

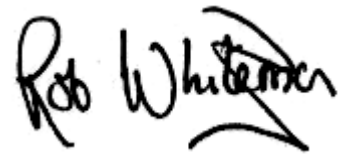
Notice of Meeting

ASSEMBLY

Wednesday, 9 December 2009 - 7:00 pm
Council Chamber, Town Hall, Barking

To: Members of the Council of the London Borough of Barking and Dagenham

Chair: Councillor W F L Barns
Deputy-Chair: Councillor M McKenzie MBE



R. A. Whiteman
Chief Executive

Date of publication: 1 December 2009

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AGENDA

1. **Apologies for Absence**
2. **Declaration of Members' Interests**

In accordance with the Council's Constitution, Members are asked to declare any personal or prejudicial interest they may have in any matter which is to be considered at this meeting.
3. **Minutes - To confirm as correct the minutes of the meeting held on 28 October 2009 (Pages 1 - 15)**
4. **Appointments**
5. **Council Constitution (Pages 17 - 19)**
6. **Pension Fund Annual Report and Pension Panel Arrangements (Pages 21 - 64)**
7. **Construction of New Council Housing**

Presentation from the Divisional Director of Asset Management and Capital Delivery

8. Motions

No motions have been received.

9. Leader's Question Time

10. General Question Time

11. Any other public items which the Chair decides are urgent

12. To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.

Private Business

The public and press have a legal right to attend Council meetings such as the Assembly, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant legislation (the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 as amended). ***There are no such items at the time of preparing this agenda.***

13. Any confidential or exempt items which the Chair decides are urgent

ASSEMBLY

Wednesday, 28 October 2009
(7:00 - 9:19 pm)

PRESENT

Councillor W F L Barns (Chair)
Councillor M McKenzie MBE (Deputy Chair)

Councillor A Agrawal	Councillor J L Alexander
Councillor R W Bailey	Councillor R J Barnbrook
Councillor G J Bramley	Councillor R J A Buckley
Councillor E Carpenter	Councillor S Carroll
Councillor N S Connelly	Councillor J Davis
Councillor J R Denyer	Councillor C Doncaster
Councillor R W Doncaster	Councillor Mrs S A Doncaster
Councillor M A R Fani	Councillor N S S Gill
Councillor D Hemmett	Councillor Mrs D Hunt
Councillor I S Jamu	Councillor T J Justice
Councillor S Kallar MBE	Councillor Mrs C A Knight
Councillor Miss T A Lansdown	Councillor M A McCarthy
Councillor J E McDermott	Councillor W W Northover
Councillor E O Obasohan	Councillor B Poulton
Councillor Mrs L A Reason	Councillor L Rustem
Councillor L A Smith	Councillor Miss N E Smith
Councillor J Steed	Councillor D A Tuffs
Councillor Mrs P A Twomey	Councillor G M Vincent
Councillor L R Waker	Councillor P T Waker

APOLOGIES FOR ABSENCE

Councillor H J Collins	Councillor C J Fairbrass MBE
Councillor Mrs K J Flint	Councillor R Gill
Councillor J K Jarvis	Councillor R C Little
Councillor Mrs P A Northover	Councillor Mrs J E Rawlinson
Councillor Mrs V Rush	Councillor Mrs M M West
Councillor J R White	

30. Declaration of Members' Interests

There were no declarations of interest.

31. Minutes (16 September 2009)

Agreed, subject to the following amendments to Minute 27:

Motion - M1 Redevelopment of the Tower Blocks in Goresbrook Village:

The removal of Councillor T Justice in the vote on the above motion due to the fact that he was not present.

Motion - M9 Campaign for London Air Ambulance:

Correction by Councillor Connelly in the second paragraph to indicate that whilst an air ambulance had arrived within two minutes of the attack as referred to it required a police escort before it could move on to hospital.

Furthermore an additional correction in the same paragraph to indicate that an assailant referred to received three years and nine months custodial sentence and not three years as indicated.

32. Petition - Goresbrook Village Tower Blocks

The lead petitioner, Ms Candy Samuels, presented the terms of a petition calling on the Council to set a date to re-house tenants and demolish the three tower blocks at the Goresbrook Village (Basset, Dunmow and Ingrave Houses). She reported that the vast majority of the flats are in severe disrepair in need of renovation with many still having the original fixtures and fittings. Ms Samuels stated that tenants are currently paying rent and service charges and see nothing in return, and that when residents see other estates being redeveloped/modernised they feel they have been forgotten by the Council. She made a plea on behalf of residents that the three blocks be demolished and be replaced with new modern housing. She concluded that if this action was to be carried out it will give a positive impression to the people of the Borough if they saw that the Council is investing in problem areas like the Goresbrook Village, as well as encouraging others to buy new homes in the borough.

The Divisional Director of Housing Services outlined the history of the tower blocks which are connected to a single concierge controlled entry point. He explained that the Executive in May 2008 agreed that the Village would be one of the potential housing areas in the borough for inclusion in the proposed Local Housing Companies (LHC) 10 to 15 year programme for redevelopment. The identification of the blocks within the list of potential sites represents recognition by the Council that the area is a priority for major housing investment and renewal. However the Village has always been envisaged as being one of the estates that would be undertaken in the later stages of the programme due to a number of reasons, not least the difficulty of securing economically viable redevelopment of the estate given poor levels of public transport in the local area together with the restrained nature of the site, to the home and its inability to accommodate a significant number of additional dwellings on site, to the home without building to unacceptable densities and building heights.

It is estimated that approximately £4 million of public funding will be needed to finance the cost of decanting the blocks and providing compensation to tenants, buying back leasehold, interest and demolition and site clearance works. Unfortunately, this level of funding is not currently available from the Council's own budgets or from external funding sources, all of which have been fully explored. The funding situation may however change as a result of the recent government announcement of the abolition of the housing subsidy system, although the full implications of this will not become clear until the current national consultation exercise has been completed and the government issues the detail of future funding arrangements, likely to be in early 2010. For those reasons, at this time the Council is unable to provide the petitioners with dates when the decanting and

demolition of the three tower blocks can be undertaken.

Officers have recommended that in order that the Council can position itself to take advantage of any funding that may come forward as a consequence of the review of the housing subsidy system, it has been suggested that full assessment of the levels of funding that would be required on the blocks should be carried out together with an assessment of this against the possible medium to longer term option of decanting the properties, re-housing tenants, demolishing the blocks and redeveloping the site. To facilitate this process it is further proposed that a comprehensive internal survey of the flats and communal areas and external areas be undertaken so as to update information from the last survey carried out in 2006.

Councillor Barns as a Ward Councillor unreservedly stated his support and fully appreciated the concerns expressed by the lead petitioner, notwithstanding the current difficult financial position for the Council in relation to the housing subsidy situation. He therefore fully supports the actions being proposed by officers to take matters forward.

Councillor Bailey said that the petitioner had highlighted a number of issues that needed to be addressed principally about the lack of funding and investment that the Goresbrook Village has had in previous years and he reiterated comments reported at the last meeting that whilst action was to be taken no dates were set, and that seeing the amount of rent and service charges paid by the tenants, surely the Council should set aside money to do the work.

Councillor Justice congratulated the petitioner on how she had put her case; however he questioned the suggestion about so called improvements on other estates including Marks Gate. He recognises that there are a lot of estates that equally need help in the borough but in the current financial climate he thinks it is unlikely that the government will provide any additional funding.

The Leader of the Council referred to the comments made by the petitioner that the Estate and Dunmow House in particular was a so called forgotten area and referred to previous works that have been carried on the estate including the provision of a new windows and the concierge system, the overall cost of which was funded by Council rents from tenants across the borough.

He made the point that it was not a case of simply knocking down the three blocks as there would then be a need to re-house approximately 280 tenants which the Council would not be able to do easily, bearing in mind the knock on effect of decanting i.e. children needing to have local school places etc. On that basis, demolition and subsequent decanting could not be seen as an easy or achievable option in the short to medium term as it could take over two years to complete. What is needed is for the Council to get a strong business case together as highlighted by the Divisional Director in relation to the survey work that needs to be taken, and then to lobby government to ensure that the Council gets its fair share of housing funding to be able to implement a comprehensive refurbishment programme across the borough as a whole.

Councillor McDermott reflected on his personal experiences of many years living in Goresbrook Village and his personal opinion is that all the refurbishment in the world will not make the place habitable. That said he also understands all the

points that have been made regarding the cost of demolition and decanting and the financial constraints that are being placed on the Council.

Following a comment from Councillor Barnbrook on the opportunities to secure funding from the GLA, the Divisional Director confirmed that the Council has exhausted all funding streams for these works including the GLA, but to no avail.

Councillor Phil Waker, Cabinet Member for Housing reminded the Assembly that this is the second petition that has come forward from concerned residents on the estate which demonstrates the desperate circumstances in which they find themselves and their children in. It highlights, why the Council has been so forthright in its battle over securing a decent settlement for our Council tenants. He was therefore pleased to see such a good contingent of residents from the Goresbrook Village flats in attendance at yesterday's Community Campaign rally organised by the Council, which is seeking to lobby government to revise the housing subsidy system so that the Council can address the growing problems with the deteriorating housing stock for the benefit of residents.

He explained the whole point of the Campaign is to ensure if that the Council has a much quicker solution than otherwise might be the case; if not for everyone in the country, then at least as far as our borough is concerned. He is confident that the plight of local residents was recognised by John Healey, the Housing Minister, who addressed yesterday's rally. He vowed that the campaign will go on until such time as the Council gets funding solutions to the problems as highlighted in tonight's petition.

Having visited the site on several occasions, he is beginning to get an understanding of the problems that the residents are experiencing. In relation to the issue of whether they should be demolished or refurbished, a decision has not yet been made because as already pointed out the Council does not yet have the resources to do either. That said he supports the view of the Divisional Director that it is important to get the preparatory work done on an analysis of the blocks at an earlier stage, in hope that once and if the funding problem is resolved, then the Council have definitive plans to move forward.

Councillor P Waker concluded that whilst the Council has undertaken a considerable amount of work in its fight to lobby for the funding there is still a long way to go, however it will not give up until it gets the solution to all the housing problems that the borough faces including the Goresbrook Village

He placed on record his personal thanks to the residents and officers who helped and gave their support to the Campaign day although he would have liked to see some more active support from both opposition parties.

We have therefore noted that due to a lack of funding to decant the three blocks the Council is unable at this time to provide the petitioners with a date for re-housing the existing tenants and demolishing the blocks.

However, we have agreed that in the absence of a firm timetable for demolition in the near future that officers assess, in consultation with residents, options for priority maintenance and refurbishment.

33. Local Government Ombudsman Annual Review

Mr Tony Redmond, the Local Government Ombudsman presented his Annual Letter to the Assembly. He outlined the role of the Ombudsman which is to consider complaints only after they have been fully exhausted through the Council's own complaints procedure. He explained that last year his Advice team dealt with 139 enquires and complaints against the Council of which 73 were formally investigated with 21 upheld to differing degrees. This represents 34% of complaints received which although above the national average, is significantly lower than the 47% of complaints settled in the previous year.

He outlined the main areas of complaints during the year which covered various aspects of housing, education, of which the majority concerns school admissions, housing benefit, anti-social behaviour, planning and building control, local taxation, land, leisure and culture, parking, rights of way, access to information and environmental health.

The Assembly was informed that the overall response time of twenty four days is the best in London when set against the national standard of 28 days. Another positive aspect highlighted was the cooperative and responsive nature of Council officers in dealing with enquires and requests to settle complaints.

Mr Redmond took the opportunity of informing the Assembly of a number of new initiatives that are happening in the service as a result of legislation and these include extending the LGO's jurisdiction to cover an independent complaints handling role for adult social care in the private sector which is relevant for local authorities as they are major commissioners of services within the sector. The LGO will also be taking responsibility for the internal management of schools which includes dealing with complaints about the welfare of pupils, bullying, special educational needs and school governing bodies own complaints arrangements.

Mr Redmond concluded that whilst this year's performance was up on last year there is clearly still room for improvement. He also recognises in the coming years the constraints on local government spending will likely lead to an increase in complaints and whilst this will need to be recognised his office's prime responsibility remains rooting out injustice where it occurs.

In responding to questions from Members, Mr Redmond explained the breakdown of how the LGO receives complaints and where services are advertised both in respect of leaflets and the website. The Corporate Director of Resources confirmed that LGO leaflets are available in all public areas of Council offices.

The Chair thanked Mr Redmond for his informative presentation.

34. Motions

Motion 1. Front Garden Enforcement:

Moved by Councillor L Smith and seconded Councillor Carpenter

“Too many front gardens across the borough are an eye sore, and they are capable of bringing down the look of the whole area. This Council therefore resolves to take all the action it can against people who have turned parts of our borough into a dump. This Council will make it clear to the small minority of people who have ruined our borough that their behaviour is not acceptable.”

Councillors Carpenter, Denyer, Jamu and L Waker spoke in strong support of the motion. In summary they made the following comments:

Councillor Jamu felt this action is long overdue and is the right step to take to improve the look of the borough. This is a particular problem all over London but it is pleasing to see that since the publicity given to it in Barking and Dagenham positive comments are now being received from other boroughs.

Councillor Carpenter explained that many residents in her ward complain about the state of people’s front gardens and particular houses which have been bought to rent. These properties often have a high turnover of tenants which results in large amounts of waste being left in front gardens.

