%
Employer contribution rate after surplus/deficit (%)of pensionable pay	15.0%	15.0%	15.0%
Solvency (or buy-out) funding level (%)	116%	78%	68%

7.2. Describe the basis on which the employer contribution rate has been set.

The contribution rate is calculated as the value of pension and death benefits expected to accrue to the membership in respect of one year's service based on projected salaries. To this are added allowances for expenses and levies.

7.3. Have actual employer contributions been in line with the rates in 7.1? If not, provide details of actual contributions, and explain why they differ to the rates in 7.1.

Following the 2000 valuation, it was agreed that employer contributions should be 0% of pensionable salary to reduce the surplus.

Following the 2003 valuation, due to favourable market movements from the effective date of the valuation to the date the valuation report was signed, it was agreed that employer contributions should be 15% of pensionable salary.

Following the 2006 valuation, it was agreed that employer contributions should continue at 15% of pensionable salary as there was no shortfall against the technical provisions.

7.4. Provide details of the basis on which the deficit recovery period was set at each triennial valuation, including the factors that were taken into account when setting the recovery period, and whether there were any discussions with The Pensions Regulator.

Over recent actuarial valuations no deficit to repair, but if any deficit in future repayment / recovery period would reflect negotiations between company and trustees. This would be informed by view on company covenant and also pensions regulator guidance.

7.5. On what basis do you identify/attribute deficits and pension costs to each regulated and non-regulated business in the scheme?

Ongoing pension costs are allocated to each business based on pensionable salary multiplied by the agreed ongoing employer contribution rate.

Deficits have not been a major consideration for the SPPS scheme to date. Therefore the question of attribution has been academic. Consistent with the pragmatic approach adopted in DR4 for the E&W companies we would be happy to work with Ofgem to develop a similar pragmatic solution in respect of the SPPS with reference to historic membership patterns. We would like to develop this as part of the DPCR5 process so that if a deficit does arise then there is an agreed and fully understood apportionment mechanism between the regulated and non-regulated businesses.

8. Actuarial assumptions

8.1. Provide the following information on the assumptions underlying ongoing actuarial funding valuations as at the date of each of the last three triennial actuarial valuations. (If full actuarial valuations have been carried out more frequently than triennially, include all full actuarial valuations in the last ten years.)

	31/03/00	31/03/03	31/03/06
Pre-retirement nominal rate of return	6.0%	5.4%	5.0%
Pre-retirement real return above price inflation	3.5%	3.0%	2.0%
Pre-retirement real return above salaries	1.5%	1.5%	0.6%**
Promotional salary scale (if not in salary assumption)			
Post-retirement nominal discount rate (i.e. real rate of return to value liability)	6.0%	5.4%	5.0%
Post-retirement real return above price inflation	3.5%	3.0%	2.1%
Post-retirement real return above pension increases	3.5%	3.0%	2.1%
Proportion of pension commuted at retirement			0
Mortality table used to value current pensioners*	PMA80 (c=2000) PFA80 (c=2000)	PMA92 Base PFA92 (c=2000)	160% PA92 c=2006 - 2yrs 120% PFA92 c=2006 - 1yr
Expectation of life at 60 for male pensioner	80.5	81.2	81.3
Expectation of life at 60 for female pensioner	84.6	85.3	85.4
Mortality table used to value future pensioners*	PMA80 (c=2000) - 2yrs PFA80 (c=2000) - 2yrs	PA92 Base - 2yrs PFA92 (c=2000) - 2yrs	160% PMA92 c=2023 - 2yrs 120% PFA92 c=2023 - 1yr
Expectation of life for male who will be aged 60 in 20 years	82.2	83.0	83.1
Expectation of life for female who will be aged 60 in 20 years	86.4	87.1	87.1

** Specify the mortality table used, including any age ratings: e.g. PMA/PFA92 U=2004 x-1 with medium cohort improvement factors subject to a 1% underpin.*

*** plus a promotional scale for ex-FSLP members*

8.2. Summarise the basis on which the discount rates were determined.

At the 2006 valuation, the discount rate was set by reference to the iBoxx AA over 10 year total return index. This is under discussion for the 2009 valuation.

