



Brent Pension Fund Sub-Committee

Tuesday 28 February 2012 at 6.30 pm

Committee Room 4, Brent Town Hall, Forty Lane,
Wembley, HA9 9HD

Membership:

Members

Councillors:

S Choudhary (Chair)
Mrs Bacchus
Crane
Mitchell Murray
Brown
Hashmi
BM Patel

first alternates

Councillors:

Denselow
Oladapo
Harrison
Hirani
CJ Patel
CJ Patel
HB Patel

second alternates

Councillors:

Gladbaum
Daly
Hector
Hossain

Baker

Non-Voting Co-opted Members

George Fraser
Ashok Patel

GMBU
College of North
West London

For further information contact: Joe Kwateng, Democratic Services Officer
(020) 8937 1354, joe.kwateng@brent.gov.uk

For electronic copies of minutes, reports and agendas, and to be alerted when the minutes of this meeting have been published visit:

www.brent.gov.uk/committees

The press and public are welcome to attend part of this meeting

The meeting will be preceded by a training session for members at 5.30 pm in Committee Room 1 on proposed changes to the Fixed Interest portfolio, led by Henderson Global Investors.

Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members

Item	Page
------	------

1	Declarations of personal and prejudicial interests	
----------	---	--

Members are invited to declare at this stage of the meeting, any relevant financial or other interest in the items on this agenda.

2	Minutes of the previous meeting	1 - 4
----------	--	-------

3	Matters arising	
----------	------------------------	--

4	Deputations (if any)	
----------	-----------------------------	--

5	Report from Henderson Global Investors	
----------	---	--

Mark Fulwood and Kevin Adams representatives of Henderson Global Investors will attend for this item.

I have circulated copies of the report by Henderson Global Investors to members only.

Ward affected: All Wards **Contact Officer:** Martin Spriggs,
Exchequer and Investment

Tel: 020 8937 1472

martin.spriggs@brent.gov.uk

6	Report from Alinda Capital Partners (infrastructure manager)	
----------	---	--

Simon Riggall, a representative of Alinda Capital Partners will attend for this item.

I have circulated copies of the report by Alinda Partners to members only.

Ward affected: All Wards **Contact Officer:** Martin Spriggs,
Exchequer and Investment
Tel: 020 8937 1472
martin.spriggs@brent.gov.uk

7 Monitoring report on fund activity for the quarter ended 31 December 2011 5 - 26

This report provides a summary of fund activity during the quarter ended 31st December 2011, examines the actions taken, the economic and market background, and investment performance in the quarter.

I have circulated reports from Henderson Global Investors and Legal & General Investment Managers.

Ward affected: All Wards **Contact Officer:** Martin Spriggs,
Exchequer and Investment
Tel: 020 8937 1472
martin.spriggs@brent.gov.uk

8 Learning and Skills - CIPFA Code of Practice 27 - 36

The report details the CIPFA Knowledge and Skills Code of Practice and its implementation at Brent Council.

Ward affected: All Wards **Contact Officer:** Martin Spriggs,
Exchequer and Investment
Tel: 020 8937 1472
martin.spriggs@brent.gov.uk

9 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Democratic Services Manager or his representative before the meeting in accordance with Standing Order 64.

10 Date of next meeting

The date of next meeting will be confirmed at the Annual meeting of the Council in May 2012.

11 Exclusion of Press and Public

The press and public will be excluded from the remainder of the meeting as the following reports to be considered contain a category of exempt information as specified in paragraph 12A of the Local Government (Access to Information) Act 1972, namely;

"3. Information relating to the financial or business affairs of particular persons (including the authority holding that information)"

12 Proposals to join the Global Dynamic Bond Fund

37 - 40

The report proposes that Brent invests in the Global Dynamic Bond Fund managed by Henderson Global Investors (HGI).

Ward affected: All Wards

Contact Officer: Clive Heaphy, Director of Finance and Corporate Services

Tel: 020 8937 1424

clive.heaphy@brent.gov.uk

13 Proposals for the UK equities in house fund

41 - 44

The report proposes that Brent transfers the management of UK FTSE350 equities from in house.

Ward affected: All Wards

Contact Officer: Clive Heaphy, Director of Finance and Corporate Services

Tel: 020 8937 1424

clive.heaphy@brent.gov.uk



- Please remember to **SWITCH OFF** your mobile phone during the meeting.
- The meeting room is accessible by lift and seats will be provided for members of the public.
 - Toilets are available on the second floor.
 - Catering facilities can be found on the first floor near the Paul Daisley Hall.
 - A public telephone is located in the foyer on the ground floor, opposite the Porters' Lodge



LONDON BOROUGH OF BRENT

MINUTES OF THE BRENT PENSION FUND SUB-COMMITTEE Tuesday, 29 November 2011 at 6.30 pm

PRESENT: Councillor S Choudhary (Chair), Councillor and Councillors Mrs Bacchus, Harrison, Brown, Hashmi, BM Patel, George Fraser and Ashok Patel

Also present: Valentin Furniss (Independent Adviser)

Apologies were received from: Councillors Crane and Mitchell Murray

1. **Declarations of personal and prejudicial interests**

None declared.

2. **Minutes of the previous meeting**

RESOLVED:-

that the minutes of the previous meeting held on 27 September 2011 be approved as an accurate record of the meeting.

3. **Matters arising**

Performance measurement

Martin Spriggs (MS), Head of Exchequer and Investment told members that, following the meeting with WM (the performance measurement company) in September, he had amended the performance targets for private equity and infrastructure.

Investment in the Clean Energy and Infrastructure

MS informed the Sub-Committee that Brent Pension Fund had signed up to invest in the Clean Energy and Infrastructure Fund managed by Capital Dynamics.

4. **Deputations (if any)**

None.