She placed on record her congratulations to the winners in this year’s “Borough in Bloom” competition. She was particularly proud that the winners of the best community garden were Becontree residents who have created a beautiful garden behind their flats in Longbridge Road. Barking and Dagenham is a Beacon Council for climate change and greening gardens with plants and trees is a small but positive step to combat climate change. It was noted that the Chief Executive has been appointed to the Management Board of the Government Department of Energy and Climate Change.

Councillor L Waker stated that this is a big problem in the borough which people themselves need to take some responsibility for as many cannot be bothered to keep their gardens in a reasonable state. At a recent event he attended at the John Perry Primary School the children were saying how they liked tidy gardens and generally supported ideas to improve the environment.

Councillors Barnbrook and Bailey added their support of the motion, although seeing that the problem has been around for decades they questioned the motives behind the timing of it. Furthermore Councillor Bailey asked what actions are going to be taken to enforce the initiative such as replacing dilapidated garden fencing.

Councillor Justice added that the initiative was long overdue although he was concerned about what help the Council was going to be able to provide to the elderly and infirm to help them keep their garden’s tidy, a point echoed by Councillor Mrs Twomey. He added that it is unfortunate that the motion has been brought forward at a time when many residents are complaining about the unsightly presence of wheelie bins.

Councillor McCarthy said that generally people welcomed the Council taking positive action to improve the local environment. In response to Councillor Justice’s comments, his view was that the vast number of people he had spoken to were supportive of the Council’s wheelie bins initiative. He also commended the work of the Street Warden service in ensuring that front gardens are tidy, particularly in relation to the private rented sector where the majority of the

problems are.

Councillor Liam Smith responded to a number of the points made particularly in relation to the timing of bringing forward this motion. He too referred to the introduction of the Street Warden service as a positive step and a previous campaign organised by the Council on the state of front gardens some years ago which proves this latest initiative has nothing to do with electioneering but is all about taking positive action and would be targeted towards the private sector rented market. He emphasized that it was not just about dealing with overgrown gardens, but about the minority of irresponsible landlords when it comes to gardens full of scrap metal, mattresses etc.

He guaranteed that when complaints are made the Council will ensure that notices are served on landlords within twenty four hours, and depending on the nature of the problem they will be given up to twenty one days to rectify problems, and that if it requires the Council to instigate any clean up operations then a surcharge will be placed on the owners of the property.

Councillor Smith highlighted the success of the pilot undertaking on the Rylands Estate as proof that targetted enforcement works. On the issue of replacing fencing he reminded Councillor Bailey that there is a Members budget of £20,000 per ward available to all Members to address small environmental problems. Finally he confirmed that there is already provision to help the more elderly and infirm residents as he fully understands they may have problems in keeping their front gardens tidy.

The motion was put to the vote and was unanimously agreed as follows:

For: Councillors Agrawal, Alexander, Bailey, Barnbrook, Barns, Bramley, Buckley, Carpenter, Carroll, Connelly, Davis, Denyer, C. Doncaster, S. Doncaster, R. Doncaster, Fani, N. Gill, Hemmet, Hunt, Jamu, Justice, Kallar, Knight, Lansdown, McCarthy, McDermott, McKenzie, W. Northover, Obasohan, Poulton, Reason, Rustem, L. Smith, N. Smith, Steed, Tuffs, Twomey, Vincent. L. Waker and P.Waker

Against: None

Abstain: None

M2. Easier Access to University:

Moved by Councillor Liam Smith and seconded by Councillor McDermott

“This Council congratulates the young people across the borough who got their A Levels in the summer. We know this was a result of two years of hard work by them and there families. This Council hopes that many go on to have successful lives. We recognise that many of them want to go to university, however, during a recession it is very difficult for families to send their children to university. This Council, therefore, asked the government to suspend tuition fees during the economic downturn to help families send their children to university”

Councillors Carpenter, Alexander, L. Waker and Barnbrook spoke in support of the

motion, a summary of the comments of which are as follows:

Councillor Carpenter reflected on her personal experiences when she went to university at a time when tuition fees were paid and there were grants to cover living expenses. Coming from a working class background and living on a Council estate there was no way that her family could financially have supported her at university. She was also fortunate enough to have a further two year grant to be able to go on and to do research at Cambridge.

On average graduates pay £200,000 more in taxes throughout their working lives than those that do not go to university. On that basis there is no financial reason why the return of the full time student grant, and state payment of tuition fees should not be part of government policy. The real barrier to getting a university education and then access to good well paid professional jobs is student finance, not a lack of aspiration or social mobility.

Councillor Alexander reflected on her own children attending university and referred to the fact that on top of tuition fees there is also the likes of rent and books to pay for, all of which adds up to financial struggle for young people.

Councillor L Waker stated that lack of funding has and will always be a barrier for working class families sending their children to university.

Councillor Connolly remarked that if there are no tuition fees for students how will the costs of over £3k per year be met? One way perhaps would be the re introduction of grants?

Councillor Barnbrook suggested that the motion did not go far enough. Rather than the government only suspending tuition fees during the economic downturn he feels that they should reinstate the mandatory grant, although it should only apply to students taking degrees which are deemed to actively contribute to the prosperity of this Country.

Councillor P. Waker explained that Barking and Dagenham has the lowest income per household with many just above the benefits threshold and consequently whilst supporting the principles of the motion he felt it might be better to consider a compromise, where the government, rather than suspending tuition fees, sets an upper financial limit in order to support working class families.

Councillor Bailey whilst supporting the motion felt that it was sad that young people attending university were better off under the previous Conservative government. He added that anyone who does well at school in this borough deserves a place at university but if they are looking towards a decent professional career then they need at least £50,000 to support them through their time in higher education. He felt it was no good providing loans that cannot be paid back. He also highlighted that foreign students have access to state loans and often having benefited from a university education then return to their own countries without ever paying back the loans.

In his closing statement and responding to a number of the points raised in the debate, Councillor Smith explained it would be the job of H. M. Treasury to decide how the financial consequences of suspending tuition fees are paid for. In relation

to the statement made that young people were better off under the Tories, was it not a Conservative government that amongst other things sold off school playing fields, shut down schools and banned Rugby from being played in schools. He outlined the many successes in education under this Labour government such as the Building Schools for the Future programme and on a local note the success of William Bellamy in being one of the top twenty Primary schools in the Country.

Being realistic he could not support a proposal to do away permanently with tuition fees, however by suspending them in the current economic climate is a far more practical and achievable solution. He concluded that the excellent results being achieved by young people in this borough means that they deserve the chance to get a university education and better than themselves in life generally.

The motion was put to the vote and agreed unanimously as follows:

For: Councillors Agrawal, Alexander, Bailey, Barnbrook, Barns, Bramley, Buckley, Carpenter, Carroll, Connelly, Davis, Denyer, C. Doncaster, S. Doncaster, R. Doncaster, Fani, N. Gill, Hemmet, Hunt, Jamu, Justice, Kallar, Knight, Lansdown, McCarthy, McDermott, McKenzie, W. Northover, Obasohan, Poulton, Reason, Rustem, L. Smith, N. Smith, Steed, Tuffs, Twomey, Vincent. L. Waker and P.Waker

Against: None

Abstain: None

M3. Community Safety

Moved by Councillor Bailey and seconded by Councillor Barnbrook:

“Given that:

- one of the Labour party’s policies was tough on crime and tough on causes of crime;
- a Crime Tsar has been drafted in to the London Borough of Barking and Dagenham to slash the number of criminals after a £50,000 a year cash injection from the Home Office every year until 2010
- in Barking and Dagenham alone, almost every type of crime offence has increased over the last year from August 2008 to August 2009, and
- more shockingly enabled gun crime has increased an appalling 102% over the last year;

This Labour government together with this Labour controlled Council has failed miserably in its promise to deliver safer streets from the residents of this borough. I therefore move a motion of no confidence in the past and present portfolio holders for Community Safety”

Councillor Alexander the present portfolio holder welcomed the opportunity presented by Councillor Bailey for her to talk about one of the issues that matters most to the local community and in doing so was able to describe to the Assembly the many successes in relation to addressing the causes of crime.

On the issue of crime figures, overall there has been a 2% increase in total crime

so far this year and a 10% increase in gun-enabled crimes, and that whilst any increase is unacceptable, the reality in no way reflects Councillor Bailey's assertion of an increase of 102%.

Recession brings with it many challenges in addressing acquisitive crime and this is a real cause for concern. The Council continues to work with the government to bring additional funding into the borough, and we are also gaining recognition from government for the strength of our partnership and the good work we have done in the past. Councillor Alexander highlighted a number of recently funded work programmes seeking to address issues of burglary, community crime fighting, and support work for victims and help for small retailers.

As regards the so called Crime Tsar, having spoken to the Government Office for London we are not aware of any monies coming from the government. Councillor Alexander stated therefore that if Councillor Bailey has any evidence to the contrary perhaps he will let the Chief Executive have sight of it.

She then outlined a whole range of local initiatives that the Council is involved in to address crime in this borough including plans to provide new quality Council housing, one of the key drivers for keeping people away from crime, new facilities for young people including the flagship Foyer scheme, an enhancement of the Council's apprenticeship scheme to provide support and work for young people, significant progress in reducing the number of young people not in education, employment or training (NEETs), working with the Police on Operation 'Stay Safe', more drug intervention programmes, a doubling of investment to increase capacity in alcohol treatment services and a review of the Council's licensing policies to deal with problematic premises and licensees, the re-branded of the Youth Service, reducing the instances of youth custody, provision of community payback schemes for offenders as well as a review of CCTV provision within the borough to ensure that it is in the right places so that the substantial investments being made by the Council delivers the outcomes that are required.

Councillor Alexander concluded that she is confident with the new Borough Commander now in place the Council is well placed to address the challenges now facing us.

Councillor L Smith stated his full support for the work undertaken by Councillor Alexander and previously by Councillor Rush in pushing forward the community safety agenda.

He added that if the Police are seen to be doing a good job it gives the community the confidence to report more crime. This means that and then statistically crime figures may appear to rise but this is not a true reflection of the actual level of crime. Perversely as crime drops in the Borough it is likely that we will see the Mayor for London actually reducing police numbers.

Councillor Barnbrook stated that the Council is more interested in attacking him personally than with dealing with the problems of crime in this borough. He stated that in the last ten years this Borough has had thirty six murders, of which in the last year two have involved the use of knives. In his opinion this society is slipping out of control and that this Council needs to take a more pro-active approach such as providing knife arches in schools, as any increase in crime, however small is

not acceptable.

Councillor McCarthy stated that the Eastbrook ward is statistically the safest in London. Residents who attend the Eastbrook Safer Neighbourhood meetings have regularly expressed their satisfaction with the various community safety initiatives being undertaken locally, and it is his view that Councillor Rush the previous portfolio holder was personally instrumental in their success, and certainly not Councillor Barnbrook who is currently appealing against his recent suspension for making false statements about the extent of knife related murders in this borough.

Councillor Bailey in summing up stated that as far as he is concerned crime is on the up, with gun crime a particular problem under this Labour government. A survey that was undertaken after the BNP were elected in 2006 showed that 27% or one in four local residents, were concerned about crime. This Labour Council ignores them at their peril come May 2010 when they will be removed from office. Finally, he asked when the borough is going to get a permanent Police Commander, more Police on the streets and a zero tolerance attitude.

The motion was put to the vote and was not agreed as follows:

For: Councillors Bailey, Barnbrook, Buckley, C. Doncaster, S. Doncaster, R. Doncaster, Knight, Lansdown, Rustem and Steed

Against: Councillors Agrawal, Alexander, Barns, Bramley, Carpenter, Carroll, Davis, Denyer, Fani, N. Gill, Hemmett, Hunt, Jamu, Kallar, McCarthy, McDermott, McKenzie, W.Northover, Obasohan, Poulton, Reason, L.Smith, N.Smith, Twomey, Vincent, L. Waker and P.Waker

Abstain: Councillors Connelly and Justice.

M4. Immediate investment redevelop the borough's shopping parades.

Moved by Councillor Knight and seconded by Councillor Bailey.

"Since the Labour party has run this Council we have seen closures of many long standing businesses in this borough including traditional food shops and public houses, making a lot of the shopping parades in Barking and Dagenham desolate and depressing. Business rates have gone up year on year and have been punitive to entrepreneurial British spirit. This Council could and should do more to support local businesses in this current recession. The BNP is suggesting that the sum of £3 million be made available immediately to improve and redevelop shopping parades in and around Barking and Dagenham to help traditional British businesses."

The following amendment was then moved by Councillor McCarthy and seconded by Councillor L. Smith

"As a result of the recession, some of our local businesses have suffered over the last two years. The Council believes that local businesses are the life blood of our communities and we are more than aware that they need support during this recession. This is why we are investing large amounts of money to do up the areas around our shopping parades and we are offering advice support and loans to

small businesses. While this Council continues to promote and champion our area and local business the BNP continue to do everything they can to run the area down for their own political interests. This Council should, can and will do more to help local business; next month we are launching a major campaign to get people to shop local in the run up to Christmas and we are working with our local businesses to see what more help they need to get through this recession.”

Councillor Bailey stated that the government was late recognising that the Country was heading for recession and that they have done nothing since to support local business. Locally we have seen public houses shutting down and the loss of High Street names like Woolworths as well as local traders such as butchers being lost. In his view there is no difference between the Tories and Labour, both of whom only speak for the big banks. No one is speaking up for traditional businesses.