8.3. Summarise the basis on which the salary increase assumptions were set, including consistency with the employer's long-term plans or pay policies.

Set equal to RPI long term assumption plus 1.5% p.a., to reflect likely real and promotional increases. Furthermore, for ex-Final Salary LifePlan members (new entrants since 1999) there is an age-related promotional scale which broadly equates to a further 0.5% p.a., based on actual pay awards. The salary growth assumption is measured against actual pay increases for active Scheme members, at each

valuation, and this assumption is also discussed with the Company.

8.4. Summarise the method and assumptions used to calculate the actuarial value of the assets, if different to market value.

Market value

8.5. To what extent do the actuarial assumptions reflect the employer's covenant, in particular the employer's position as a regulated utility company and the extent of any unregulated business.

The actuarial assumptions do reflect the strength of Company covenant, which is perceived to be strong, on the basis of independent advice received in 2006 at the time of Iberdrola's acquisition of the Company.

9. Merged schemes

9.1. Where schemes have been merged or demerged, with assets and liabilities being transferred from or to other schemes, provide the following information (for each merger/transfer):

Date of merger/transfer.	31 March 2006
Background to the merger/transfer and name of other pension scheme(s).	The ScottishPower Final Salary LifePlan (which had been set up in 1999 to accept new pension members when the ScottishPower Pension Scheme was closed) was merged into the SPPS. All FSLP members at that time were brought into the SPPS on a "transfer without consent" basis. All FSLP assets were also transferred in. Past service benefits were unaffected.
Number of active, deferred and	Active 3,493 Deferred 457

pensioner members involved in the merger/transfer, and total number of active, deferred and pensioner members in the pension scheme at the merger/transfer date, separately for each regulated and unregulated business.	Retired 29 Consistent with para 4.2, we are still trying to split the membership and we will forward this information when it is available.
The amount of the transfer value and the principles/basis underlying its calculation.	The transfer value was simply the value of the entire FSLP assets. The trustees of FSLP and the company agreed a deficit payment of £1.9m to be paid when the schemes merged.
The extent to which the transfer value was scaled back to reflect underfunding.	The transfer value was not reduced as it represented the entire FSLP assets. As the FSLP had a deficit at that time, the Company paid a special contribution to the merged SPPS equal to the amount of deficit.
Quantify the amount of the scheme's current surplus or deficit relating to the transferred members.	Post merger the surplus or deficit position is not measured separately for FSLP members. However it is likely that the FSLP share of any surplus or deficit is very small: at the time of merger the FSLP liabilities were £68 million whereas the SPPS liabilities were £1,850 million.

10. Investment strategy

10.1. Summarise the approach to risk underlying the scheme's investment strategy, indicating how (and why) this has changed in the last ten years.

The trustees seek to invest the scheme's assets so as to maximise the likelihood that the benefits will be paid to members as they fall due, and of the continued long-term financial support from the sponsoring employer. The trustees have considered a nos of investment risks to which the scheme is exposed, in particular that arising from mismatch between investment strategy and overall level and profile of the liabilities. As part of this, analysis has been undertaken to understand the schemes funding level sensitivity to Interest rates, Inflation, equity risk and credit risk. The trustees regularly monitor funding levels and specifically in event of a significant deterioration in strength of employer covenant. Investment risk is managed through diversifying asset mix, including bonds, cash, equities, property & infrastructure. Equity benchmarks designed to encourage diversification of equity mix. There are a range of fund managers to again spread risk. Clear and documented agreements and restrictions on each fund manager on how they invest assets. We also employ through written contract independent custodians to secure physical security of assets. Over the last 10 year sthe asset mix has gradually shifted from equities to bonds, cash and property to more closely align assets to liabilities. This includes the use of SWAPs to match cash-flow duration of pensions as they fall due.