5. **Report from Dimensional Fund Advisers (the emerging market fund managers)**

Akbar Ali (AA - Senior Portfolio Manager) and Chris Morgan (CM - Client Service Manager), attended the meeting for this item. AA gave a detailed presentation on performance in the third quarter. He pointed out that the fund underperformed mainly because the fund's overweights in value and smaller company stocks detracted from performance. AA also stated that the portfolio had marginally outperformed since 30 September 2011.

Akbar Ali and Chris Morgan were thanked for their presentation.

RESOLVED:-

that the presentation by Dimensional Fund be noted.

6. **Report from Henderson Global Investors**

MS informed members that following an advice from Head of Corporate Property about expected operational problems with the Town Hall building due to the industrial action (strike) planned for 30 November, he had asked Henderson Global investors to defer their presentation to the next meeting.

RESOLVED:

that consideration of the report by Henderson Global Investors be deferred to the next meeting.

7. **Monitoring report on Fund Activity for the quarter ended 30 September 2011**

Martin Spriggs, Head of Exchequer and Investment introduced the report which provided a summary of the economic and market background and fund activity during the quarter ended 30th September 2011. He informed the Sub-Committee that the Fund had fallen in value from £494m to £453m, and had underperformed its benchmark over the quarter by -1.3%. This was mainly as a result of both asset allocation and stock selection. He continued that the Fund outperformed the average local authority fund return for the quarter (+1.1%), and outperformed both its benchmark (+0.7%) and the average local authority fund (+1.2%) over one year.

MS advised members that the UK economy was growing very slowly with interest rates expected to remain low for some time. He added that the government was using both fiscal and monetary policy to combat the downturn. Fiscal policy was being tightened over the next four years and it was therefore increasingly possible that the UK would slip back into recession.

Valentine Furniss (VF - Independent Adviser) informed members that as a result of adverse market conditions, equity returns for the quarter ended September across all regions were negative. This picture contrasted sharply with the investment update for the month of October which showed positive equity returns and, generally, positive currency movements. He suggested that the UK government's austerity programme was likely to continue for two more years resulting in falling household incomes and consumer confidence. He continued that the Eurozone was too huge to be allowed to fall but there was a possibility of it becoming a two-tier body.

Clive Heaphy, Director of Finance and Corporate Services enquired as to the impact of a collapse of the Eurozone and the UK poor growth forecasts on Brent Pension Fund. VF stated that the spread of asset classes of the Fund would ensure the minimum impact on the Fund. He added that although 15% of the Fund was invested in the Eurozone, it would not be prudent to consider withdrawing at this time.

RESOLVED:-

that the monitoring report on the Fund activity for the period ended 30 September 2011 be noted.

8. Review of the Local Government Pension Scheme

Members received a report that summarised how officers intended to respond to the proposals by the Hutton Commission to review public sector pensions. Andrew Gray (AG - Pensions Manager) informed members that the Commission's reports detailing its proposals recommended that if the Government wished to make savings to reduce rising cost pressures, raising employee contribution rates would be the most effective way to achieve that objective. He continued that as the only funded public sector scheme, the government had agreed that the Local Government Pension Scheme (LGPS) may find alternative ways of making the required £900 million savings before April 2015, the proposed date for changes to all public sector schemes. A consultation paper circulated to administering authorities detailing approaches to achieve the required savings was issued by the government on 7th October.

AG continued that Officers intended to respond to the consultation by requesting a simpler and fairer approach that would reduce the accrual rate, and the introduction of benefit changes at one point in time to simplify administration and reduce complexity for members. He added that a further report would be submitted to the Sub-Committee when the outcome of current negotiations was known.

RESOLVED:-

that the report be noted.

9. **Exclusion of Press and public**

RESOLVED:-

that the press and public be excluded from the remainder of the meeting as the following reports to be considered contained a category of exempt information as specified in paragraph 12A of the Local Government (Access to Information) Act 1972, namely;

"3. Information relating to the financial or business affairs of particular persons (including the authority holding that information)".

10. **Review of the Actuary for the Brent Fund**

Members received a report that reviewed the actuary to the Brent Pension Fund. MS outlined the range of advisory and reporting services involved in actuarial services. He drew members' attention to the financial implications as set out in the report.

RESOLVED:-

that the recommendation be accepted.

11. **Asset Allocation Review**


Members considered a report that discussed proposals to amend the asset allocation for the Brent Fund. MS referred members to the advice from Mercer that had been discussed with officers and the Independent Adviser. He drew members' attention to Mercers' view that the current asset allocation would support the investment return assumptions within the 2010 Actuarial Valuation. However, he continued that there were opportunities to enhance the returns on assets without a significant increase in the level of risk. With that in mind he suggested a revised asset allocation as set out in the report.

RESOLVED:-

that the recommendations be accepted.

The meeting closed at 8.25 pm

S CHOUDHARY
Chair

	<p style="text-align: center;">Pension Fund Sub Committee 28th February 2012</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Services</p>
For Action	Wards Affected: ALL
Monitoring report on fund activity for the quarter ended 31st December 2011	

1. SUMMARY

This report provides a summary of fund activity during the quarter ended 31st December 2011. It examines the actions taken, the economic and market background, and investment performance, as well as commenting on events in the quarter. The main points arising are:

- a) Most equity markets rose during the quarter, and bonds were stronger as investors sought secure assets.
- b) The Fund has risen in value from £453m to £467m, but has underperformed its benchmark over the quarter (-1%) as a result of stock selection (underperformance in private equity and hedge funds).
- c) The Fund underperformed the average local authority fund return for the quarter (-2%), as a result of asset allocation (low exposure to equities / high exposure to alternatives), and relative underperformance in bonds, private equity and hedge funds.
- d) Over one year, the Fund has underperformed its benchmark (-1.1%). Asset allocation marginally detracted from performance, but underperformance in hedge funds, emerging markets and overseas property were key detractors.
- e) Over one year, the Fund has underperformed the average local authority fund (-0.6%), mainly as a result of underperformance in bonds and hedge funds, offset by gains from asset allocation (reduced equities, additional alternatives).

2. RECOMMENDATIONS

Members are asked to note this report.