Councillor Smith responded that the reasons why shops are closing down is not just because of financial considerations but also due to the large supermarkets and the fact that lifestyles have changed. What is needed is a grown up debate. Many of the small shopping parades are dilapidated and perhaps should be combined with others to make them more viable. Added to this the increasing use of the Internet and likes of the smoking ban have had a material affect on the economic viability of our local pubs and retailers. He highlighted the redevelopment of the Romford Town Centre and how it fought against the development of Lakeside.

What we need to do is target support for our local retailers which the Council is doing in the campaign outlined in the motion amendment, as well as reviewing and taking a firmer stance against the hot food takeaways and off licenses operating in the primary and secondary shopping parades in the borough.

Councillor McDermott added the local traders are the life blood of the community and the Council needs to support them in whatever way possible.

Councillor Justice was astonished to hear that the BNP have the ‘ear’ of the Conservative Party Leader and the suggestion of making available an additional £3 million from the Council in the current economic climate is simply mad. Turning to the amendment he stated that when the Council decided to support local businesses by regenerating the Heathway they simply got it wrong. Consequently the Council needs to do something more effective such as cutting rents to encourage the return of small businesses which would be far more beneficial then listening to the rhetoric in this Chamber.

Councillor Rustem felt that it was ironic that this Council talks about help for local businesses when you see the billions of pounds wasted by this Labour government over the past twelve years.

Councillor L. Waker stated that the solution does not solely lie with the Council, and that there is to a degree a responsibility on local businesses to help themselves in this tough economic climate.

The amendment was put to the vote and was agreed as follows:

For: Councillors Alexander, Barns, Bramley, Carpenter, Carroll, Davis,

Denyer, Fani, N. Gill, Hunt, Jamu, McCarthy, McDermott, McKenzie, W. Northover, Obasohan, Poulton, Reason, L. Smith, N. Smith, Vincent, L. Waker and P. Waker.

Against: Councillors Bailey, Barnbrook, R. Doncaster, Knight, Lansdown and Rustem

Abstain: Councillors Connelly and Justice

The amendment, now the substantive motion was put to the vote and was agreed as follows:

For: Councillors Alexander, Bailey, Barns, Bramley, Carpenter, Carroll, Davis, Denyer, Fani, N. Gill, Hunt, Jamu, McCarthy, McDermott, McKenzie, W. Northover, Obasohan, Poulton, Reason, L. Smith, N. Smith, Vincent, L. Waker and P. Waker

Against: Councillors Barnbrook, R. Doncaster, Knight, Lansdown and Rustem

Abstain: Councillors Connelly and Justice

M.5 Mayor of London not supporting an Olympic Event in the Borough

Moved by Councillor McCarthy seconded by Councillor L. Smith

“This Council is disappointed that the Mayor of London has retracted his support to bring Olympic events to Barking and Dagenham. Bringing Olympic events to Barking and Dagenham would have allowed local people to benefit from this great event that is coming to London”

Councillor Barnbrook, L. Smith, Bailey, spoke in support of the motion, a summary of the comments of which are as follows:

Councillor Barnbrook said that in his view the London Mayor is certainly not doing enough to ensure that residents of Barking and Dagenham benefit from the Olympics despite the fact that resources are being made available, which he as a GLA member is lobbying Lord Coe to secure for this Borough.

Councillor L Smith said that despite the fact the original recommendation taken by a panel of four members was to use this borough as an Olympic venue; it is very disappointing to see the Mayor undermining the decision arbitrarily by caving into pressures from others. The tax payers of London have been let down by this Mayor, and he for one will not be watching the Games.

Councillor Bailey added that it is a disgrace that the Tories are even contemplating campaigning in this Borough in 2010 given the Mayor’s decision.

In response to the comments made Councillor Justice replied “piffle”.

In summing up Councillor McCarthy stated originally that his motion was going to express support for the decision of London Mayor to bring an Olympic event to the borough, however his u-turn on this reflects other u-turns that he has made such

as in the prison debate and the extension of the Docklands Light Railway. The Olympics were supposed to be a legacy for London as a whole but his decision has cost the borough dearly in terms of jobs and regeneration opportunities. Furthermore staging Olympic events in the borough would have been a cheaper option. He is a disaster of a Mayor

The motion was put to the vote and was agreed as follows:

For: Councillors: Alexander, Bailey, Barnbrook, Barns, Bramley, Carpenter, Carroll, Davis, Denyer, R. Doncaster, N. Gill, Hunt, Jamu, Knight, Lansdown, McCarthy, McDermott, McKenzie, W. Northover, Obasohan, Poulton, Reason, Rustem, L. Smith, N. Smith, Vincent and P. Waker.

Against: Councillors: Connelly and Justice

Abstain: None

35. Leader's Question Time

Question from Councillor Bailey:

“The Leader may or may not be aware but certain members of the party, including councillors, are seeking to stir up racial hatred in Barking and Dagenham. The shadowy and mysterious Searchlight Organisation, which receives funding and assistance from central government to promote an anti democratic agenda, as well as the far left extremist group, Unite Against Facism which is linked to physical attacks on people, are both active in this borough and claiming support of the ruling Labour Party. The organisation Operation Black Vote is also active in the borough in African Churches and Mosques spreading divisiveness. I would like a clear statement from the Leader that these groups are not working with the Labour Party with his consent and he distances himself from these groups or he admits that they are working with the Labour Party in this borough with his full cooperation?”

Response from Councillor Smith:

I cannot dictate what the National Labour Party do. There are many affiliated/non affiliated organisations that work alongside the Labour Party and consequently I advise Councillor Bailey to direct his question to the National Labour Party headquarters at Millbank.

Question from Council Bailey:

“After Labour Minister’s long awaited admission that white working-class communities have been left behind in the race for housing and jobs, does the Leader support John Denham’s (the Secretary of State, Department for Communities and Local Government) attempt at gerrymandering in pledging to help white working classes who have been left behind in the race for housing and jobs? And, if so, could he justify why the four Labour-controlled wards, of River, Thames, Heath and Becontree are targeted by such a plan, and outline what plans he has to sustain this newly-found policy in the whole of the London Borough of

Barking & Dagenham?

Response from Councillor Smith:

For Councillor Bailey's information there are eight wards and not four that have been identified for receiving funding over two phases, and those in the second phase include multi party wards.

36. General Question Time

Question from Councillor Bailey

"The number of reported cases of HIV infection in adults in Barking and Dagenham is increasing steadily every year. In 2005 – 344 cases of HIV were diagnosed. The number today is over 500 a year. Many more cases go undiagnosed. Barking & Dagenham has a higher rate of HIV infection than the neighbouring boroughs of Redbridge and Havering. The cost of looking after one individual with HIV/Aids can be as much as £100,000 a year. I question whether our Council and the PCT are doing enough to promote awareness of HIV/AIDs among high risk groups? I would also like to see a coherent strategy addressing HIV/AIDS and its causes in schools. Could someone also explain why the numbers are increasingly dramatically year on year and why we are failing these high risk groups?"

Councillor Smith confirmed that in the absence in Councillor Collins, the Cabinet Member for Adults and Public Health, a full written response would be provided to Councillor Bailey in due course. He also suggested that he should put the question to the Chief Executive of NHS Barking and Dagenham.

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THE ASSEMBLY

9 DECEMBER 2009

REPORT OF THE CORPORATE DIRECTOR OF RESOURCES

Title: Council Constitution	For Decision
<p>Summary:</p> <p>Under paragraph 9 of Article 2, Part B of the Council's Constitution, the Assembly is responsible for agreeing material changes to the Constitution and associated rules, codes, protocols and schemes relating to the way in which the Council operates.</p> <p>Attached as Appendix A is a schedule of proposed changes that relate to Part C of the Constitution. (Responsibility for Functions- Scheme of Delegation). This concerns the process for approving the Council Tax Base. Subject to the Assembly's approval, the Council's Forward Plan will be amended accordingly and the relevant page in the Constitution will be updated on the Council's website and circulated to all Members and officers. In addition, other pages of the Constitution that have been subject to minor amendments, made in accordance with the delegated authority given to the Chief Executive by paragraph 2.1 of Part H of the Constitution, will also be updated and circulated.</p> <p>Wards Affected: None</p>	
<p>Recommendation(s)</p> <p>The Assembly is recommended to agree the proposed change to the Council Constitution as detailed in Appendix A, to be effective immediately.</p>	
<p>Reason(s)</p> <p>To ensure that the Council's decision making accords with the principles of decision making as set out in Article 13 of the Council's Constitution.</p>	
<p>Implications</p> <p>Financial - No specific implications</p> <p>Legal - The Local Government Act 2000 requires Council's to produce, maintain and regularly review the Constitution document which sets out the rules, codes, protocols and schemes by which the Council operates. The changes proposed have been checked by Legal Services to ensure their legality.</p> <p>Contractual - No specific implications</p> <p>Risk Management - Any delays in updating the Constitution puts at risk the normal functions and business of the Council being conducted in an effective, efficient and lawful manner.</p> <p>Staffing - No specific implications</p>	

Customer Impact - No specific implications

Safeguarding Children - No specific implications

Crime and Disorder - No specific implications

Property/Assets - No specific implications

Options appraisal - Not applicable

Head of Service: Nina Clark	Title: Divisional Director of Legal and Democratic Services	Contact Details: Tel: 020 8227 2114 E-mail: nina.clark@lbbd.gov.uk
Report Author: John Dawe	Title: Group Manager, Democratic Services	Contact Details: Tel: 020 8227 2135 Fax: 020 8227 2171 E-mail: john.dawe@lbbd.gov.uk

Consultees:

The following were consulted in the preparation of this report:

Councillor L Smith, Lead Cabinet Member
Nina Clark, Divisional Director of Legal and Democratic Services
Winston Brown, Legal Partner

Background Papers Used in the Preparation of the Report:

None

List of appendices:

Appendix A - Schedule of Proposed Changes

**THE COUNCIL'S CONSTITUTION
SCHEDULE OF AMENDMENTS
REQUIRING ASSEMBLY APPROVAL
9 DECEMBER 2009**

EXISTING	AMENDMENT	REASON	MEMBER APPROVAL REQUIRED	CONTACT OFFICER
Part C –Scheme of Delegation				
<p>Section A – The Assembly Page C9</p> <p>3.5 Setting the Council Tax Base</p>	<p>Delete paragraph 3.5 Setting the Council Tax Base</p> <p>Move to Section C – The Executive Page C12 as new paragraph 1.17</p> <p>1.17 Setting the Council Tax Base.</p>	<p>The setting of the Council Tax Base, which is a technical decision, is a power reserved to the Assembly by local choice. In practice the decision is taken based on the recommendation of the Executive in December each year and reported to the Assembly in the following January.</p> <p>In order to enable more effective financial planning in timetabling terms, it is proposed to give the Executive the authority to set the base.</p>	<p>YES</p>	<p>John Hooton Ext 2802</p>

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THE ASSEMBLY**9 DECEMBER 2009****REPORT OF THE CORPORATE DIRECTOR OF FINANCE
AND COMMERCIAL SERVICES**

Title: Local Government Pension Scheme Annual Report and the Pension Panel arrangements	For Decision
<p>Summary:</p> <p>The purpose of this report is to:</p> <ol style="list-style-type: none"> 1. approve the Annual Report of the London Borough of Barking and Dagenham Local Government Pension Scheme for 2008/09 including providing an overview of the performance and detailed work of the Pension Fund throughout the financial year as set out in Appendix 1; and 2. consider delegating additional authority to the existing Pension Fund Panel. <p>In respect of the latter the Assembly in November 2009, approved required changes to the Council's Constitution to the extent that all policy decisions relating to pension investments for all employees should be an Assembly rather than an Executive function in line with the requirements of the Superannuation Act 1972, the Local Government Act 2000 and subsequent Local Authority (Function and Responsibilities) Regulation 2000. It is permissible under the legislation to further delegate the pension related functions to (i) an officer of the Council, (ii) a committee or (iii) a sub committee. Delegation to either (ii) or (iii) must by law have regard to political balance requirements.</p> <p>Members are reminded that under the Council's existing scheme of delegation day to day management of the pension fund is administered through Corporate Finance. In addition the Assembly appoints on an annual basis a Pension Fund Panel (the Panel), the current membership of which includes the Cabinet Member for Resources plus three councillors (Councillors Agrawal, Carroll and R Gill)</p> <p>Aside from the delegated officer authority, as things currently stand a considerable number of pension related matters, including appointing fund managers and taking decisions around funding and contribution levels, are under the Panel's remit and will need to be reported for decision to the Assembly.</p> <p>In view of the current frequency of Assembly meetings such reporting arrangements are neither practical nor efficient. In line with best practice adopted by most other local authorities it is proposed therefore that the Panel be granted authority to deal with such issues, and that on that basis its terms of reference be revised as set out in Appendix 2 and that the current membership be reviewed.</p> <p>Wards Affected: None</p>	

Recommendation(s)

The Assembly is asked to:

- (i) approve the Pension Fund Annual Report, as set out in this document as Appendix 1;
- (ii) delegate authority to the Council's Pension Fund Panel to deal with pension matters, on the basis of the terms of reference set out in Appendix 2, and
- (iii) to agree that the necessary amendments to the Council's Constitution be arranged to facilitate (ii) above, and
- (iv) authorise the Chief Executive to arrange for the appointment of an additional member to the current Panel to accord with political balance requirements.

