

THE EXECUTIVE

13 DECEMBER 2005

REPORT OF THE DIRECTOR OF FINANCE

LOCAL GOVERNMENT PENSION SCHEME ANNUAL REPORT	For Decision
<p>Summary:</p> <p>The purpose of this report is to approve the Annual Report of the London Borough of Barking and Dagenham Local Government Pension Scheme for 2004/05.</p> <p>The main purpose of the Annual Report is as follows:</p> <ol style="list-style-type: none">1. To provide an overview of the performance of the Pension Fund throughout the year; and2. To detail the work carried out by the Pensions Panel for 2004/05. <p>Wards Affected: All.</p>	
<p>Implications:</p> <p>Financial:</p> <p>The report considers the performance of the Pension Fund, which has financial implications on the Council. However, there are no financial implications in approving this report.</p> <p>Legal:</p> <p>None.</p> <p>Risk Management:</p> <p>Risk management considerations are built into the Pension Panel's terms of reference. There are no specific risks arising from this report.</p> <p>Social Inclusion and Diversity:</p> <p>As this report does not concern a new or revised policy there are no specific adverse impacts insofar as this report is concerned.</p> <p>Crime and Disorder:</p> <p>There are no specific implications insofar as this report is concerned.</p>	
<p>Recommendation:</p>	

The Executive is asked to consider and approve the Pension Fund Annual Report, as set out in this document.

Reason:

It is good practice for the results of the Pension Fund and the work of the Pension Panel to be reported to the Executive on a periodic basis.

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1. Introduction

1.1 This report provides the following information:

- An overview of the Barking and Dagenham Pension Fund;
- A summary of the performance of the Fund for the year ended 31st March 2005; and
- Details of the work carried out by the Pensions Panel during the year.

2. Overview of the Barking and Dagenham Pension Fund

2.1 The Local Government Pension Scheme is established under the provisions of the Superannuation Act of 1972. It provides pensions and other retirement benefits for the Council's employees (other than teachers), and Scheduled and Admitted Bodies. The following organisations are scheduled or admitted bodies to the Barking and Dagenham Pension Fund:

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; and
- Thames Accord.

2.2 The Pension Fund provides a guaranteed income that is protected against inflation for all scheme members that have retired from employment either from the Council, or from a scheduled or admitted body. The scheme is a "defined benefits" scheme, which means retirement benefits are related to the individual's final salary.

2.3 Staff and employers both contribute to the assets within the pension fund, in the form of employees and employers contributions. The Fund balance is invested in stocks and shares, fixed interest investments, and property, both in the United Kingdom and overseas. For 2004/05, these funds were managed by one external fund manager, Deutsche Asset Management.

Changes to external fund managers

- 2.4 Following Executive approval, the Council split the investments of the fund from one portfolio with Deutsche Bank, to three portfolios with Deutsche Asset Management, Goldman Sachs and Alliance Bernstein. This change took effect in July 2005.
- 2.5 Further changes to the structure of the fund managers took place at the end of September 2005, with the takeover of Deutsche Asset Management by Aberdeen Investment Management. The Fund's property holding, formerly with Deutsche Asset Management, is now held by RREEF, the fixed asset investments element of Deutsche's holding is held with Aberdeen, and the equities element of Deutsche's holding has been transferred to Goldman Sachs and Alliance Bernstein.

Management and Advisors

- 2.6 The Council has a Pension Panel that meets on a quarterly basis to discuss the management of the Fund. This section also provides details of the Fund's actuary, external auditor, investment managers and custodians.

Members of the Pension Panel are as follows:

Councillor Bramley (Chair);
Councillor Cooper;
Councillor Geddes; and
Councillor Osborn.

The following advisers attend the Pensions Panel:

Tom Baillie (GMB);
Julie Parker (Director of Finance, LBBD);
Joe Chesterton (Head of Financial Services, LBBD); and
John Hastings (Hymans Robertson LLP).

The Fund's Actuary is Hymans Robertson LLP.

External Audit is carried out by PricewaterhouseCoopers LLP.