3. DETAIL

ECONOMIC AND MARKET BACKGROUND - QUARTER ENDED 31ST DECEMBER 2011

- 3.1 Most equity markets rose during the quarter. The UK market rose by 9%, USA by 11%, Japanese by 11%, Germany 7%, and Hong Kong by 5%. However, the

Japanese market fell by 3%, and the Chinese market by 7%. The UK economic background was:

- UK base rates remained at 0.5%. Medium and long-term interest rates fell during the quarter. Concerns about the European banking system and various eurozone countries (Greece, Ireland, Portugal and Spain) have affected these markets, but UK has continued to benefit from a safe haven status. It is unlikely that interest rates will rise until 2014, despite inflation being above target.
- Headline inflation (RPI) rose by 4.8% in the year to December (5.4% October), and the Index of Consumer Prices (CPI) rose by 4.2% (5% October). It is expected that inflation should fall over a two year period as VAT and commodity price increases fall out of the figures, and spare capacity and low pay increases bear down on prices. The Bank has voted to extend the quantitative easing programme by £75b in order to increase liquidity within the banking system.
- Average earnings growth (including bonuses) was 1.9% p.a. in November (2.2% August), below the Bank of England's 'danger level' (4.5%). Unemployment (claimant numbers) has risen to 1.6m, and is likely to rise further as public expenditure is reduced, real wages fall, and taxes are raised.
- The UK economy has shrunk in Q4 2011, with GDP falling by 0.2%. GDP has grown by 0.8% in 2011 as a whole, but is expected to shrink by -0.5% / -1% in 2012.
- Retail sales have grown by 0.5% in the year to November. The squeeze on incomes and the rising price of commodities is depressing demand, and a number of High Street retailers have gone into administration. House prices have fallen by 1.6% over one year to January (Halifax). Mortgage approvals are only 60% of their level two years ago. Capital Economics still expects further house price falls (5% per annum over each of the next two years).

In summary, the UK economy is shrinking, but interest rates are expected to remain low for some time. The government was using both fiscal and monetary policy to combat the downturn, but fiscal policy is being tightened over the next four years. The recovery is expected to be very slow with setbacks. It is increasingly possible that the UK will slip back into recession.

- 3.2 Central banks have co-ordinated activity to supply liquidity to markets so that credit is available to support economic activity. It is expected that the USA economy will grow by around 2% - 3% in 2012. The Eurozone GDP has grown by 1.8% in 2011, supported by growth in Germany, but there will be recession in 2012. The bail-out deals for Greece initially reduced market tension, but there are worries about future requirements for Greece and other European states. Growth in China and India is forecast to be around 8% and 6% respectively in 2012 – emerging market growth remains strong. China has raised interest rates and tightened banks' reserve requirements, while India has also raised rates. The world economy is expected to grow by between 3% and 3.5% in 2012.
- 3.3 A paper on market events and future prospects, written by the Independent Adviser, is attached.

3.4 Table 1 below shows the changes in asset allocation, how asset allocation compares with the benchmark and with the average fund (WM Local Authority average), and how the change in the market value during the quarter is allocated across asset classes. Items marked (*) in columns 4 and 8 cannot be separately analysed, but are included elsewhere. The WM Local Authority average asset allocation indicates little change apart from some increase in overseas equities at the expense of government bonds.

Table 1: Asset Allocation as at 31st December 2011 compared to the Benchmark

Market (1)	Market Value 30.09.11 £M (2)	Market Value 30.09.11 % (3)	WM LA Average 30.09.11 % (4)	Fund Benchmark 31.12.11 % (5)	Market Value 31.12.11 £M (6)	Market Value 31.12.11 % (7)	WM LA Average 31.12.11 % (8)
Fixed Interest							
UK Gilts	18.5	4.1	11.6	4.5	18.5	4.0	10.8
Corp.Bonds	23.9	5.3	*	4.5	23.7	5.1	*
IL Gilts	-	-	5.0	-	-	-	4.3
Overseas	-	-	2.3	-	-	-	2.1
Emerg. Market	8.3	1.8	-	2.0	8.3	1.8	-
Secured loans	2.3	0.5	-	2.0	2.2	0.5	1.0
Credit Opps.	9.4	2.1	-	2.5	9.5	2.0	*
Credit Alpha	12.2	2.7	-	2.5	12.3	2.6	*
Equities							
UK FTSE350	60.1	13.3	29.1	12.0	64.9	13.9	28.7
UK Small co's	14.3	3.1	*	4.0	13.7	2.9	*
O/seas - developed	103.5	22.8	33.7	21.0	108.1	23.1	35.3
O/seas – emerging	26.7	5.9	*	8.0	27.7	5.9	*
Other							
Property – UK	27.8	6.1	6.7	8.0	28.1	6.0	6.9
Property – Eu.	6.6	1.5	*	*	6.4	1.4	*
Hedge funds	39.9	8.8	1.9	10.0	39.8	8.5	1.5
Private Equity	61.4	13.6	4.1	10.0	60.1	12.9	4.1
GTAA	15.9	3.5	1.3	4.0	18.2	3.9	1.4
Infrastructure	11.6	2.6	*	4.0	17.0	3.6	*
Cash	10.5	2.3	3.7	1.0	8.4	1.9	3.7
Total	452.9	100.0	100.0	100.0	466.9	100.0	100.0

3.5 The main **investment** changes to the Brent Fund have occurred as a result of market movements, sales of equities (UK £700,000, Overseas £3m) and fixed interest (£4m) to fund lump sum benefits, increased exposure to private equity (£2.1m – net of distributions), property (£0.3m, being reinvestment of dividends), and infrastructure (£5.3m). The Brent Fund has paid £6.4m in lump sums for the nine months to 31st December 2011 (well above £5.3m for the whole of 2009/10, and in line with £9m in 2010/11). Since the end of the quarter there has been further investment in UK property (£0.3m), infrastructure (£0.2m) and private equity (£2.9m).