Reason(s):

- (A) It is a legislative requirement for the Pension Fund Annual Report to be reported and published in December each year; and
- (B) It is the responsibility of the Council to ensure that its Pension Fund is compliant with statute.

Implications:**Financial:**

The report considers the performance of the Pension Fund, which has financial implications on the Council as an employer in the fund and as the Administering Body for the Fund. However, there are no direct financial implications in approving this report.

Legal:

The authority to administer all pension related matters is set down in the Superannuation Act 1972, the Local Government Act 2000 and subsequent Local Authority (Function and Responsibilities) Regulation 2000.

The decisions arising from this report will if approved require changes to the Council's Constitution, the authority for which lies with the Assembly.

Risk Management:

The risk management considerations are built into the Pension Panel's terms of reference. There are no specific risks arising from this report.

Social Inclusion and Diversity:

As this report does not concern a new or revised policy there are no specific adverse impacts insofar as this report is concerned.

Crime and Disorder:

There are no specific implications insofar as this report is concerned.

Options Appraisal:

There are a number of options open to the Council under legislation in respect of delegating its pension related functions of which the proposal to delegate to the Pensions Fund Panel is seen as the most suitable.

Contact Officer:

Miriam Adams

Title:

Treasury & Pensions
Manager

Contact Details:

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E-mail: miriam.adams@lbbd.gov.uk

Consultees:

Councillor G. Bramley, Lead Member for Resources

Rob Whiteman – Chief Executive

Tracie Evans – Interim Director of Finance and Commercial Services

John Hooton – Strategic Financial Controller

Jonathan Bunt – Corporate Financial Controller

Winston Brown, Legal Partner

External – Hymans Robertson LLP

Background Papers:

Superannuation Act 1972

Local Government Act 2000 and Local Authority (Function and Responsibilities)

Regulation 2000.

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PENSION FUND 2008/09 ANNUAL REPORT

1.0 INTRODUCTION

- 1.1 This report provides information for employers, members of Pension Fund and other interested parties on how the London Borough of Barking and Dagenham Pension Fund (“Pension Fund”) has performed and been managed during the year 1 April 2008 to 31 March 2009.

There are 9 employers and 5,414 contributing members of the Pension Fund at 31 March 2009. During the year the value of the Pension Fund decreased by £95m to £413m

1.2 Statutory Background and Legal Framework

The London Borough of Barking and Dagenham Pension Fund is part of the Local Government Pension Scheme (LGPS). It is a statutory scheme. A new set of regulations governing the scheme was introduced from 1 April 2008. They are:

- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended);
- The Local Government Pension Scheme (Administration) Regulations 2008;
- The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (as amended); and
- The Local Government (Management and Investment of funds Regulations 1998 and subsequent amendments.

These legislations sets out eligibility to the scheme and the administrative arrangements for contributions, benefits and the requirement of administering authority to produce an annual report on behalf of the fund. The Scheme is run by the London Borough of Barking and Dagenham the Administering Authority in accordance with these regulations.

2.0 MANAGEMENT AND FINANCIAL PERFORMANCE REPORT

- 2.1 Scheme Management and Advisers as at 31 March 2009 is as below:

Administering Authority	London Borough of Barking & Dagenham
Administrator	Joe Chesterton, Chief Financial Officer
Pension Panel	Cllr Graham Bramley (Chairman) Cllr Evelyn Carpenter Cllr Shaun Carroll Cllr Alok Agrawal
Union Representative	Miles Dowdell (GMB)
Investment Managers	Alliance Bernstein Institutional Investments Goldmans Sachs Asset Management Aberdeen Asset Management

RREEF

Additional Voluntary Contribution provider (AVC)	Prudential PLC
Custodian	State Street Bank & Trust Company
Investment Advisor	Hymans Robertson LLP
Actuary	Hymans Robertson LLP
Independent Adviser	Valentine Furniss
Auditor	Audit Commission
Performance Measurement	WM Company
Legal Advisors (The Pension Fund uses the council's legal team and in some cases may use an external legal team for specific projects).	LBB Legal Partners

Since April 2009 there has been a change to the membership of the pension panel. Valentine Furniss Independent Adviser left in June 2009, Councillor Evelyn Carpenter left in May 2009, Joe Chesterton Fund Administrator left in August 2009. Tracie Evans was appointed as the Council's Interim Chief Financial Officer in September 2009.

2.2 Administering Authority Report

2.2.1 London Borough of Barking and Dagenham (the "Council") is the Administering Authority of the Pension Fund and administers the Scheme on behalf of the participating employers of the Pension Fund, and in turn, past and present contributing members, and their dependants.

The Local Authority (Functions & Responsibilities) (England) Regulations 2000, state that functions relating to the Scheme are the responsibility of the full Council. In London Borough of Barking and Dagenham this is the Assembly. This responsibility is conducted on a day to day basis by the Pension Panel and Chief Financial Officer.

The Pension Fund has published a Governance Policy and Compliance Statement approved by the Executive on 18 November 2008.

2.2.2 Funding

The Scheme is a funded scheme, financed by contributions from the Council, other employers, employees and by investment income and capital growth of the Pension Fund's assets.

The Pension Fund balance is invested in stocks and shares, fixed interest investments, and property, both in the United Kingdom and overseas. In 2008/09, these funds were managed by four external fund managers, Aberdeen Asset Management, Goldman

Sachs Asset Management, Alliance Bernstein Institutional Investments and RREEF limited.

2.2.3 Changes affecting the LGPS during 2008/09, and future developments

There have been no major changes to the rules of the LGPS in the financial year. Following the introduction of the new-look scheme, from 1 April 2008 employees paid contributions at a rate depending on their whole time equivalent pensionable salary. The rates and salary bandings applicable during 2008/09 are shown in the table below.

Band	Range	Contribution Rate
1	£0 to £12,000	5.5%
2	£12,001 to £14,000	5.8%
3	£14,001 to £18,000	5.9%
4	£18,001 to £30,000	6.5%
5	£30,001 to £40,000	6.8%
6	£40,001 to £75,000	7.2%
7	More than £75,001	7.5%

Employers' contributions are payable at rates specified by the Pension Fund's Actuary following each triennial valuation. Rates are adjusted to reflect any surplus or short fall in the Pension Fund. The cash which is not immediately required to pay benefits is invested and provides an additional source of income for the Pension Fund.

2.2.4 Summary of Benefits

The Scheme is a defined benefit salary scheme which guarantees to provide benefits which are a specified fraction of a Scheme member's "final-pay". Benefits are not affected by variations in investment performance.

The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) introduced a new benefit package for the scheme. The main provisions affect the following areas listed below:

- Age of Retirement
- Retirement Benefits
- Additional Benefits
- Ill Health Retirement
- Death in Service
- Death After Retirement

2.2.5 Additional Voluntary Contributions AVC

Scheme members may also elect to pay additional contributions to be invested in an Additional Voluntary Contribution Scheme. The Council have chosen Prudential as its AVC provider.

2.2.6 Dispute Resolution

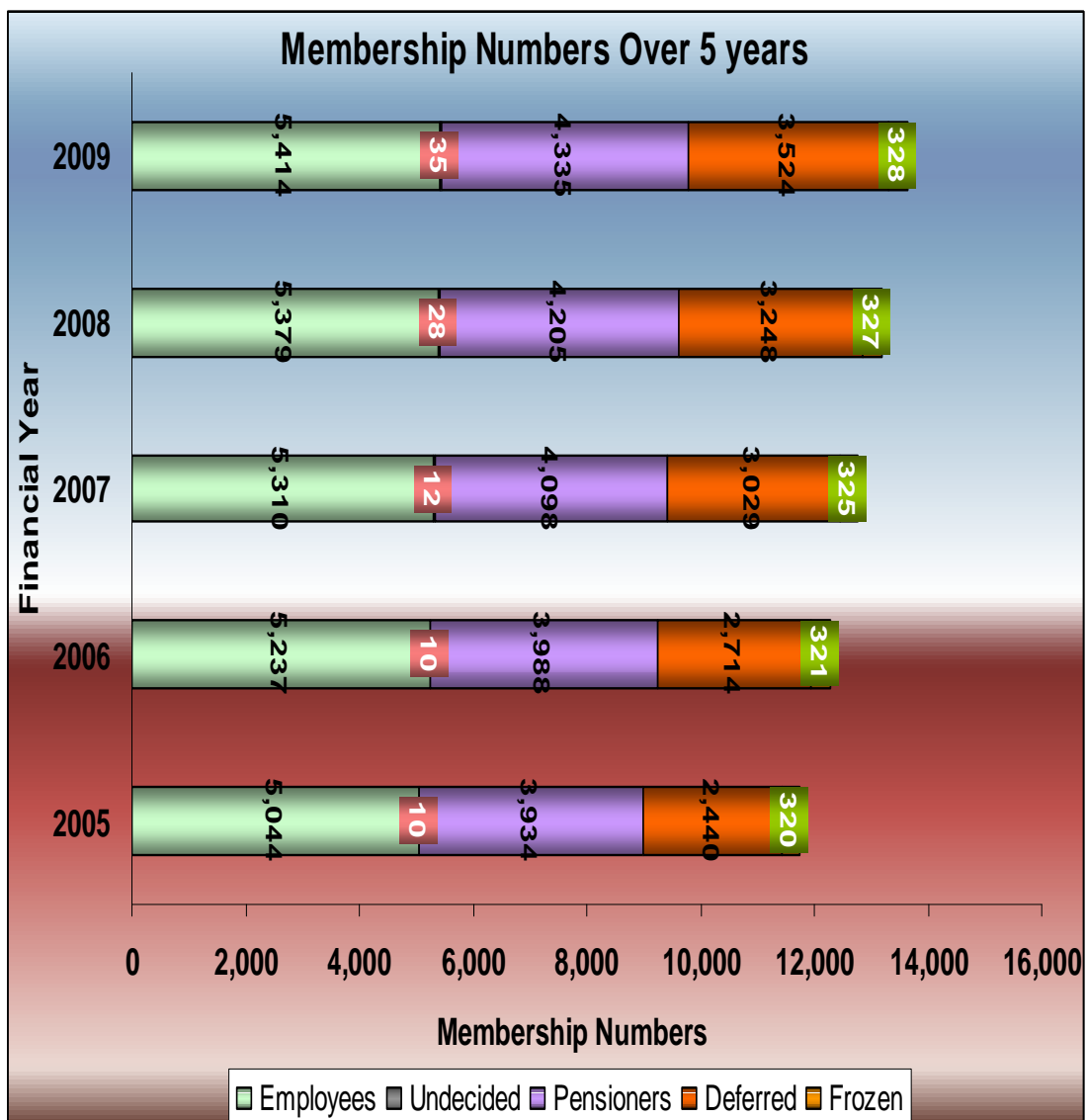
The LGPS is required by statute to make arrangements for the formal resolution if disagreements between, on the one hand, the managers of the Scheme and on the other, active deferred and pensioner members or their representatives. There is therefore a two stage dispute resolution procedure.

2.2.7 Future developments in the LGPS

The proposals for introducing a cost sharing mechanism between employers and the Scheme members has been finalised by the LGPS. Although discussion is still taking place on how this facility will be implemented in practice. The intention is for the cost sharing mechanism to become effective and for the Government Actuary to have a 'model fund' on which benchmark can be taken in place by 31 October 2010.

2.3 Scheme Membership

The chart below shows the membership of the fund over 5 years.



The chart below shows the membership profile of the fund as at 31 March 2009



All Council employees, except those covered by the Teachers Pension Scheme Regulations can join the Authority's Pension Scheme. The LGPS regulations also provide for specified bodies (employers) to be admitted in to the Fund.

2.5 Employers

The Scheme had 9 employers in the Pension Fund at 31 March 2009, this is made up of 7 admitted bodies, 1 scheduled body and LBBB the administering body. Details of employer organisations are as follows:

Administering Body	London Borough of Barking & Dagenham
Scheduled Bodies	University of East London
Admitted Bodies	Barking College Barking Council for Voluntary Services; Age Concern Barking and Dagenham; Abbeyfield Barking Society; Disablement Association for Barking and Dagenham; Barking and Dagenham Citizen's Advice Bureau; London Riverside; Thames Accord; and East London E-Learning.

2.6 Risk Management

The Council has key pension fund risk incorporated in its corporate risk register. In addition the Pension Fund has an active risk management programme in place. The measures that the administering authority has in place to control key risks are summarised below under the following headings:

- Financial;
- Demographic;
- Longevity;
- Regulatory; and
- Governance

A copy of this report is available on the Council's website

2.6.1 Management of third Party Risks

In addition to the above mentioned risk categories, the Pension Fund recognises that it may be exposed to a number of third party risks such as late payment of contributions and assurance over investment managers and other third party operations.

The Pension Panel reviews annually all SAS70 and AAF 01/06 reports for its investment managers and custodian. Where there are concerns the Panel contacts the fund manager for steps it has taken to mitigate risks or issues raised by third party auditors.

All employers are regularly informed of the statutory duty to ensure that contributions are received by the Administering Authority on time. The Pension Fund provides it's all its employers with a template for contribution returns which details the date by which contributions must reach the authority.