Investment Managers (as at December 2005) were as follows:

- Goldman Sachs (appointed July 2005);
- Alliance Bernstein (appointed July 2005);
- Aberdeen (previously Deutsche fixed interest investments); and
- RREEF (previously Deutsche property investments).

The Fund's custodian is State Street.

Membership Numbers

2.7 The table below sets out details of the Fund's membership:

Membership Numbers	Actives	Pensioners	Deferred	Total
• London Borough of Barking & Dagenham	4,010	3,323	2,097	9,430
• University of East London	619	501	487	1,607
• Magistrates Court	0	9	36	45
• Barking College	201	56	100	357
• Barking Council for Voluntary Services	0	0	4	4
• Age Concern	44	30	9	83
• Abbeyfield Barking Society	2	3	1	6
• Disablement Association for Barking & Dagenham	0	0	0	0
• Barking & Dagenham Citizens Advice Bureau	2	3	0	5
• London Riverside	10	0	0	10
• Thames Accord	198	7	12	217
TOTAL	5,086	3,932	2,746	11,764

3. Fund Investment Commentary, Performance, and Accounts

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

Investment Performance Summary

3.2 The following paragraphs detail the key factors to consider in the Fund's performance for the year:

Market Background:

The average returns across the market for 2004/05 (the "benchmark") was 11.4%. This was the second successive year that the benchmark was in double figures and demonstrates strong performance across the market. Within this overall figure, the markets in the Pacific RIM, Europe and the UK were particularly strong, posting average returns of over 15%.

Fund Performance:

The Barking and Dagenham Fund, as managed by Deutsche Asset Management, began the year with a value of £357.3m, and ended the year with a value of £393.8m. This represents a Fund return of 10.7% against a benchmark of 11.4%.

The impact of asset allocation (in what sectors, and what types of investment the fund manager places the Fund's assets) on the Fund as a whole was nil.

The impact of stock selection on Fund therefore accounted for the fact that performance was 0.6% below benchmark.

Long Term Returns:

Over a three year period from 1st April 2002 to 31st March 2005, the Fund has performed below the benchmark. Average returns over this period were 2.9% per annum, and the Fund has only achieved 2.1%.

Over a 10 year period, the Fund still compares well to local authority averages, being one of the highest performing funds. However, this relates to particularly strong performance from 1996 to 2000, and this has not been matched in recent years.

- 3.3 These statistics indicate that performance on the Barking and Dagenham Pension Fund is below benchmark both for 2004/05 and over the last 3 years (despite strong performance on a 10 year basis). The recent move to split the Fund between three investment managers demonstrates the Pension Panel's commitment to take necessary action to ensure that returns improve for 2005/06 and in the future.
- 3.4 The Pension Fund Account for 2004/05 is included in **Appendix A**.

4. Pensions Panel work carried out during the year

- 4.1 The Pensions Panel meets on a quarterly basis. The Pensions Panel is a member committee which is concerned with all aspects relating to the investment of the assets of the Fund. The Panel's terms of reference are included in **Appendix B**.
- 4.2 In addition to the regular performance monitoring, the panel considered a number of key documents. These are detailed as follows:
- **Funding Strategy Statement (FSS)** -this was a new requirement for 2004/05. The Office of the Deputy Prime Minister (ODPM) has stated that the purpose of the FSS is:
 - *“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 framework to maintain as nearly constant employer contribution rates as possible; and*
 - *to take a prudent longer-term view of funding those liabilities.”*

These objectives are desirable individually, but may be mutually conflicting. This statement sets out how the Administering Authority has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions, and prudence in the funding basis.

- The **Statement of Investment Principles** is updated on a periodic basis by the Pensions Panel. The full document is detailed at **Appendix C**.
- The **triennial actuarial valuation** was carried out by Hymans Robertson LLP during 2004/05 and the results of this were considered by the Pensions Panel. The key findings of the actuarial valuation were as follows:
 - The funding level across the entire fund (ratio of assets to liabilities) as at 31st March 2004 was 87% (compared to 114% as at 31st March 2001). In monetary terms, this corresponds to a past service deficit of £56m (compared to a £49m surplus as at 31st March 2001). Comparative information for other London authorities indicated that at that point in time, only 2 Councils have funding levels in excess of this at 88%.
 - By far the largest contributory factor to the creation of this deficit position has been the relatively poor investment returns experienced over the 3 year period from 1st April 2001 to 31st March 2004 (despite the fact that performance has been stronger in past 2 financial years 2003/04 and 2004/05). This experience is not unique to the Barking and Dagenham Pension Fund. Markets have fallen on almost all other pension schemes, who are currently reporting similar reductions in asset valuations.