Performance of the Fund

3.6 The independent WM Company measures the returns on the Brent Pension Fund. Table 2 sets out returns for the quarter to 31st December 2011.

Table 2: Investment Returns in Individual Markets

Investment Category	RETURNS						Benchmark/ Index Description
	Quarter Ending 31.12.11			Year Ended 31.12.11			
	Fund %	Benchmark %	WM Local Auth %	Fund %	Benchmark %	WM Local Auth %	
Equities			6.9			-6.7	
UK FTSE350 Equities	8.7	8.6	8.1	-2.7	-3.2	-3.5	FTSE 350
UK Small Caps	-3.8	-3.5		-13.1	-15.2		FTSE Smallcap ex IT
Overseas - developed	7.4	7.5	6.0	-6.0	-5.9	-9.2	FTSE World 75% Hedge
Overseas - emerging	4.1	4.7	4.6	-	-	-	FTSE AW - All emerging
Fixed Interest							
Total Bonds	2.7	2.3	4.4	7.4	7.5	12.2	Brent benchmark
UK Bonds	5.5	5.0	3.6	16.9	15.6	10.2	FTSE UK over 15 years
Index Linked UK	-	-	8.8	-	-	21.7	-
Corp Bonds	3.2	2.3	-	8.1	6.9	-	iBoxx Sterling Non-gilt
Secured Loans	1.2	1.0	-	1.9	3.7	-	3 month LIBOR +3%
Credit Opportunities fund	0.1	1.4	-	5.3	5.7	-	3 month LIBOR+5%
Other							
UK Property FOF	0.7	1.6	1.0	7.3	8.1	6.9	IPD Pooled index
Eu Property FOF	-2.7	1.9	-	0.0	8.0	-	IPD All properties
Hedge Funds	-0.2	1.2	0.5	-5.1	4.7	-1.2	3 month LIBID+4%
Private equity	-5.3	2.5	-2.0	7.4	4.0	9.0	Absolute return 10%
Infrastructure	0.4	2.5	-	12.5	4.0	-	Absolute return 10%
GTAA	14.1	9.4	-	-1.6	-2.2	-	FTSE 100
Cash	0.2	0.1	0.7	3.0	0.4	1.6	GPB 7 DAY LIBID
Total	3.2	4.2	5.2	-2.1	-1.0	-1.5	

3.7 Table 3 illustrates returns over three months, one year and three years. Returns for the quarter underperformed the benchmark by 1%, following underperformance in private equity and hedge funds. Asset allocation was marginally positive for the quarter. The main stock selection factors were:-

- Fixed interest. Both the core and satellite portfolios outperformed the benchmark. Within the core portfolio, active management of corporate bonds added value, though overweighting corporates against government bonds detracted from returns. Within the satellite portfolio, all asset classes added value. Henderson remain cautious about markets, keeping around 9% of the portfolio in money market funds.
- GTAA. Following an extremely volatile quarter, the fund added value in three of the four strategies. The main contributors were currency (shorting the euro) and equity market selection – the manager sold the Japanese market and bought the German market.
- Emerging market equities. Although both value and small stocks generally outperformed during the quarter, the stocks within the Fund underperformed.

- d) Property. In European property, performance was reduced by the fall in the euro.
 - e) Hedge funds. The Jubilee Fund managed by Fauchier Partners lost value as equity and event driven strategies were affected by market falls.
 - f) Private equity. Although there have been a number of realisations that have given strong returns, valuations have fallen as private equity reflects falling public equity markets to the end of September (with a time lag). European valuations have also been reduced by the fall in the euro.
- 3.8 Over one year, the Fund underperformed the benchmark (-1.1%). Asset allocation marginally detracted from performance (-0.2%). Stock selection lost value (1.1%) as a result of underperformance in hedge funds, emerging markets and overseas property, whereas private equity and infrastructure outperformed the benchmark.
- 3.9 The Brent fund underperformed (-2.0%) the WM Local Authority average for the quarter largely as a result of asset allocation (underweight equities / overweight alternatives).
- 3.10 The Brent fund has underperformed the average local authority fund by 0.6% over one year, mainly because of underperformance in bonds (a higher allocation to credit, no allocation to index linked gilts) hedge funds and private equity, offset by asset allocation (lower exposure to equities / higher exposure to alternatives).

Actions taken by the Brent In-House UK Equity Manager during the Quarter

- 3.11 The main activity during the quarter has been to rebalance the portfolio so that tracking error was reduced. This has involved buying and selling FTSE 350 stocks. There have also been some purchases and sales during this quarter to invest dividends (£0.9m).

Purchases

- a) Took up rights issues.
- b) To reduce tracking error.

Sales

- a) Sold stocks to ensure more accurate index tracking or as they left the index.
- 3.12 The investment strategy is that of tracking the FTSE 350 within 0.5% over the year. Activity during January included buying and selling stocks to improve tracking error, and the investment of dividends. However, investing the receipts from the sale of the GTAA fund on a gradual basis will cause tracking error to rise.

NEW DEVELOPMENTS AND FUTURE INVESTMENT OUTLOOK FOR THE BRENT FUND

- 3.13 Markets rose marginally in January, supported by quantitative / credit easing, but they remain wary of economic issues in the eurozone and low global growth.
- 3.14 The private equity manager, Capital Dynamics, has launched a number of funds (in Europe, USA and Co-Investments) to succeed funds that are fully committed.

As part of the investment programme previously agreed with the manager, Brent will join these new funds at a lower level of commitment than the previous funds so that exposure to private equity is reduced to match the agreed asset allocation.