2.7 Financial Performance and Monitoring of Funding Position

2.7.1 The Pension Fund prepares a three year plan of its funding. This report is known as the Funding Strategy Statement. The purpose of the Funding Strategy Statement is as follows:

- To establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- To support the regulatory requirement to maintain as nearly consistent employer contributions as possible; and
- To take a prudent longer-term view of funding those liabilities.

Admitted bodies are usually circulated with valuation results for comment and agreement on contribution rates. Responses are considered in preparing the Funding Strategy Statement.

A detailed copy of this report can be obtained on request. This document is also available on the council's website.

2.7.2 The Administering Authority monitors the funding position, between valuation dates, allowing for actual investment returns and changes in financial assumptions (such as liability discount rate) caused by changes in market conditions. This navigation report

is prepared by the Fund's Actuary Hymans Robertson. In addition specific inter-valuation monitoring for individual employers may be undertaken if requested by the employer. The Council as the largest employer in the Fund undertakes this inter-valuation monitoring annually.

3.0 INVESTMENT POLICY AND PERFORMANCE REPORT

3.1 Powers of Investment

The principle powers to invest are contained in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (as amended) and require an Administering Authority to invest any pension fund money that is not needed immediately to make payments from the Pension Fund.

These regulations permit a range of investments, subject to specific restrictions.

The regulations require that the Administering Authority's investment policy must be formulated with a view to:

- the advisability of investing Pension Fund money in a wide variety of investments;
- the suitability of particular investments and types of investments
- obtaining proper advice at reasonable intervals about their investments.

A local authority may elect to impose its own restrictions in addition to the legal restraints laid down in the regulations. The additional limits which have been determined by LBBB are set out in the LBBB Pension Fund Statement of Investment Principles.

3.2 Investment Strategy

The Council as Administering Authority is responsible for setting the overall investment strategy of the Pension Fund and monitoring of investment performance. This task is carried out by the Pension Panel on behalf of the Fund.

The Pension Fund's investment strategy is set for the long-term, but is reviewed each year by the Pension Panel to ensure that it remains appropriate to the Fund's liability profile.

The Administering Authority has set the proportion of assets to be invested in key asset classes such as equities, bonds and property.

3.2.1 Asset Allocation

Although the benchmark is heavily weighted towards equities (as the asset class expected to provide the highest return over the medium term to long term), there is a significant exposure to property and bonds. Within equities, diversification is achieved by investing in different markets across the world, which provides exposure to many different sectors and stocks.

3.2.2 Manager Structure

The Pension Fund employs Fund managers to manage the funds investments. In 2005, the fund moved from the use of one manager to four managers.

3.2.3 The table below shows the total manager weighting and benchmark

Manager	% of Fund	Benchmark
Alliance Bernstein Global	24	89% MSCI World/11% MSCI EM Free
Alliance Bernstein UK	8	100% FTSE All Share
Goldmans Sachs	33	54% FTSE All Share, 15% MSCI North America, 15% MSCI Europe ex UK NDR, 8% MSCI Japan 8% MSCI Pacific ex Japan NDR
Aberdeen	25	68% Merrill Lynch £ Broad Index, 16% FTSE Govt UK Index-Linked All Stocks, 16% Lehman Agg ex UK
RREEF	10	IPD Monthly Index

3.3 Investment Activity and Performance

3.3.1 The Pension Fund like other Funds around the world faced an extremely difficult year in 2008/09 as a result of the global financial meltdown which began in 2007 with the collapse of sub-prime mortgages in the US. Although the Pension Fund's assets fell considerably in market value in 2008/09, it should be noted that the Local Government Pension Scheme (LGPS) has benefits that are guaranteed under Statute, also the Scheme at the last formal triennial valuation in 2007 was assessed to be in a comparatively strong position with 88% funding. This was well above the LGPS average of 82%.

The performance of the Pension Fund should be viewed over the long term, where periods like this of extreme volatility are smoothed out.

The Council, as administering body has the responsibility of ensuring that sufficient funds exist to meet the current and future obligations of the Fund. Members of the Pension Panel, Officers, the Actuary, Investment Consultants, Investment Managers all work together to deliver optimal results for the Pension Fund.

Throughout the year, performance of the Pension Fund investments is monitored. Information is obtained from the internal treasury management team, external fund managers, pension fund investment adviser and comparative benchmarking data is obtained from the WM Company. The Pension Panel use this information to scrutinise the performance on fund investments and Managers performance.

The Pension Fund's investments are managed by external managers with the exception of a small amount of cash managed by the internal treasury team. The external investment managers have discretionary powers regarding their individual portfolios. The split of the pension fund between fund managers as at 31 March 2009 is shown in the council's statement of accounts.

3.3.2 Investment Activity

The Pension Fund investments are allocated over various Fund managers and over different investment types. This helps to diversify risk

The table below shows the top 10 stocks in the Fund as at 31 March 2009

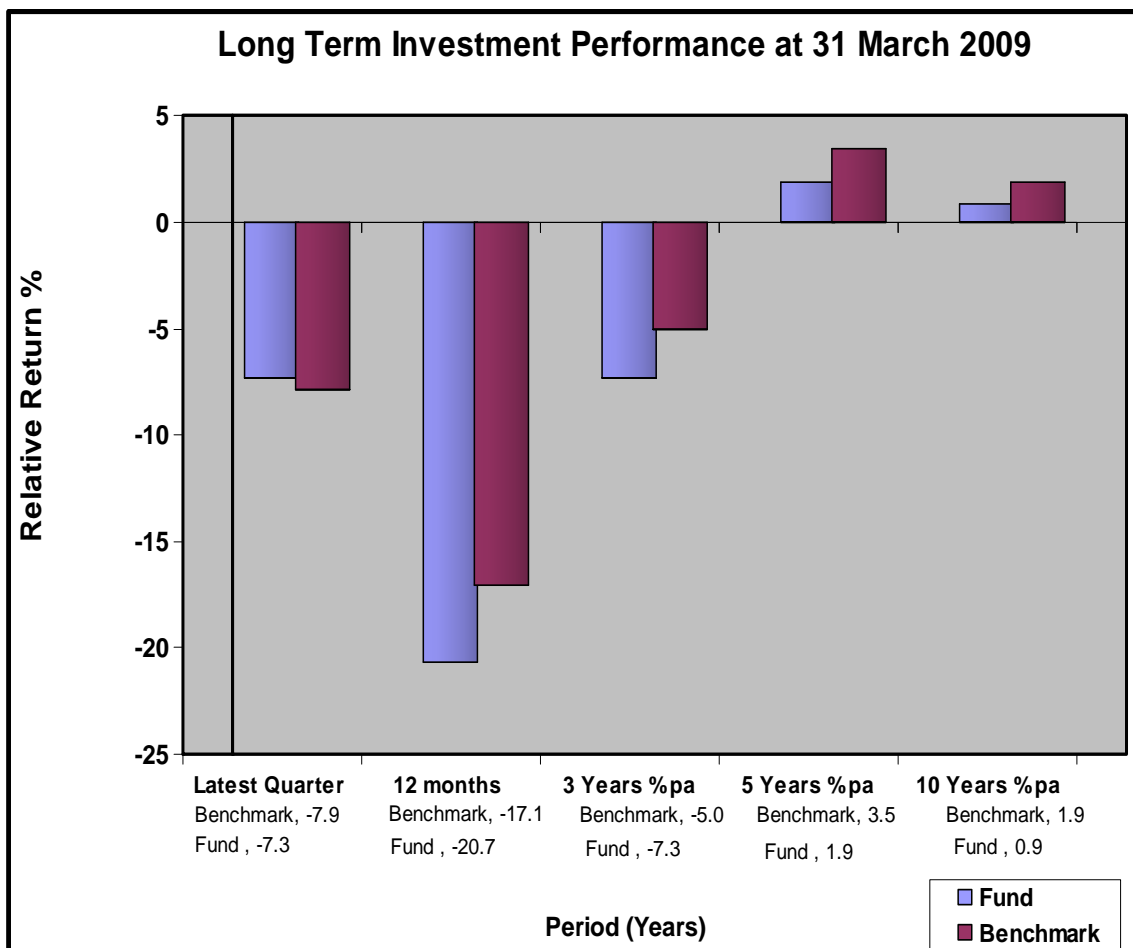
Fund Manager	Asset Description	Shares/Par	Base Market Value	Percentage of Total Fund
Aberdeen	Aberdeen Inter FD Global II	31,875,476	34,792,082	8.84%
RREEF	REEF Ltd UK Core Property Fund A	240,047	31,304,534	7.96%
Aberdeen	Aberdeen Inter FD GBL IIgl agr	2,412,867	19,989,241	5.08%
Aberdeen	UK(GOVT OF) 4pct stk GBP 100 07 Sep 16	8,030,000	8,711,960	2.21%
Aberdeen	UK(GOVT OF)4.5pct 07 Mar 19 tsy GBP 0.01	7,600,000	8,458,012	2.15%
Aberdeen	TS Y4.25 pct 2032 06/32 Fixed 4.25	7,510,000	7,764,606	1.97%
Aberdeen	POUND STERLING	6,220,275	6,220,275	1.58%
Alliance Bernstein	ACM Bernstein Emerging Markets Value Fund	476,373	8,288,888	2.11%
Alliance Bernstein	ACM Global Inv FCP Emerging Markets Growth Fund	387,784	6,231,684	1.58%
Goldmans Sachs	HSBC HLDGS ORD USD0.50(UK REG)	1,248,419	4,925,013	1.25%

The table below shows percentage of the fund managed by asset type as at 31 March 2009.

Asset Class	UK Equities	O/seas Equities	UK Bonds	O/seas Bonds	UK Index Linked Bonds	Cash/ Alternative	Currency Instruments	Property
% Allocation	22.62%	43.22%	15.59%	3.69%	2.82%	0.97%	0.03%	11.05%

3.3.3 Investment performance

The fund began the year with a fund market value of £508.6m and ended the year with a market value of £393.4m. This performance has been due to recent market and economic factors. Recent moves by the Pension Panel to review asset allocation on a quarterly basis, review fund manager mandate and review alternative asset classes has demonstrated the Pension Panel's commitment to take necessary action to ensure that returns improve for the future.



3.3.4 Investment Manager Performance

The table below shows the investment manager performance in 2008/09

	Fund Return %	Portfolio return %	Benchmark Return %	Relative Return %	Contribution %
Equities					
Alliance Bernstein Global	24	-32.2	-20.4	-14.8	-3.6
Alliance Bernstein UK	8	-34.7	-29.3	-7.6	-0.6
Goldman Sachs	33	-23.6	-25.5	2.6	0.8
Bonds					
Aberdeen Asset Mgmt	25	4.1	6.8	-2.5	-0.8
Property					
RReef	10	-31.5	-25.5	-8	-0.8
Asset Allocation					0.7
Total Fund	100	-20.7	-17.1	-4.3	-4.3

4.0 ACTUARIAL REPORT ON FUND

4.1 Actuarial Valuation and Solvency of the Fund

Legislation requires the Pension Fund to have an actuarial valuation undertaken every three years. The purpose of the valuation is for an independent assessment to be made of the health of the Fund – its funding level. The Fund actuary assesses the future growth in the value of the fund and the future liability to pay pensions to current and former employees.

4.2 Actuarial Statement

Actuarial Statement for the Pension Fund has been produced by the Fund Actuary Hymans Robertson LLP. This is included as an appendix to this report.

4.3 Scheme Liabilities at 31 March 2009

The Fund actuary reported the triennial valuation as at the 31st March 2007. The funding level was 88% (compared to 87% at 31 March 2004). The aim of the report is to recommend employer contribution levels to ensure that assets in the fund cover liabilities over the long term. The common contribution rate for the next three years has been agreed at 18.7% of pensionable pay. The Council and admitted bodies have adopted the actuary's recommendation to implement this new employer contribution rate, and ensure that the deficit is recovered over a 16 year period.

5.0 SCHEME GOVERNANCE AND ADMINISTRATION

5.1 Scheme Governance Policy Statement

The Council administer the Scheme on behalf of a number of participating employers and other stakeholders (such as scheme members and their relatives). It is important that appropriate governance arrangements are put in place representing the needs of all stakeholders in the Scheme.

5.1.1 Background

The Local Government Pension Scheme (Administration) Regulations 2008 came into effect from 1 April 2008 and brought forward the requirement contained in the previous rules of the scheme (regulation 73A of the Local Government Pension Scheme Regulations 1997) for administering authorities to prepare and publish a Governance Compliance Statement ("the Statement").

The London Borough of Barking & Dagenham is an administering authority for the purposes of the Local Government Pension Scheme ("the LGPS") and as such is required to produce a Statement in respect of the London Borough of Barking & Dagenham Pension Fund ("the Fund").

5.1.2 Regulatory requirement

The requirement to publish a Statement is contained within regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008 and requires that a written Statement be produced by the administering authority setting out:

(a) Whether the authority delegates its function, or part of its function, in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the authority

(b) If it does so:

- (i) The terms, structure and operational procedures of the delegation,*
- (ii) The frequency of any committee or sub-committee meetings,*
- (iii) Whether such a committee or sub-committee includes representatives of employing authorities (including authorities which are not Scheme employers) or members, and, if so, whether those representatives have voting rights;*

(c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent it does not so comply, the reasons for not complying.

It is a requirement of the Regulations that the Statement be revised and re-published following any material changes in policy in relation to any of the matters set out above.