Details of the agreed employer contribution rates for the scheduled and admitted bodies are included in **Appendix D**.

- 4.3 For 2005/06, the Pensions Panel have put together a comprehensive timetable to incorporate the review of these documents, and wider issues, such as the Myners' Investment Principles. These will be reported on in the 2005/06 Annual Report.

Background Papers

None

Consultation

Julie Parker – Director of Finance
Joe Chesterton – Head of Financial Services
Mohammed Saleem – Monitoring Officer
Lee Russell – Head of Corporate Finance

PENSION FUND ACCOUNT

2003/2004			2004/2005	
£'000	£'000		£'000	£'000
		Contributions and Benefits		
		Contributions receivable:		
6,087		• from employers (administering body)	6,910	
879		(scheduled bodies)	841	
1,167	8,133	(admitted bodies)	1,311	9,062
4,364		• from employees (administering body)	4,823	
814		(scheduled bodies)	853	
551	5,729	(admitted bodies)	590	6,266
	4,220	Transfers in		5,882
	18,082	Total Contributions (A)		21,210
		Benefits payable:		
12,526		• Pensions (administering body)	12,777	
1,633		(scheduled bodies)	1,696	
153	14,312	(admitted bodies)	197	14,670
2,375		• Lump sums (administering body)	2,101	
224		(scheduled bodies)	218	
100	2,699	(admitted bodies)	172	2,491
		Payments to and on account of leavers		
	154	• Refunds of contributions	179	
	2,461	• Transfers out (Note 5)	3,718	
	403	• Administrative and other expenses	445	4,342
	20,029	Total Payments (B)		21,503
	(1,947)	Net withdrawals (A less B)		(293)
		Returns on investments		
		• Investment income	11,895	
9,494		• Change in market value of investments (realised and unrealised)	26,203	
61,576		• Investment management expenses	(997)	
(1,009)	70,061	Net returns on investments		37,101
6,538		Net new money invested	10,608	
		<i>Change in market value of investments:</i>		
6,432		Net realised profits/ losses	8,030	
55,144		Net unrealised profits/ losses	18,170	
	68,114	Net increase/decrease in the fund during the year		36,808
	291,956	Opening net assets at 1st April 2004		360,070
	360,070	Closing Net Assets At 31st March 2005		396,878

**PENSION FUND
NET ASSETS STATEMENT**

31st March 2004			31st March 2005	
<u>£'000</u>	<u>£'000</u>		<u>£'000</u>	<u>£'000</u>
		INVESTMENT ASSETS		
29,970		Fixed Interest Securities – Public Sector	28,523	
117,973		U.K. Equities – quoted	143,786	
7		U.K. Equities – unquoted	0	
95,249		Foreign Equities	94,969	
37,834		Managed Funds – Property	42,308	
72,327		Managed Funds – Other	77,994	
3,175		Short Term Investments	5,547	
	356,535			393,127
		CURRENT ASSETS		
1,885		Debtors	2,806	
2,032		Cash	1,943	
	3,917			4,749
	(382)	CURRENT LIABILITIES		
		Creditors		(998)
	360,070	TOTAL NET ASSETS		396,878

NOTES TO THE PENSION FUND ACCOUNTS

1. 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 employees' basic contributions are 5% of remuneration for manual workers and 6% for officers. All new employees joining since 1st April 1998 make contributions at 6%. 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 31st March 2004 and is effective from 1st April 2005 (see note 3). The employer's contributions are:-