- 3.15 In 2002, the Brent Fund committed £5m to the Capital Fund for London, a fund investing in venture capital in London supported by the Department of Trade and Industry. The Capital Fund was originally established for ten years, with an option to extend to twelve years. The market has proved to be very difficult, and opportunities have not been as plentiful as hoped. To date, Brent has invested £2.8m, and the investment is currently valued (on a conservative basis) at £1.75m. It has now been agreed that commitments will be scaled back, so that Brent will only invest a maximum of £4m – in reality, the commitment is likely to be around £3m. The Capital Fund is actively seeking to sell appropriate investments, so that Brent will receive a first distribution of £50k imminently.
- 3.16 There are separate reports on the agenda covering Diversified Growth Funds and changes to the Fixed Interest mandate. However, a number of changes to the asset allocation for the Fund have been implemented in line with decisions taken by the Sub Committee, as follows:-
- a) The currency hedge on overseas equities managed by Legal & General Investment Management was removed in January
 - b) The Global Tactical Asset Allocation mandate was terminated on 3rd January. The cash will be invested in UK Small Companies or UK FTSE350 companies, or retained to pay benefits. Investment in the FTSE350 will be gradual (known as ‘averaging in’) to recognise the volatility of the market. This strategy will cause rising tracking error. Investment in UK Small Companies will be in tranches of £400,000 to minimise dealing costs.
 - c) Half the government bond allocation has been sold in January. A strategy has been agreed with the manager that will trigger sale of the remainder of the government bond holding if markets rise or fall to set levels.

4. FINANCIAL IMPLICATIONS

These are contained within the body of the report.

5. STAFFING IMPLICATIONS

None directly.

6 DIVERSITY IMPLICATIONS

The proposals in this report have been subject to screening and officers believe that there are no diversity implications arising from it.

7 LEGAL IMPLICATIONS

There are no legal implications arising from the report.

8. BACKGROUND INFORMATION

Henderson Investors – December 2011 quarter report
Legal & General – December 2011 quarter report

Persons wishing to discuss the above should contact the Exchequer and Investment Section, Finance and Corporate Services , 020 8937 1472/1473 at Brent Town Hall.

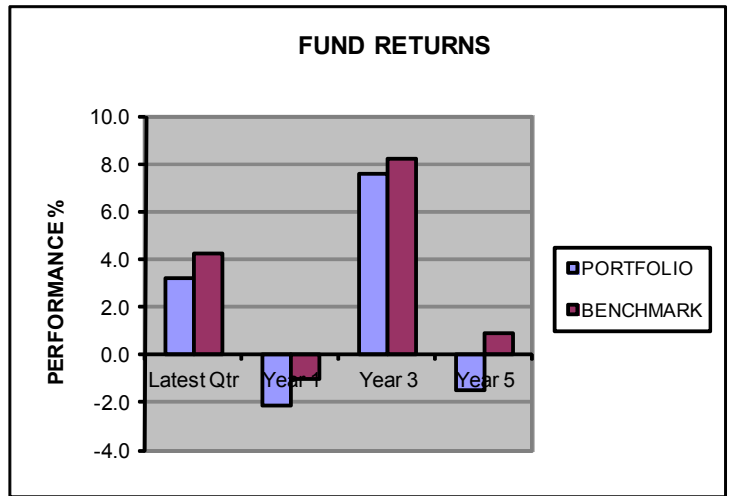
CLIVE HEAPHY
Director of Finance & CS

MARTIN SPRIGGS
Head of Exchequer and Investment

TABLE 3: PERFORMANCE FOR INDIVIDUAL PORTFOLIOS 31st DECEMBER 2011

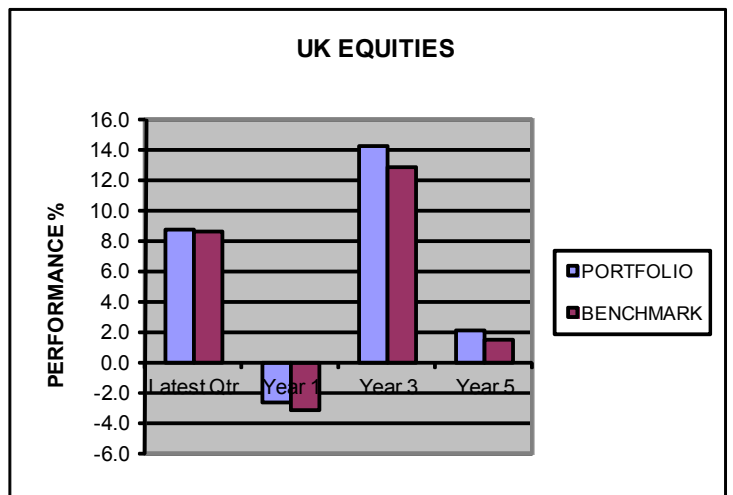
FUND RETURNS

	PORTFOLIO	BENCHMARK
Latest Qtr	3.2	4.2
Year 1	-2.1	-1.0
Year 3	7.6	8.2
Year 5	-1.5	0.9



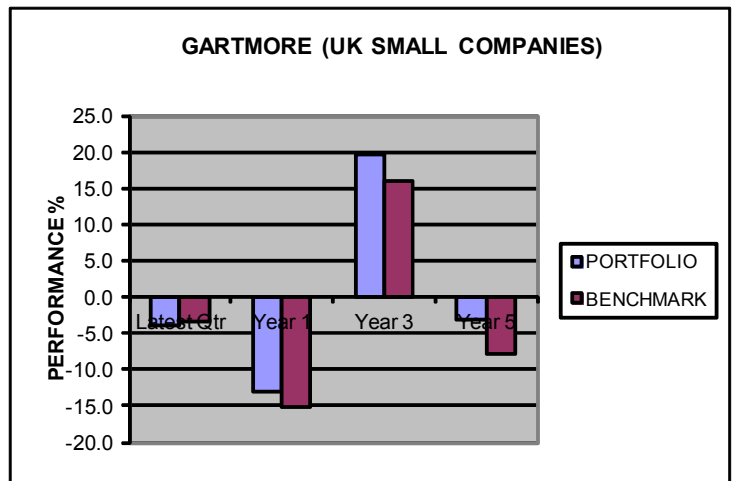
UK EQUITIES

	PORTFOLIO	BENCHMARK
Latest Qtr	8.7	8.6
Year 1	-2.7	-3.2
Year 3	14.2	12.8
Year 5	2.1	1.4