The Statement is required to set out the extent to which the Fund complies with best practice guidance issued by Communities and Local Government (CLG). Draft guidance was originally issued in October 2007 and further draft guidance has subsequently been issued for comment in July 2008.

This Statement forms a suite of statements and policy decisions and should be considered alongside the following documents also applying to the Fund:

- Funding Strategy Statement
- Statement of Investment Principles
- Information Policy Statement

The Pension Fund Governance Policy Statement is available on the Council's website.

5.2 Governance Compliance Statement

5.2.1 In accordance with the Local Government Pension Scheme Regulations 2007, Local Government Pension Scheme administering authorities are now required to prepare a Governance Compliance Statement. This statement should set out how administering authorities comply with the best practice guidance as issued by the Secretary of State for Communities and Local Government.

This statement sets out the best practice guidance, and how the London Borough of Barking and Dagenham comply with this guidance.

5.2.2 Publicity

The Governance Compliance Statement is available on request. The document is also published on the council's website as required by statute.

5.3 Communication

The Pension Fund has published a Communication Policy Statement which sets out how it communicates with employers and representatives of employers, Scheme members and prospective Scheme members. A copy of this document is available on the council's website.

5.4 Pension Panel

In addition to the regular performance monitoring of the Pension Fund Investments, Pension panel also reviewed a number of key documents in 2008/09. These are detailed below:

- Review of Whole Fund Mandate
- Review of Fund Manager Mandate, Strategy and Structure
- Review of Alternative Asset Classes for Investment of accumulated internal cash
- Review of Fund Manager and Custodian Auditor Reports (SAS 70)
- Annual Review of AVC providers Performance
- Review of the Statement of Investment Principles SIP
- Review of the Governance Policy Statement
- Review of Governance Compliance Statement
- Review of Pension Fund Membership
- Review of the Asset and Liabilities of the Pension Fund

6.0 FUND ACCOUNT AND NET ASSETS STATEMENT

6.1 Pension Fund 2008/09 Account Summary

In summary when compared to 2008/09 the following can be noted:

- The number of contributors to the Scheme increased by 0.7% to 5,414
- The number of pensioners paid increased by 3.1% to 4,335.
- Contributions income rose by £3.8m (11.3%)
- Investment income increased by £903k (6.3%)
- Payments made out of the Fund increased by 8.1% to £29.6m

6.2 Investments

The Fund market value at 31st March 2008 was £413.1m against a market value of £508.6m as at 31st March 2007, representing a decrease of £95.5m.

The table below shows the Five Year Financial Summary of the Pension Fund

Financial Summary	2008/09	2007/08	2006/07	2005/06	2004/05
	£'000	£'000	£'000	£'000	£'000
Contributions and Investment Income	50,203	45,049	43,242	37,456	32,108
Realised Profit / (Loss)	(69,939)	19,355	15,308	64,666	8,030
Benefits and Expenses	(29,656)	(27,435)	(25,485)	(22,955)	(21,324)
Net Annual Surplus / (Deficit)	(49,392)	36,969	33,065	79,167	18,814
Increase / (Decrease) in MV of Investments	(46,125)	(58,802)	(415)	21,741	18,173
Net Increase / (Decrease) in Fund	(95,517)	(21,833)	32,650	100,908	36,987
Market Value of Assets at 31 March	413,086	508,603	530,436	497,786	396,878
Change in LBBD Fund Market Value	(95,517)	(21,833)	32,650	100,908	36,808
% Change in Fund Market Value	(19%)	(4%)	7%	25%	10%

The Pension Fund Accounts is included below:

PENSION FUND ACCOUNTS 2008-09

Explanatory Foreword

Statement of Responsibilities for the Statement of Accounts

Pension Fund Account

Statement of Accounting Policies

Extract from Actuarial Report

Notes to the Statement of Accounts

Audit Report to the Pension Fund

Explanatory Foreword

Format of the Pension Fund Statement of Accounts

The primary function of the London Borough of Barking and Dagenham Pension Fund is as an Administering Body.

The 2008/09 pension fund accounts report two separate accounts;

- Fund Account; and
- Net Assets Statement

The accounts, subject to audit, were authorised for issue by the Assembly on 30 June 2009

Review of the Statements

Pension Fund Account

The net assets of the pension fund have reduced by £95m to £413m (£508m in 2007-08) largely as a result of the change in market value of the assets.

The other main factors affecting the Pension Fund Accounts are set out below:

- Investment income increased by £903k;
- Employer contribution rate increased from last year;
- Employee contributions is now paid on a tiered basis; and
- Net income on the fund increased by £1.5m

Accounting for retirement benefits (FRS 17)

The financial statements disclose the cost of providing retirement benefits and related gains and losses, assets and liabilities under FRS 17 for the whole fund.

Statement of Responsibilities for the Pension Fund Statement of Accounts

The Administering authority's responsibilities:

The London Borough of Barking and Dagenham Pension Fund is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In the London Borough of Barking and Dagenham Pension Fund this is the Divisional Director of Finance who is responsible for presenting fairly the financial position of the pension fund as at 31 March 2009.

In preparing these accounts the Divisional Director of Finance has:

- Selected suitable accounting policies and applied them consistently in addition to the policies which apply to the council's statement of accounts;
- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the statement of accounts presents fairly the financial position of the London Borough of Barking and Dagenham Pension Fund at 31 March 2009 and its income and expenditure for the period.

Joe Chesterton, Divisional Director of Finance

Date:

PENSION FUND ACCOUNT

2007-08			Note	2008-09	
£'000	£'000			£'000	£'000
		Contributions & Benefits			
		Contributions receivable:	3		
16,416		- from employers (administering body)		19,483	
2,423		(scheduled bodies)		3,361	
1,640		(admitted bodies)		1,842	
	20,479				24,686
6,099		- from employees (administering body)		6,700	
1,170		(scheduled bodies)		1,357	
603		(admitted bodies)		658	
	7,872				8,715
	5,072	Transfers In - Individuals			3,797
	33,423	Total Contributions (A)			37,198
		Benefits payable:	4		
14,877		- Pensions (administering body)		16,098	
1,943		(scheduled bodies)		2,038	
618		(admitted bodies)		690	
	17,438				18,826
4,497		- Lump sums (administering body)		6,173	
237		(scheduled bodies)		242	
210		(admitted bodies)		406	
	4,944				6,821
22		Payments to & on account of leavers			
4,414		- Refunds of contributions		4	
	4,436	- Transfers out		3,327	
617					3,331
	617	- Administrative & other expenses	10	678	
	27,435	Total Benefits & Expenses (B)			678
	5,988	Net Income (withdrawals) (A less B)			29,656
		Returns on Investments			
14,400		- Investment income	12	15,303	
(39,447)		- Change in market value of investments		(116,064)	
(2,774)		(realised & unrealised)			
	(27,821)	- Investment management expenses	11	(2,298)	
	(21,833)	Net Returns on Investments			(103,059)
					(95,517)
16,951		Net new money invested		20,547	
19,355		Change in market value of investments:			
(58,139)		Net realised profits/(losses)		(69,939)	
		Net unrealised profits/(losses)		(46,125)	
	(21,833)	Net increase/(decrease) in the fund during the year			(95,517)
	530,436	Opening net assets at 1 April 2008			508,603
	508,603	Closing Net Assets at 31 March 2009			413,086

PENSION FUND NET ASSETS STATEMENT

31 March 2008			Notes	31 March 2009	
£'000	£'000			£'000	£'000
		INVESTMENTS ASSETS	9		
38,417		Fixed Interest Securites - Public Sector		70,900	
111,240		U.K. Equities - quoted		83,232	
191,807		Foreign Equities		125,177	
4,358		Foreign Fixed Interest Securities		1,255	
51,927		Pooled Investments - Property		34,211	
87,252		Pooled Investments - Other		69,725	
0		Short Term Investments		1,280	
6,355		Cash held by Investment Managers		7,668	
	491,356				393,448
2,508		Other Investment Balances (note)		1,969	
4,157	6,665	Outstanding trades		9,479	11,448
	(2,506)	INVESTMENT LIABILITIES			
		Outstanding Trades			(11,507)
		CURRENT ASSETS			
359		Debtors - Contributions due from Employers		281	
13,445		Internal Investments		20,416	
	13,804				20,697
	(716)	CURRENT LIABILITIES			
		Unpaid Benefits		(503)	
		Creditors		(497)	(1,000)
	508,603	TOTAL NET ASSETS			413,086

The account summarises the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

NOTES TO THE PENSION FUND

1. ACCOUNTING POLICIES

(i) Investment Valuation

- Quoted investments are valued at bid price at 31 March 2009 where there is an active market rather than mid-market value 31 March 2009. This represents a change in accounting policy from 2007-08.
- Unquoted investments are based on market value by the fund managers at year end in accordance with accepted guidelines.
- Unit trusts and managed funds are valued at the closing bid price where both bid and mid prices are quoted. This represents a change in accounting policy from 2007-08.

- Property is valued at market value or other basis determined in accordance with the RICS Appraisal and Valuation Manual and practice statements
 - Insurance policies matching the amount and timing of benefits payable under the scheme have been valued at the amount of the related obligations
 - Other insurance policies have been valued using a method giving the best estimate of fair value given under the circumstance of the scheme
 - Unquoted investments are valued by the fund managers at the year-end in accordance with generally accepted guidelines.
 - Investments held in foreign currencies have been valued on the same basis and translated into sterling at the closing rate ruling on 31 March 2009. All foreign currency transactions are translated into sterling at exchange rates ruling at the transaction date.
 - Industrial and commercial properties are valued at open market prices as at 31 December 2008 and then indexed in line with the Investment Property Databank Monthly Index movement to 31 March 2009.
- (ii) **Accruals Basis** - The accounts are prepared on an accruals basis. Any material transactions that were found to be for this financial year which arose or were received after the end of the year are enclosed in these pension financial statements. Additional Voluntary Contributions have been excluded from consolidation into the final accounts.
- (iii) **Transfer Values** - are included in the accounts on a cash basis.
- (iv) **Foreign Currency Translation** – Prices in foreign currency is translated at closing exchange rate at 31 March 2009 for the appropriate currency to express the value as a sterling equivalent.
- (v) **Costs of Acquiring Investments** – these costs are included in the value of the assets.
- (vi) **The Pension Fund Accounts** – the pension fund financial statements have been prepared in accordance with the provisions of Chapter 2 Recommended Accounting Practice of the Pensions SORP.
- (vii) **Contributions** - Normal contributions from members and employers are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustment certificate. Payment of pensions and pensions increases are accounted for on an accruals basis. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end
- (viii) **Transitional Provisions on Changes in Accounting Policy** – The 2007-08 investment valuation has not been restated to bid prices due to the immateriality of the difference between mid and bid prices in the 2007-08 accounts.

Investment Asset	Base Market Value at 31 March 08	Bid Value Holding at 31 March 08	Valuation Difference
Fixed Interest Public Sector	38,417	38,374	43
UK Equities - quoted	111,240	110,605	635
Foreign Equities	191,807	190,680	1,127
Foreign Fixed Interest Securities	4,358	4,358	0
Pooled Investments - Property	51,927	51,927	0
Pooled Investments - Other	87,252	87,248	4
Cash Held by Investment Managers	6,355	6,355	0
Total	491,356	489,547	1,809

2. OPERATIONS AND MEMBERSHIP

The Fund is established under the provisions of the Superannuation Act of 1972 to provide pensions and other retirement benefits for the Council's employees other than teachers, and the Scheduled and Admitted Bodies detailed below. The Employers make a contribution as determined by the Actuary, who makes a valuation of the Fund every three years. The latest valuation took place as at 31 March 2007. A revised Rate and Adjustment Certificate was issued on 2nd March 2009.