EMPLOYER	Minimum Contribution for the year ending			
	31/3/05	31/3/06	31/3/07	31/3/08
Administering Body				
• London Borough of Barking & Dagenham	9.0%*	12.0%	15.0%	16.2%
Scheduled Bodies				
• University of East London	6.0%*	11.9%	11.9%	13.5%
Admitted Bodies:				
• Barking College	8.0%	10.0%	12.0%	13.8%
• Barking Council for Voluntary Services	8.0%	8.0%	8.0%	8.0%
• Age Concern	8.0%	11.0%	14.0%	17.5%
• Abbeyfield Barking Society	8.0%	11.0%	14.0%	17.1%
• Disablement Association for Barking & Dagenham	10.5%	10.5%	10.5%	10.5%
• Barking & Dagenham Citizens Advice Bureau	10.5%	10.5%	10.5%	10.5%
• London Riverside	10.5%	10.5%	10.5%	10.5%
• Thames Accord	16.4%	16.4%	16.4%	16.4%

* includes any early retirements costs based on the methods and assumptions issued by the Council's actuary.

Membership Numbers	Actives	Pensioners	Deferred	Total
• London Borough of Barking & Dagenham	4,010	3,323	2,097	9,430
• University of East London	619	501	487	1,607
• Magistrates Court	0	9	36	45
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• Barking & Dagenham Citizens Advice Bureau	2	3	0	5
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TOTAL	5,086	3,932	2,746	11,764

2. ACCOUNTING POLICIES

- (i) Investment Valuation - All investments are shown at their market value, which is determined using closing mid market prices from an independent pricing source.
- (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.
- (iii) Transfer Values - are included in the accounts on a cash basis.
- (iv) Foreign Currency Translation - The valuation of foreign equities is calculated by using the overseas market price current at the relevant date and the exchange rate for the appropriate currency at the time to express the value as a sterling equivalent.
- (v) Costs of Acquiring Investments – these costs are included in the value of the assets.
- (vi) Investment Management Expenses – Fees charges for the investment and custodial arrangements of the fund.
- (vii) The Pension Fund accounts have been prepared in accordance with the accounting recommendations of the Financial Reports of Pension Schemes – a Statement of Recommended Practice. However disclosures have been limited to those required by the Code of Practice on Local Authority Accounting in the United Kingdom : a Statement of Recommended Practice.

3. ACTUARIAL POSITION

The triennial review of the fund took place as at 31st March 2004 and the salient features of that review are as follows:-

- The funding policy of the scheme is to meet 100% of the liabilities
- The key financial assumptions adopted at this valuation are:-
 - Future levels of price inflation.
 - Future levels of real pay increases-i.e. over and above price inflation.
 - The discount rate applied to future liabilities to determine their present value.
 - The market values of the pension scheme's assets at the date of the valuation were: £360million. There has not been a review of the market values since this valuation.

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.

The key financial assumptions are set out below:

Financial assumptions	Nominal % p.a.	Real % p.a.
Minimum Risk Rate of Return	4.7	1.80
Additional long-term returns from:		
• Equities	2.0	
• Corporate Bonds	0.4	
Overall additional long-term returns from:		
• Equities	6.7	3.8
• Bonds (50% Corporate, 50% Gilts)	4.9	2.0
Discount Rate	6.3	3.4
Pay Increases	4.4	1.5
Price Inflation/Pension Increases	2.9	

Note: The real % p.a. figures are net of assumed price inflation.

The Common rate of contribution payable by each employing authority under Regulation 77 for the period 1st April 2005 to 31st March 2008 is 15.8% of pensionable pay.

A comparison of the value of the assets with the value of the liabilities for the whole of the administered scheme as at 31/3/2004 which have already built up is shown in the following table:-

Past Service Liabilities	£m
Active Members	193
Deferred Pensioners	48
Pensioners	175
Total	416
Assets	360
Surplus (Deficit)	(56)
Funding Level	87%

Employer Contribution Rates	%of payroll
Future Service Funding Rate	12.2%
Past Service Adjustment	3.6%
Total Contribution Rate	15.8%

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

4. PURCHASE AND SALE OF INVESTMENTS

During the year the Fund purchased investments totalling £137 million and sold investments at a price of £128.9 million, including net realised profit of £8 million.