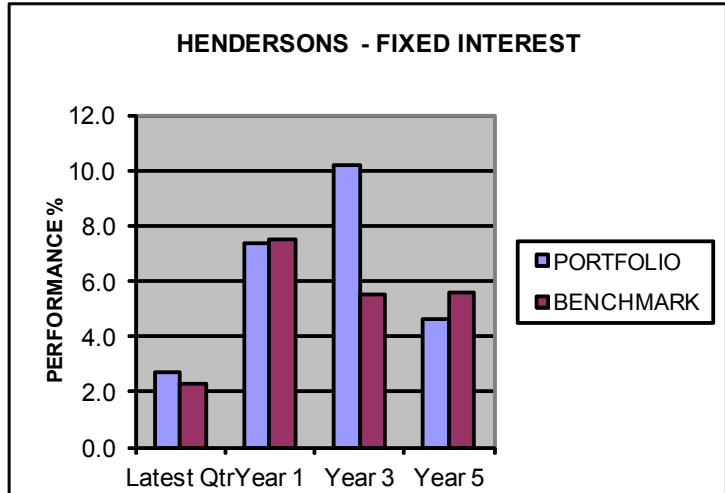
GARTMORE (UK SMALL COMPANIES)

	PORTFOLIO	BENCHMARK
Latest Qtr	-3.8	-3.5
Year 1	-13.1	-15.2
Year 3	19.6	16.1
Year 5	-3.2	-7.9



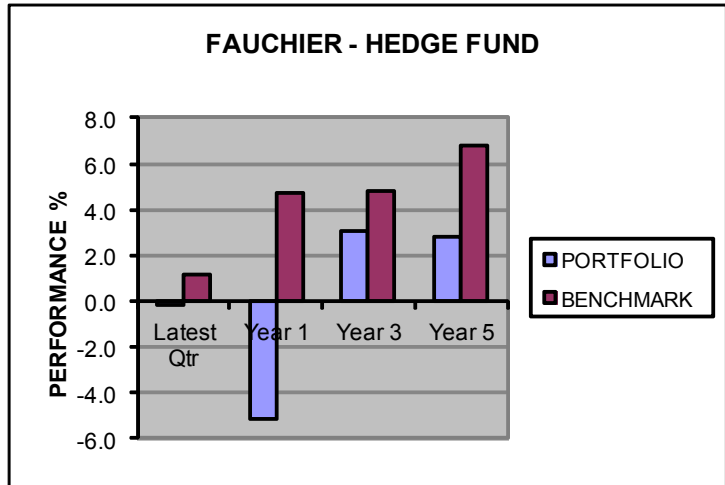
HENDERSONS - FIXED INTEREST

	PORTFOLIO	BENCHMARK
Latest Qtr	2.7	2.3
Year 1	7.4	7.5
Year 3	10.2	5.5
Year 5	4.6	5.6



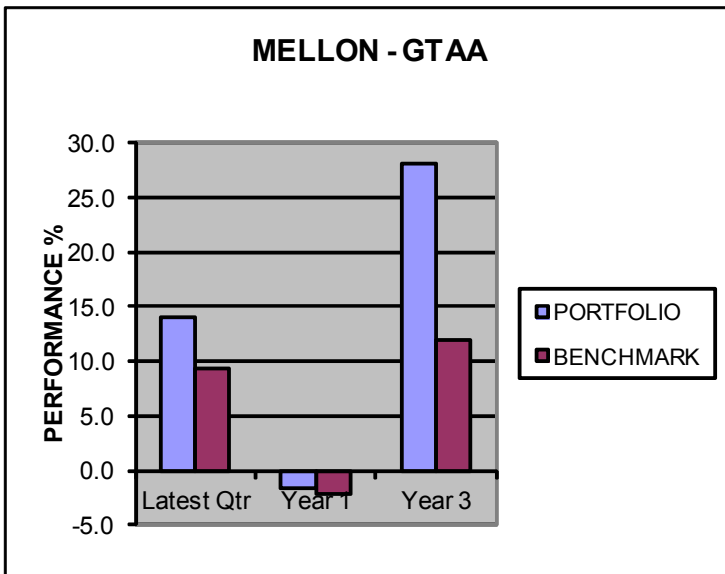
FAUCHIER - HEDGE FUND

	PORTFOLIO	BENCHMARK
Latest Qtr	-0.2	1.2
Year 1	-5.1	4.7
Year 3	3.1	4.8
Year 5	2.8	6.8



MELLON - GTAA

	PORTFOLIO	BENCHMARK
Latest Qtr	14.1	9.4
Year 1	-1.7	-2.2
Year 3	28.1	12



Report from the Independent Adviser

Investment Report for the Quarter ended 31st December 2011

Market Commentary

The index returns and currency movements both for the quarter and year ended 31st December 2011 are shown in the tables below:-

Index returns expressed in sterling - Quarter

		Q/e 31.12.11
		%
Equities		
North America	FTSE North America	11.3
UK	FTSE All Share	8.4
Asia/Pacific	FTSE Developed Asia Pacific (ex Japan)	6.2
Emerging Markets	MSCI Emerging Markets Free	4.7
Europe	FTSE Developed Europe (ex UK)	3.6
Japan	FTSE Developed Japan	-3.6
Fixed Interest		
UK IL Gilts	FTSE British Government IL Over 5 years	9.8
UK Gilts	FTSE British Government All Stocks	5.0
Corporate Bonds	Merrill Lynch Sterling – Non Gilts All Stocks	2.4
Property	IPD	N/a*
Cash	Merrill Lynch LIBOR 3 Month	0.2

* The IPD UK Property return from 30th September to 30th November 2011 was 1.1%

Currency Movements for quarter ended 31st December 2011

Currency	30th September 2011	31st December 2011	Change %
USD/GBP	1.558	1.554	-0.2
EUR/GBP	1.161	1.197	+3.1
USD/EUR	1.342	1.298	-3.2
YEN/USD	77.080	76.940	-0.2