The table below shows the employer contribution rates:

EMPLOYER	Minimum Contribution for the Year					
	31/03/09	Additional Monetary Deficit Payment £'000	31/03/10	Additional Monetary Deficit Payment £'000	31/03/11	Additional Monetary Deficit Payment £'000
Administering Body:						
London Borough of Barking & Dagenham	17.00%	0	18.00%	0	19.00%	0
Scheduled Body:						
University of East London	17.00%	0	19.20%	0	19.20%	0
Admitted Bodies:						
Barking College	14.50%	0	15.80%	0	17.10%	0
Age Concern	19.50%	106	19.50%	111	19.50%	116
Abbeyfield Barking Society	21.50%	0	21.50%	0	21.50%	0
Barking & Dagenham						
Citizens Advice Bureau	12.50%	0	12.50%	0	12.50%	0
Enterprise (Thames Accord)	16.40%	0	16.40%	0	16.40%	0
East London E-Learning	11.50%	0	11.50%	0	11.50%	0
Disablement Association	24.30%	0	24.30%	0	24.30%	0

The table below shows the membership of the fund at 31 March 2009:

Membership Numbers	Active	Pensioners	Deferred	Undecided	Frozen
Administering Body:					
London Borough of Barking & Dagenham	4,390	3,618	2,748	21	241
Scheduled Bodies:					
University of East London	628	524	565	11	67
Magistrates Court	0	11	11	0	2
Admitted Bodies:					
Barking College	230	86	131	2	14
Barking Council for Voluntary Services	0	0	2	1	0
Age Concern	30	39	14	0	2
Abbeyfield Barking Society	2	3	0	0	1
Barking & Dagenham Citizens Advice Bureau	2	0	3	0	0
London Riverside	0	2	7	0	0
Enterprise (Thames Accord)	125	52	41	0	1
East London E-Learning	6	0	2	0	0
Disablement Association of Barking & Dagenham	1	0	0	0	0
TOTAL	5,414	4,335	3,524	35	328

3. CONTRIBUTIONS RECEIVABLE

3a) The table below shows the employers contribution receivable at 31 March 2009:

EMPLOYER	2007-08			2008-09			
	Normal £'000	Addn Retirement costs £'000	Total	Normal £'000	Addn Retirement costs £'000	Deficit Funding	Total
Administering Body							
London Borough of Barking & Dagenham	15,434	982	16,416	16,637	2,846	0	19,483
Scheduled Body							
University of East London	2,423	0	2,423	3,336	25	0	3,361
Admitted Bodies:							
Barking College	636	0	636	639	73	0	712
Age Concern	196	8	204	105		106	211
Abbeyfield Barking Society	4	0	4	8	0	0	8
Barking & Dagenham Citizens Advice Bureau	7	0	7	8	0	0	8
London Riverside	0	0	0	0	0	0	0
Enterprise (Thames Accord)	765	0	765	733	146	0	879
East London E-Learning	24	0	24	21	0	0	21
Disablement Association of Barking & Dagenham	0	0	0	3	0	0	3
	19,489	990	20,479	21,490	3,090	106	24,686

3b) The table below shows the employees contributions receivable at 31 March 2009:

EMPLOYER	2007-08			2008-09		
	Normal £'000	Addn Retirement costs £'000	Total	Normal £'000	Addn Retirement costs £'000	Total
Administering Body London Borough of Barking & Dagenham	5,747	352	6,099	6,492	208	6,700
Scheduled Body University of East London	1,096	74	1,170	1,354	3	1,357
Admitted Bodies:						
Barking College	276	2	278	290	0	290
Age Concern	32	14	46	32	0	32
Abbeyfield Barking Society	2	0	2	2	0	2
Barking & Dagenham Citizens						
Advice Bureau	4	0	4	4	0	4
London Riverside	0	0	0	0	0	0
Enterprise (Thames Accord)	261	0	261	305	11	316
East London E-Learning	12	0	12	12	0	12
Disablement Association of Barking & Dagenham	0	0	0	2	0	2
	7,430	442	7,872	8,493	222	8,715

4. BENEFITS PAYABLE

The table below shows the benefits payable at 31 March 2009:

EMPLOYER	2007-08 £'000	2008-09 £'000	2007-08 £'000	2008-09	2007-08 £'000	2008-09
	Pensions	Pensions	Lump Sum	Lump Sum	Death Benefit	Death Grant
Administering Body: London Borough of Barking & Dagenham	14,877	16,098	4,116	5,286	381	887
Scheduled Bodies:						
Magistrates Court	37	39	1	5	0	0
University of East London	1,906	1,999	181	229	55	8
Admitted Bodies:						
Barking College	192	225	102	136	0	121
Age Concern	42	45	31	10	0	0
Abbeyfield Barking Society	2	2	0	0	0	0
London Riverside	11	11	0	0	0	0
Enterprise (Thames Accord)	357	393	77	139	0	0
East London E-Learning	14	14	0	0	0	0
Disablement Association of Barking and Dagenham	0	0	0	0	0	0
	17,438	18,826	4,508	5,805	436	1,016

5. **ADDITIONAL VOLUNTARY CONTRIBUTIONS**

Addition Voluntary Contributions administered by the Prudential, made by London Borough of Barking & Dagenham employees during the year amounted to £338k (2007/08 £295k).

AVCs are not included in the pension fund accounts in accordance with regulation 5(2) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831)

6. **ACTUARIAL POSITION**

(a) **Actuarial assumptions**

The triennial review of the fund took place as at 31 March 2007 and the salient features of that review were as follows:

- The funding policy of the scheme is to meet 100% of the liabilities
- The key financial assumptions adopted at this valuation are:
 - Retail Price Inflation (RPI) Future levels of price inflation.
 - Future levels of real pay increases - assumed to be 1.5% p.a. in excess of price inflation;
 - Funding basis discount rate is assumed to be 1.6% p.a. above the yield on fixed interest government bonds;
 - Funding basis discount rate assumed to be 1.6% p.a. above the yield on fixed interest Government bonds; and
 - The market values of the pension scheme's assets at the date of the valuation were: £530million. There has not been a review of the market values since this valuation. The next actuarial valuation is due on 31 March 2010.

The discount rate is derived from the expected future rate of investment return from the broad categories of assets held by the fund. This takes into account what additional returns might reasonably be expected from the fund's investments over and above the minimum risk rate of return on Government bonds.

Other assumptions adopted in this valuation are:

- Future longevity is assumed to give the following average future life expectancies for pensioners aged 65 at the valuation date:

The table below shows the longevity assumptions at the 2007 valuation:

	Assumptions to assess funding position and 'gilt based' position at 31 March 2007		Assumptions to assess funding position at 31 March 2007	
	M	F	M	F
Males (M) or Females (F)	M	F	M	F
Average future life expectancy (in years) for a pensioner aged 65 at the valuation	20.7	23.6	18.4	21.3
Average future life expectancy (in years) at age 65 for a non-pensioner aged 45 at the valuation date	20.7	23.6	18.4	21.3
Average future life expectancy (in years) at age 45 for a non pensioner aged 45 at the valuation date	40.1	43	37.2	40.2

The key financial assumptions adopted by the actuary for the valuation of members' benefits at the 2007 valuation are set out below:

Assumptions	Derivation	Rate at 31 March 2007	
		Nominal	Real
Price Inflation (RPI)	inflation as measured by the geometric difference between yields on fixed and index-linked Government bonds as at the valuation date	3.2%	-
Pay Increases *	Assumed to be 1.5% p.a. in excess of price inflation	4.7%	1.5%
Gilt-based' discount rate	The yield on fixed -interest Government bonds	4.5%	1.3%
Funding basis discount rate	Assumed to be 1.6% p.a. above the yield on fixed interest Government bonds	6.1%	2.9%

(b) Funding Level

The table below shows the detail funding level for the 2007 valuation:

Employer Contribution Rates	% of payroll
Net Employer Future Service Cost	14.20%
Past Service Adjustment – 20 year spread	4.50%
Total Contribution Rate	18.70%

(c) Funding Position

The table below shows the detail funding positions for the 2007 valuation:

Funding Position	31/03/2007 £'000 p.a.
A. Value of assets	530,011
Assessed cost of past service benefits in respect of:	
Employee members	284,971
Pensioner members	239,403
Deferred pensioner members	80,797
B. Total assessed cost of past service benefits	605,171
Funding surplus/ (shortfall) (A minus B)	(75,160)
Funding level (A as a percentage of B)	88%

The table below shows the assumptions used by the actuary to arrive at the 2007 actuarial funding position:

	Assumptions to assess funding position at 31 March 2004	Assumptions to assess funding position at 31 March 2004	Assumptions to assess 'gilt based' position at 31 March 2007
Annual rate of price inflation	2.9%	3.2%	3.2%
Annual rate of pension increases			
- on pensions in excess of GMPs	2.9%	3.2%	3.2%
- on pensions accrued after April 1997	2.9%	3.2%	3.2%
- on post-88 GMPs in payment	2.0%	2.8%	2.8%
- on pre-88 GMPs in payment	0.0%	0.0%	0.0%
Annual rate of increase of deferred pensions	2.9%	3.2%	3.2%
Annual rate of pay increases	4.4%	4.7%	4.7%
Discount rate			
	6.3%	6.1%	4.5%
Expenses	0.4%	0.5%	0.5%

d) Total Contribution Rate

The table below shows the total contribution rates which apply to the 2008-09 accounts:

Employer Contribution Rates	% of payroll
Net Employer Future Service Cost	14.20%
Past Service Adjustment – 20 year spread	4.50%
Total Contribution Rate	18.70%

The financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

e) FRS 17 disclosures for the whole fund

The financial statements do not take account of liabilities to pay pensions and other benefits after the period end. FRS 17 disclosures which apply to Administering Authority can be found in the council's accounts.

7. EARLY RETIREMENT CAPITAL CONTRIBUTIONS

The table below shows the split of early retirement capital contributions made by employer at 31 March 2009;

EMPLOYER	31/03/2008 £'000	31/03/2009 £'000
London Borough of Barking & Dagenham	983	2,846
University of East London	0	24
Barking College	0	73
Age Concern	8	0
Enterprise (Thames Accord)		146
Total	991	3,089

8. PURCHASE AND SALE OF INVESTMENTS

The table below shows the purchases and sales on investments in 2008-09:

Investment Type	Sales £'000	Purchases £'000
Equities	113,511	116,952
Fixed Income Securities	234,690	235,970
Total	348,201	352,922

9. DETAILED ANALYSIS OF INVESTMENTS

The Council is required to disclose further details relating to investments

The table below shows the split of investments by Fund Managers:

Manager	Value of Fund £'000	%
Aberdeen Asset Management	126,962	30.68%
Alliance Bernstein	109,576	26.48%
Goldman Sachs	119,723	28.93%
RREEF	37,187	8.99%
Internal	20,416	4.93%
Total	413,864	100.00%

(b) Summary of Investment Categories

The majority of the fund is represented by investments. The statement below shows the market value of main categories of investments held by the Fund Managers in £000's as at 31st March 2009.

	Aberdeen	Alliance Bernstein	Goldmans Sachs	RREEF	Total
	£'000			£'000	£'000
Fixed Interest Securities	72,131	425	52		72,608
UK Equities - Quoted		33,090	50,141		83,232
Foreign Equities		58,399	66,778		125,177
Foreign Fixed Interest Securities		576	251		827
Pooled Investment – Property				34,211	34,211
Others	54,781	14,521	423		69,725
Cash	49	2,566	2,077	2,976	7,668
Total	126,961	109,576	119,723	37,187	393,448

10. ADMINISTRATIVE AND OTHER EXPENSES

The table below shows the administrative and other expenses in 2008-09:

Expense	2007-08	2008-09
	£'000	£'000
Administrative and Processing	482	501
Actuarial Fees	37	34
Legal and other Professional Fees	98	143
Total	617	678

Pension Fund legislative changes in 2008-09 now require the Pension Fund audit fees of £38,000 to be shown separately from the Council's total audit fee. This sum is included in the figure for Legal and other Professional Fees shown above.

11. FUND MANAGER AND CUSTODIAN EXPENSES

The table below shows the split of fund manager and custodian expenses at 31 March 2009:

Fund Manager	2007-08	2008-09
	£'000	£'000
Aberdeen Asset Management	198	338
Alliance Bernstein Asset Management	1,174	737
Goldmans Sachs Asset Management	769	638
RREEF	470	334
State Street (Custodian)	163	251
Total	2,774	2,298

12. INVESTMENT INCOME

The table below shows the split of investment income in 2008-09 by type:

Income	£'000
Fixed Interest income	2,229
Dividends UK	4,074
Dividends O/Seas	5,457
Property income	2,195
Interest – Managers cash balances	5
Interest LBBD internal cash	805
Currency gain / Losses	502
Stock Lending	30
Commission recapture	6
Total	15,303

13. DEBTORS AND CREDITORS

The table below shows the split of debtors and creditors

Debtors	2007-08 £'000	2008-09 £'000
Investments		
Outstanding Dividends	2,508	1,967
Stocklending	0	2
Outstanding trades	4,157	9,479
	6,665	11,448
Others		
Pension contributions due	207	281
Tax reclaims	152	0
	359	281
Total	7,024	11,729

Creditors	2007-08 £'000	2008-09 £'000
Investments		
Outstanding trades	2,506	11,507
	2,506	11,507
Others		
Unpaid Benefits	548	503
Investment managers fees	146	360
Custodian fees	10	83
Advisors fees	12	16
Audit fee	0	38
	716	1000
Total	3,222	12,507

14. STOCK RELEASED TO THIRD PARTIES

The fund is involved with a stock lending agreement via its custodians State Street bank as at 31 March 2009. £4.960m of stock was lent to counterparties with 102.5% collateral exposure. The securities on loan are fixed income.

15. RELATED PARTY TRANSACTIONS

Material transactions between the LBBB Pension Fund and London Borough of Barking and Dagenham, in respect of pension administration costs, investment monitoring and other services amounted to £430,707 (2007-08, £435,738).

16. STATEMENT OF INVESTMENT PRINCIPLES

A Statement of Investment Principles has been agreed by the Council's Investment panel and is updated periodically to reflect changes made in Investment Management arrangements. The nature and extent of risk arising from financial instruments and how the pension fund manages those risks is included in the Statement of Investment Principles. A copy of this document can be obtained from the Authority's website: www.lbbd.gov.uk

17. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The pension fund activities expose it to a variety of financial risks in respect of financial instruments:

- Credit risk - the risk that other parties may fail to pay amounts due;
- Liquidity risk – the risk that the pension fund may not have funds available to meet its commitments to make payment;
- Refinancing risk – the risk that the pension fund might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- Market risk – the possibility that financial loss might arise from the fund's as a result of changes in such measures as interest rates or stock market movements.

The procedures for risk management in relation to key financial instruments is set out through the legal framework detailed within the Local Government Act 2003 and other associated regulations. These require compliance to all CIPFA treasury Management practices, CIPFA Prudential Code and Investment Guidance as applicable to the Council.

The Pension Fund holds some pension fund assets in cash which are held with the Council's investments in line with treasury management strategy and guidelines.