5. FUND MANAGERS

All the assets of the Council's pension fund are managed by Deutsche Asset Management.

6. STOCK RELEASED TO THIRD PARTIES

The fund is involved with a stock lending agreement via its custodians.

As at 31st March 2005 £18.9m of stock was lent to counterparties with 104.52% collateral exposure.

7. 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.

Copies can be obtained from the Authority's Web site: www.lbbd.gov.uk

8. FURTHER ANALYSIS OF INVESTMENTS

The Council is required to disclose a further analysis of the investments between UK and Foreign, and between Listed and Unlisted investments. This information is included in the Net Assets Statement on Page 46.

9. RELATED PARTY TRANSACTIONS

Material Transactions between the LBBD Pension Fund and London Borough of Barking and Dagenham , in respect of pension administration costs , investment monitoring and other services amounted to £317,000 (03/04 £359,000).

Appendix B

PENSIONS PANEL TERMS OF REFERENCE

- The Panel will 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 Panel regarding tolerance of risk. They will recommend changes in asset allocation to the Borough.
- The Panel will consider and monitor the Quarterly Reports produced by their investment manager. In addition to managers' portfolio and performance reporting, the Panel will also receive and review information from the managers on risk analysis, transaction costs, and details of corporate governance (including Socially Responsibly Investments, voting activity and engagement with management).
- The Panel will formally review annually the manager's mandate, and its adherence to its expected investment process and style. The Panel will ensure that the explicit written mandate of each of the Fund's managers is consistent with the Fund's overall objective and is appropriately defined in terms of performance target, risk parameters and timescale.
- The Panel will consider the need for any changes to the Fund's investment manager arrangements (e.g. replacement, addition, termination) at least annually.
- In the event of a proposed change of managers, the Panel will evaluate the credentials of potential managers.
- The Panel will consider the Fund's approach to social, ethical and environmental issues of investment, corporate governance and shareholder activism.
- The Panel will review the Fund's Additional Voluntary Contributions arrangements annually. If they consider a change is appropriate, they will make recommendations to the Council.
- The Panel will monitor the investment advice from their investment consultant and investment services obtained from other providers (e.g. custodian) at least annually. The Panel will be responsible for the appointment and termination of providers.
- The Panel will conduct and conclude the negotiation of formal agreements with managers, custodians and other investment service providers.
- In order to fulfil their roles, the members of the Panel will be provided with appropriate training, initially and on an ongoing basis.
- The Panel is able to take such professional advice as it considers necessary.

- The Panel will keep Minutes and other appropriate records of its proceedings, and make these available to Members of the Council.
- The Panel may also carry out any additional tasks delegated to it by the Borough Council to develop sufficient expertise in investment matters to be able to conduct their Panel responsibilities and to interpret the advice which they receive.
- An Executive Member from the Panel (or a member from the Panel nominated by the Executive) will report annually to the Executive on the activities of the Panel during the year.

The Panel consists of 4 Councillors, with a quorum of 2. The Assembly appoints Panel Members and any changes requires approval of the Assembly.

All Panel members are expected to have or, for new members, to develop, sufficient expertise in investments matters to be able to conduct their Panel responsibilities and to interpret the advice which they receive.

Appendix C

Statement of Investment Principles

This is the Statement of Investment Principles adopted by the London Borough of Barking and Dagenham Superannuation Fund (“the Fund”) as required by the Local Authority Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 1999. It is subject to periodic review by the Investment Panel which acts on delegated authority of London Borough of Barking and Dagenham.

In preparing this Statement, the Investment Panel has taken written advice from the Investment Practice of Hymans Robertson Consultants and Actuaries.

In relation to the CIPFA Pensions Panel Principles for Investment Decision Making in the Local Government Pension Scheme in the United Kingdom, the extent of the Borough’s adoption of the Principles is provided in a separate document named Myners Code Adherence Document.

Fund Objective

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, on a defined benefits basis.

The Investment Panel aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary increases.