Index returns expressed in sterling - Year

		Year ended 31.12.11
		%
Equities		
North America	FTSE North America	1.2
UK	FTSE All Share	-3.5
Asia/Pacific	FTSE Developed Asia Pacific (ex Japan)	-12.3
Japan	FTSE Developed Japan	-12.9
Europe	FTSE Developed Europe (ex UK)	-14.4
Emerging Markets	MSCI Emerging Markets Free	-17.6
Fixed Interest		
UK IL Gilts	FTSE British Government IL Over 5 years	23.3
UK Gilts	FTSE British Government All Stocks	15.6
Corporate Bonds	Merrill Lynch Sterling – Non Gilts All Stocks	7.1
Property	IPD	*N/a
Cash	Merrill Lynch LIBOR 3 Month	0.8

* The IPD Property return from 31 December 2010 to 30th November 2011 was 7.6%

Currency Movements for year ended 31st December 2011

Currency	31 st December 2010	31st December 2011	Change %
USD/GBP	1.566	1.564	-0.7
EUR/GBP	1.167	1.197	+2.6
USD/EUR	1.342	1.298	-3.2
YEN/USD	81.105	76.940	-5.1

In marked contrast to the horrendous equity returns for the previous quarter, the returns for the reported quarter ended 31st December were markedly improved and all into positive territory with the exception of Japan. First on the leader board was the USA (+11.3%) as its economy began to show the first signs of recovery. Next came the UK (+8.4%) on the perception that the country is coping better than feared with the coalition government's harsh austerity measures. This performance was followed by Asia/Pacific (up 6.2%) as the region continued to experience strong rates of GDP growth in relation to its Western Hemisphere counterparts. For similar reasons as the Asia/Pacific region, Emerging Markets produced a worthwhile positive return of 4.7%, followed by Europe with a relatively small positive return of 3.6%. Last came Japan with the only negative return of 3.6%. As is so often the case, Japan tends to suffer from the fact that its influences on equities are extremely hard to follow; so old fashioned is its reporting culture for essential economic data.

The returns from the three principal sectors of Fixed Interest were all in positive terrain, still benefitting from the perceived attraction of this asset class, especially UK government bonds. Index linked were favoured with a 9.8% return which was somewhat surprising as a consensus of economic opinion is that the current relatively high rate of inflation is set to undergo a distinct fall in 2012. The second best return at +5.0% was from gilts which reflected a continuing flight to safety. The least positive return of 2.4% came from Corporate Bonds which were thought to still offer attraction, but with less safety than government paper.

The return from property (only for October and November) was 1.1% as it continued its steady, albeit modest, progress.

As is clearly shown by the above table for the year, the return from Fixed Interest investments eclipsed those from equities. This was directly due to investors seeking a safe haven from a fearful and uncertain market background. This does indeed demonstrate the rationale for holding Fixed Interest as a form of portfolio insurance in times of acute market stress. However, the extent of demand for Fixed Interest investment in sovereign bonds and their consequent performances surprised many investment strategists as is borne out by the following statistics:-

- 10 year gilt yields fell below 2.0% from 3.4% at the start of the year.
- The 10 year yield on German bunds fell to 1.67% in September from a high of 3.49% in April.
- 10 year US Treasury yields were also sub 2.0%.

Unsurprisingly, the principal driver of UK and global markets for most asset classes, especially equities and bonds, has been what might be termed Euromania. Indeed, markets have reacted to every twist and turn of events, political manoeuvrings, so called summit meetings and statements.

UK

Positive Influences

- On 23rd December the yield on 10 year government debt fell to 1.99%. This is a direct reflection of the search by investors for non-Euro denominated Fixed Interest havens, together with an anticipation of the continuance of the Bank of England's gilt purchasing programme through quantitative easing.
- The Office for National Statistics estimated that the economy grew by 0.6% in the third quarter of the year compared with its previous estimate of 0.5%.
- Financial companies contributed some 20.0% of the UK's corporation tax last year, clearly showing the government how important this sector is to the economy.
- On 23rd November George Osborne announced the formation of a national infrastructure plan under which pension funds would be invited to invest in infrastructure products such as roads, railways and housing, similar to the models in Australia and Canada. Infrastructure certainly has its attractions with inflation linked and predictable returns over the long term. A large wealth fund, the China Investment Corporation (valued at \$410B) plans to invest in UK infrastructure.
- The Treasury Select Committee has recommended "a radical overhaul of the Bank of England's accountability and governance". This is timely in view of the Bank's unrealistic forecasting, particularly with regard to inflation.
- GDP growth in the third quarter of the year was 0.5% versus estimates of +0.3%.
- November's CPI inflation rate receded to 4.8% from 5.0% in October and 5.2% in September.

Negative Influences

- Service sector output fell 0.7% in October.
- Tension over public sector pension reform continues with unions striking for more favourable terms than those indicated by the government.
- On 20th December, the rating agency Moody's warned on the UK's Triple A credit rating due to the deteriorating public finances and growth outlook.
- The Office for National Statistics reported that in November the unemployment rate climbed to a 17 year high of 8.3% of the work force. By contrast, unemployment in the North East reached 11.6%.
- The European Commission estimates that the UK's GDP growth rate will be 0.7% in 2011, 0.6% in 2012 and 1.5% in 2013.
- On 29th November the Chancellor of the Exchequer George Osborne, announced his Autumn Statement. The main points of which were:-
 - The target for eliminating the structural deficit is to be delayed to 2015/16.
 - The Office for Budget Responsibility revised growth rate estimates are as follows:- 0.9% for 2011, 0.7% for 2012 and 2.1% for 2013.
 - The unemployment rate to rise to 8.7% in 2012 from the 8.1% announced on 29th November. This is estimated to drop back to 6.7% in 2015/16.
 - The government is to spend £5B on 500 infrastructure products and is inviting pension funds to invest £20B.