10.2. To what extent does the scheme's investment strategy reflect the employer's covenant, in particular the employer's position as a regulated utility company and the extent of any unregulated business?

This informs the trustees in determining how they allocate the mix of assets between growth and matching assets ie equites v bonds and active v passive asset management. The covenant links into the expected duration of the schemes liabilities and the ongoing review of key demographic assumptions and trends.

10.3. Provide details of the scheme's asset allocation as at each of the last 9 years' scheme accounts dates (percentage).

Asset class As at 31st March	**Date 2000**	**Date 2001**	**Date 2002**	**Date 2003**	**Date 2004**	**Date 2005**	**Date 2006**	**Date 2007**	**Date 2008**
UK equities	56.1	58.7	28.7	25.2	22.8	23.2	23.8	7.5	
Overseas equities	32.1	27.5	13.9	13.4	11.8	12.4	12.9		
UK property	6.5	8.1	9.3	11.0	8.8	7.7	7.3	8.0	6.5
Overseas property									
Hedge funds									
UK fixed-interest gilts			4.6	6.0					
UK index-linked gilts	3.9	4.1	8.5	10.8	14.4	14.5	13.6		
UK corporate bonds					13.5	13.2	12.8		
Overseas bonds									
Cash	1.4	1.6	2.3	1.7	0.4	0.9	0.8	14.1	0.2
Multinational Equities			32.7	31.9	28.3	28.1	28.8		
Global Equities								29.8	35.3
LDI								41.0	56.0
Infrastructure									2.0

10.4. If materially different to the above, provide the intended asset allocation:

Asset class	**Date 2000**	**Date 2001**	**Date 2002**	**Date 2003**	**Date 2004**	**Date 2005**	**Date 2006**	**Date 2007**	**Date 2008**
UK equities	59.0	59.0	26.3	26.3	22.8	22.8	22.8	8.5	
Overseas equities	29.0	29.0	15.0	15.0	13.0	13.0	13.0		
UK property	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Overseas property									
Hedge funds									
UK fixed-interest gilts									
UK index-linked gilts	6.0	6.0	9.5	9.5	14.5	14.5	14.5		
UK corporate bonds			9.5	9.5	14.5	14.5	14.5		
Overseas bonds									
Cash								10.0	
Multinational Equities			33.7	33.7	29.2	29.2	29.2		
Global Equities								31.5	40.0
LDI								44.0	50.0
Infrastructure									4.0

10.5. Summarise the scheme's current target investment strategy if different to that as at the most recent scheme accounts date in 10.3 or 10.4.

As per most recent asset allocation, strategy reviewed as part of ongoing management of assets and liabilities. We have a separate sub group of trustees who focus on investment strategy. The company via Finance director also attend this to give corporate input.

10.6. Provide details of any expected future changes to the scheme's investment strategy.

The Trustees are monitoring current market conditions in light of credit crunch and general global recession to make sure any opportunities in equity and credit markets are considered ie are there opportunities to increase corporate bond weightings at all time historically low valuations. Longer term the schemes will continue the gradual shift from equities to bonds etc as schemes mature

10.7. What is the long-term annual expected rate of return on the scheme's assets, based on its current target investment strategy?

To achieve an expected return of 2.5%pa above the return on long term gilts

10.8. Explain the background to any significant changes in investment strategy over this period, and their effects on expected rates of return.

The main strategic step in the recent years has been to develop a gradual switch from equities to bonds etc or assets that are more closely matched to the cash flow liabilities. This is what many call liability driven investing. We have seen merit of this in recent past as the funds have seen asset values fall less steeply relative to liabilities than many funds in the UK.

10.9. Provide the scheme's actual investment returns for each of the last 9 years:

Year ending 31st March	Year 2000	Year 2001	Year 2002	Year 2003	Year 2004	Year 2005	Year 2006	Year 2007	Year 2008
Investment return (%)	15.3	-9.2	-1.6	-20.5	23.2	10.1	23.0	5.0	2.4