This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

Investment Strategy

The Investment Panel has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. All day to day investment decisions have been delegated to the Fund’s authorised investment manager. The strategic benchmark has been translated into a benchmark for the Fund’s investment manager which is consistent with the Fund’s overall strategy. The Fund benchmark is consistent with the Investment Panel’s views on the appropriate balance between maximising the long-term return on investments and minimising short-term volatility and risk.

The investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners and active members), together with the level of disclosed surplus or deficit (relative to the funding bases used on an ongoing basis).

The Investment Panel monitors Fund performance relative to its agreed asset allocation benchmark. It is intended that investment strategy will be reviewed at least every three years following actuarial valuations of the Fund.

To achieve their objectives the Investment Panel has agreed the following with its manager:-

Choosing Investments: The Investment Panel will appoint one or more investment managers who are authorised under the Financial Services and Markets Act 2000 to undertake investment business. The Investment Panel, after seeking appropriate investment advice, has given the manager specific directions as to the asset allocation, but investment choice has been delegated to the manager, subject to its respective benchmarks and asset guidelines.

Kinds of investment to be held: The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property and pooled funds. The Fund may also make use of derivatives and contracts for difference for the purpose of efficient portfolio management or to hedge specific risks. The Investment Panel considers all of these classes of investment to be suitable in the circumstances of the Fund.

Balance between different kinds of investments: The Fund's investment manager will hold a mix of investments which reflects its views relative to its respective benchmarks. Within each major market the manager will maintain a diversified portfolio of stocks through direct investment or pooled vehicles.

Risk: The Investment Panel provides a practical constraint on Fund investments deviating greatly from its intended approach by adopting a specific asset allocation benchmark and by setting its manager specific benchmark guidelines. The decision to appoint only one investment manager does involve some degree of risk (from potential underperformance of that manager) which the Investment Panel has taken into account.

Expected return on investments: Over the long term, the overall level of investment returns is expected to exceed the rate of return assumed by the actuary in funding the Fund.

Realisation of investments: The majority of stocks held within the Fund may be realised quickly if required. Property, which represents 10% of total assets, may be difficult to realise quickly in certain circumstances.

Social, Environmental and Ethical Considerations: The Investment Panel recognises that social, environmental and ethical considerations are among the factors which investment managers will take into account, where relevant, when selecting investments for purchase, retention or sale. The manager has produced statements setting out its policy in this regard. The manager has been delegated by the Investment Panel to act accordingly.

Exercise of Voting Rights: The Investment Panel has delegated the exercise of voting rights to the investment manager on the basis that voting power will be exercised by it with the objective of preserving and enhancing long term shareholder value. Accordingly, the manager has produced written guidelines of its process and practice in this regard. The manager is encouraged to vote in line with its guidelines in respect of all resolutions at annual and extraordinary general meetings of companies.

Additional Voluntary Contributions (AVCs): The Investment Panel gives members the opportunity to invest in a range of vehicles at the members' discretion.

Appendix D

Employers' Contributions, spreading and phasing periods:

Following the 2004 valuation, the minimum total employer contributions shown in the Rates and Adjustment certificate attached to the 2004 valuation report are detailed in the table below:

Employer	2001 Contribution Rates (% of payroll)	2004 Contribution Rates (% of payroll)
LB of Barking and Dagenham	9.0%	16.2%
University of East London	6.0%	13.5%
Barking College	8.0%	13.8%
Age Concern	8.0%	17.5%
Barking Abbeyfield Society	8.0%	17.1%
Barking and Dagenham CAB	10.5%	10.5%
London Riverside	10.5%	10.5%
Thames Accord	16.4%	16.4%

These contribution rates will be phased as follows:

Employer	Current Rate	2005/06 Rate	2006/07 Rate	2007/08 Rate
LB Barking and Dagenham	9%	12%	15%	16.2%
University of East London	6%	11.9%	11.9%	13.5%
Barking College	8%	10%	12%	13.8%
Age Concern	8%	11%	14%	17.5%
Barking Abbeyfield Society	8%	11%	14%	17.1%
Barking and Dagenham CAB	10.5%	10.5%	10.5%	10.5%
London Riverside	10.5%	10.5%	10.5%	10.5%
Thames Accord	16.4%	16.4%	16.4%	16.4%