Independent Auditors' Report to the Members of the London Borough of Barking and Dagenham

Opinion on the pension fund accounts

I have audited the pension fund accounts for the year ended 31 March 2009 under the Audit Commission Act 1998. The pension fund accounts comprise the Fund Account, the Net Assets Statement and the related notes. The pension fund accounts have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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

Respective responsibilities of the Chief Financial Officer and auditor

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

- Selecting suitable accounting policies and then applying them consistently;
- Making judgements and estimates that were reasonable and prudent;
- Keeping proper accounting records which were up to date;
- Taking reasonable steps for the prevention and detection of fraud and other irregularities

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

I report to you my opinion as to whether the pension fund accounts present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year. I also report to you whether, in my opinion, the information which comprises the commentary on the financial performance included with the Pension Fund Annual Report, is consistent with the pension fund accounts. The information comprises the summarised Fund Account and Net Assets Statement (Section 6) and the Investment Policy and Performance Report (Section 4).

I review whether the governance compliance statement published in the Pension Fund Annual Report reflects compliance with the requirements of Regulation 34(1)(e) of the

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

I read other information published with the pension fund accounts and related notes and consider whether it is consistent with the audited pension fund accounts. This other information comprises the remainder of the Annual Report, other than the Investment Policy and Performance Report and summarised Fund Account and Net Assets Statement. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the pension fund accounts and related notes. My responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In my opinion:

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

Jon Hayes
District Auditor
Audit Commission
1st Floor, Millbank Tower
Millbank London SW1P 4HQ

Background Papers

Pension Panel Meeting Papers
CLG Guidance on Publication of Pension Fund Annual Reports July 2009
2008/09 Statement of Recommended Practice (SORP)

Consultation

Winston Brown – Legal Partner, Legal & Democratic Services
John Hooton – Financial Controller Strategic Finance

Publication

This report will be made available through the Council's website and to all employers and members participating in the Pension Fund as well as Council Members on request as appropriate. A copy of this document and all other documents referred to in this report can be obtained upon receipt of a written request to the Treasury and Pensions Manager.

Glossary of Terms

<u>Term</u>	<u>Definition</u>
Accounting Policies	The rules and practices adopted by the Council that dictate how transactions and events are shown or costed.
Accruals	Amounts included in the accounts to cover income and expenditure attributable to the financial year, but for which payment had not been received or made as at 31 March.
Active Members	Members of the Pension Fund who are in employment with the council or one of its admitted or scheduled bodies making contributions to the Pension Fund
Actuary	An independent qualified consultant who advises on the financial position of the Pension Fund. Every three years the Actuary reviews the assets and produce the actuarial valuation which recommends the employer contribution rates.
Actuarial Valuation	A review required by law carried out every three years, by the actuary, on the assets and liabilities of the Pension Fund. The actuary reports to the Fund's trustees on the financial position and recommended employer's contribution rates.
Administering Authority	A local authority required to maintain a pension fund under the Local Government Pension Scheme regulations. For the London Borough of Barking and Dagenham pension fund, the administering authority is

	Dagenham pension fund, the administering authority is the council.
Admission agreement	A contract between and administering authority, admitted body and if applicable, the outsourcing Scheme employer.
Augmentation	Additional membership awarded to a member by their employer, to a maximum of ten years.
Benchmark	A notional fund which is developed to provide a standard against which an Investment Manager's performance is measured.
Bonds	A certificate of debt issued by a company, government or other institution. A bondholder is a creditor of the issuer and usually receives interest at a fixed rate. Also referred to as fixed interest securities.
Communication Policy Statement	A statement of policy on communications with members and employers including the provision of information about the scheme, the format, frequency and method of distributing such information and the promotion of the Scheme to prospective members.
Contingent Liability	<p>A contingent liability is either:</p> <ul style="list-style-type: none"> • A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control (e.g. the outcome of a court case) • A present obligation arising from past events where it is not probable that there will be an associated cost or the amount of the obligation cannot be accurately measured.
Creditors	Amounts owed by the Council for goods received or services provided before the end of the accounting period but for which payments have not been made by the end of that accounting period.
Custody/Custodian	The safe-keeping of securities by a financial institution. The Custodian is responsible for maintaining investment records, the settlement of transactions, income collection, tax reclamation and other administrative actions in relation to the Pension Fund's investments
Debtors	Amounts due to the Council before the end of the accounting period but for which payments have not yet received by the end of that accounting period.

Deferred Liabilities	These are creditor balances repayable after one year.
Deferred members	Members who leave their employment or opt out of the Scheme and have their benefits deferred until retirement or until they request a transfer to another pension scheme.
Defined benefit final salary scheme	A scheme where the scheme rules define the benefits independently of the contributions paid by the members and employer. Members' benefits are a specified fraction of a scheme member's final pay
Defined Benefit Scheme	A pension or retirement benefit scheme into which an employee pays regular contributions fixed as an amount or as a percentage of pay. There are no legal obligations to pay further contributions if the scheme does not have sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.
Equities	Shares in UK or overseas companies
Final pensionable pay	The figure used to calculate a member's pension benefits and is normally a members pay in the last year before they retire.
Fixed interest securities	Investments which guarantee a fixed rate of interest.
Funded scheme	A pension scheme that has available assets to cover all liabilities, including the obligation of future payments to retirees
Funding Strategy Statement	A statement of the Pension Fund's strategy for meeting employers' pension liabilities.
Governance Compliance Statement	A statement of the governance arrangements of the Pension Fund including the delegation of responsibility, terms of reference, representation and compliance with statutory guidelines.
Index linked	Bonds on which the interest and ultimate capital repayment are recalculated on the basis of changes in inflation
Interest	The amount received or paid for the use of a sum of money when it is invested or borrowed
Investment Consultant	A professionally qualified individual or company who provides objective, impartial investment advice to the Pension Fund.

Investment Manager	An organisation that specialise in the investment of a portfolio of securities on behalf of an organisation subject to guidelines and directions of the investor
Mandate	A set of instructions given to an investment manager as to how a fund is to be managed.
Net Book Value	The amount of which fixed assets are included in the balance sheet, i.e. historical cost or current value less the cumulative amounts provided for depreciation and impairment.
Net Expenditure	Total expenditure less any income due to the council.
Net Realisable Value	The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.
Past Service Cost	For a defined benefit scheme, the increase in the value of benefits payable that was earned in prior years arising because of improvements to retirement benefits.
Pensioners	Members of the Pension Fund who receive a pension from the Scheme (including spouses' and dependants' pension)
Pooled Investment vehicles	An investment which allows investors' money to be pooled and used by investment managers to buy a variety of securities, thereby giving investors a stake in a diversified portfolio of securities
Post Balance Sheet Events	These events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the statement of accounts is signed.
Prior Year Adjustment	A material adjustment applicable to prior years arising from changes in accounting policies or from changes the correction of fundamental errors.
Provision	An amount set aside for liabilities and losses which are likely to be incurred but where the exact amount and date on which it will arise is uncertain.
Quoted securities	Shares with prices quoted on a recognised stock exchange.
Rates and Adjustment Certificate	A certificate issued by the Pension Fund's Actuary setting out the contribution rates payable by participating employers.

Related Party Transaction	A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Members and senior Officers of the Council are required to declare if they have entered into any such transactions and any relationships of significant influence with any organisations associated with the Council.
Revenue Expenditure	Day-to-day payments on the running of council services such as salaries and wages, heating and lighting transport and charges for the use of assets.
Revenue Expenditure	Day-to-day payments on the running of council services such as salaries and wages, heating and lighting transport and charges for the use of assets.
Statement of Movement on the General Fund Balance	A statement which shows how the surplus or deficit on the Income and Expenditure accounts matches up with the movement on the General Fund Balance.
Scheme Administrator	An organisation responsible for the administration of benefits of the Pension Fund
Statement of Investment Principles	A formal policy on how a pension fund will invest its assets including the types in investment to be held, the balance between different types of investments and risk.
Transfer values	A capital value transferred to or from a pension scheme in respect of a contributor's previous periods of pensionable employment.
Unit Trust	A pooled fund in which investors can buy or sell units on an ongoing basis
Unquoted securities	Shares which are dealt in the investment market but which are not listed on a recognised stock exchange

LONDON BOROUGH OF BARKING AND DAGENHAM PENSION FUND

001

HYMANS ROBERTSON LLP

Actuarial Statement

As required by Regulation 77 of the Local Government Pension Scheme Regulations 1997, an actuarial valuation of the assets and liabilities of London Borough of Barking and Dagenham Pension Fund ("the Fund") was carried out as at 31 March 2007.

Security of prospective rights

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

- Contributions by the members in accordance with the Local Government Pension Scheme Regulations 1997, then in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007; and
- Contributions by employers in accordance with the Rates and Adjustments Certificate dated 31 March 2005 for the year ending 31 March 2008. Thereafter, for the three years commencing 1 April 2008, as specified in our Rates and Adjustments certificate dated 14 March 2008.

Summary of methods and assumptions used

Full details of the method and assumptions are described in our valuation report dated 14 March 2008. The valuation was carried out in accordance with the Funding Strategy Statement.

Copies of these documents are available on request from London Borough of Barking and Dagenham, administering authority to the Fund.

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

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

These methods assess the cost of benefits accruing to existing members during:

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

allowing for future salary increases. The resulting contribution rate is adjusted to allow for any difference in the value of accrued liabilities and the market value of assets.

Since I have taken assets into account at their market value, it is appropriate for me to take my lead from the market when setting the financial assumptions used to value the ongoing liabilities. This ensures the compatibility of the asset and liability valuation bases.

The key financial assumptions adopted for this valuation are as follows:

Financial Assumptions	March 2007	
	% p.a. Nominal	% p.a. Real
Discount Rate	6.1%	2.9%
Pay Increases	4.7%	1.5%
Price Inflation / Pension Increases	3.2%	-

The 2007 valuation revealed that the Fund's assets had a market value at 31 March 2007 of £530 million. These assets were sufficient to meet approximately 88% of the liabilities accrued up to that date.

Individual employers' contributions have been set in accordance with the Fund's Funding Strategy Statement. The deficits for each individual employer are being spread over a period of 16 years.

Experience since April 2007

Market conditions since the previous formal valuation have been extremely volatile and the valuation position would have worsened over the period to 31 March 2009.

Accordingly, this is likely to cause upward pressure on the level of employer contributions if a valuation were carried out at a current date.

The employer contribution rates and Funding Strategy Statement will be reviewed at the next valuation of the Fund, which will be carried out as at 31 March 2010.

Bryan T Chalmers FFA

For and on behalf of Hymans Robertson LLP

15 September 2009

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PENSION PANEL TERMS OF REFERENCE

Determine the allocation of new money to the fund managers. Similarly, in the event that assets need to be realised in order to meet the Fund's liabilities, to determine the sources of funding.

In relation to Pension fund managers:

- i) Appointment, termination, addition and, replacement of fund managers
- ii) Changes to the terms of existing managers
- iii) Annually review the managers' mandate, and their adherence to their expected investment process and style. The Panel will ensure that the explicit written mandate of each of the fund managers is consistent with the fund's overall objective and is appropriately defined in terms of performance target, risk parameters and timescales
- iv) Consider the need for any changes to the fund managers arrangements at least annually
- v) In the event of a proposed change to managers, evaluate the credentials of potential managers.

Appointment and termination of providers of Custodian services, investment and actuarial advice, and approving the Statement of Investment Principles (SIP), funding strategy statement, communications strategy, governance policy and maintenance of a governance adherence policy.

Selection, appointment and termination of External Additional Voluntary Contribution (AVC) providers for use by fund members in purchasing additional benefits as well as review the Fund's AVC providers performance annually.

Monitoring all aspects relating to the investment of the assets of the Fund as follows:-

- i) Formally review the Fund's asset allocation at least annually, taking account of any changes in the profile of Fund liabilities and any guidance from the investment advisers regarding tolerance of risk.
- ii) Rebalancing strategy between different portfolios when asset allocations change due to different assets with the fund managers and implement any changes to the asset allocation.
- iii) Ensuring that the fund investments are sufficiently diversified and that the fund is investing in suitable investments;
- iv) Consider and monitor the quarterly reports produced by the fund managers. In addition to the fund managers' portfolio and performance reporting, the Panel

will also receive and review information from the fund managers on risk analysis, transaction costs, and details of corporate governance (including Socially Responsible Investments (SRI), voting activity and engagement with management).

Monitor the advice from the investment consultant and from other providers (e.g. custodian) at least annually.

Promoting the fund within the Authority

Appoint an Employers Forum (Sub-Committee) made up of the Pension Panel members, Fund Administrator, one representative from each scheduled body and admitted bodies, one representative from each of the council's main trade union bodies, one pensioner representative, one deferred member representative and one active member representative to:

- i) Ensure employers are kept up to date on the latest positions on the funding of the pension fund and Financial Reporting Standards (FRS17), triennial actuarial valuation, legislative matters which affect all employers, pension fund accounts and annual report;
- ii) Provide an opportunity for employer representatives to raise questions and discuss points for inclusion on the agenda.

The Panel is able to take such professional advice as it considers necessary.

The Panel may also carry out any additional tasks delegated to it by the Assembly to develop sufficient expertise in investment matters to be able to conduct their Panel responsibilities and to interpret the advice which they receive.

To report to the Assembly on an annual basis