- On 6th October the Bank of England announced a further £75B quantitative easing programme. The Bank warned “the nation may be facing its most serious financial crisis ever”.
- Towards the end of the quarter, the retail sector extended opening hours and introduced aggressive discounting. This certainly attracted thrifty crowds of shoppers, but still resulted in lower profit margins.

USA

Positive Influences

- Housing starts rose by a surprisingly strong 9.3% p.a. in November.
- Retail sales increased by 0.2% in November which was short of expectations.
- The rate of unemployment reduced to 8.6% in November (October 9.0%) on the creation of 100,000 new jobs.
- The Institute for Supply Management’s purchasing managers’ index for November registered a small rise to 52.7 from 52.5 in October.
- The National Association of Realtors reported that pending house sales increased by 7.2% in November.
- The Conference Board stated that in December its index of consumer confidence rose to 64.5 from 55.2 in November reflecting improved sentiment towards the jobs market. This was better than expected.
- The rate of GDP growth in the fourth quarter of the year is generally expected to be in the 3.0% area. This appears too optimistic.
- The Institute of Supply Management’s index of manufacturing activity in December increased to 53.4 from 52.7 in November.

Negative Influences

- On 23rd November the estimate of GDP growth for the third quarter was revised down to 2.0% from 2.5%.
- The US Congressional Committee (comprising Democrats and Republicans), failed to reach a deficit reduction agreement ahead of the imposed deadline.
- The Federal Reserve Board (FED) cut its forecast of GDP growth in 2012 to 2.7%, down from its June estimate for an increase of 3.5%. The FED also estimated that the rate of unemployment would remain at about 8.5% at the end of 2012.
- On 31st October MF Global (a well known broker-dealer company) filed for bankruptcy. Yet another casualty of the Eurozone crisis, due to having taken big positions in the Eurozone sovereign debt market.

Europe

Positive Influences

- Over the Christmas holiday period Eurozone banks placed almost €412B in the European Central Bank’s deposit facility.
- On 4th December the ECB provided €489B in 3 year loans to more than 500 Eurozone banks; a much larger take up than expected. This move was specifically to improve liquidity.

- Germany's IFO index of business sentiment in December grew to 107.2 from 106.6 in November.
- There is to be a second reserve fund of €500B called the European Stability Mechanism. This is scheduled for end 2012. This will be in addition to the current €440B European Financial Stability Facility.
- On 13th November Mario Monti (an ex European Commissioner) was chosen from outside parliament to replace Silvio Berlusconi as prime minister of Italy. In similar vein, Lucas Papademos was chosen to be the new Greek prime minister in place of George Papandreu. Neither Monti nor Papademos were politically elected. They are both deemed to be technocrats.
- Output from German factories in the third quarter of the year rose 1.7%.
- On 3rd November, the new president of the ECB, Mario Draghi, reduced the bank's interest rate by ¼% to 1 ¼%. This was followed on 8th December by a further ¼% cut to 1.0%.
- Germany's unemployment rate in December fell to 6.8%, a 20 year low.

Negative Influences

- The French unemployment rate in November rose by almost 30,000 to 2.85M, a 12 year high. This was the seventh consecutive increase.
- On 5th December, the rating agency, Standard & Poors, warned that it might down grade the Triple A rated countries of the Eurozone, including Germany, due to lack of a reform process and politically motivated timing.
- The Italian government estimates that GDP will only grow by 0.5% in 2012.
- Eurozone GDP for the third quarter of the year grew by a minuscule 0.2%.
- Spain's new centre right government warned that 2011's budget deficit is likely to reach 8% of GDP. This would be 2.0% above the target rate agreed with the European Union. The rate of unemployment for December increased to almost 23% of the work force.

Japan

By comparison with other developed and industrialised nations, Japan is notoriously slow in reporting its economic data which is often subject to substantial revisions. This reported quarter is no exception with a paucity of information.

Positive Influences

- GDP growth for the third quarter of the year was a robust 6.0% p.a.
- On 31st October, the finance minister, announced a ¥10,000B intervention policy regarding the Yen for the second time in three months. This implementation was necessary after the Yen recorded its highest level against the US dollar since 1945. This caused the Yen to fall by 5.0% against the dollar and 3.0% against sterling.

Asia/Pacific

Positive Influences

- Chinese inflation for October fell to 5.5% from 6.1% in September.

- China reduced by 0.5% the amount of deposits that banks are required to hold in reserve with the central bank. This policy loosening would suggest that the government is becoming more confident that it can manage down its high rate of inflation.
- In 2011 companies raised \$73B from Initial Public Offerings (IPOs) in Hong Kong, Shanghai and Shenzhen. By comparison, this was almost double the value of IPOs raised on the New York Stock Exchange and NASDAQ combined.
- China's purchasing managers' index in December grew to 48.7 from November's 47.7.
- Asian companies issued \$312B in bonds in 2011 which was 31% higher than in 2010 according to Dealogic.

Negative Influences

- China's manufacturing purchasing managers' index fell to 48.1 in November from 51.0 in October.
- India's rate of GDP growth in the third quarter of the year fell to 6.9% p.a. from 7.7% p.a. in the previous quarter.
- On 17th December, the North Korean dictator, Kim Jong-Il died to be succeeded by his inexperienced twenty eight year old son, Kim Jong-Eun. This has caused considerable concern in the West, particularly with regard to North Korea's increasing nuclear capability.

Conclusion

In order to take a view on the likely course of markets in 2012 and beyond it is of course essential to attempt an assessment of how long it may take to resolve the current issues about which markets are expressing the greatest concern. The predominant issues in question are as follows:-

- In the UK, whether the population and corporations can cope with the Conservative/Liberal Democrat coalition government's austerity measures and, avoid disruptive strike action. Currently we are amidst a "Winter of Discontent". To be realistic, these challenging conditions are likely to last throughout the year and probably longer. It will be quite some time before the monetary gloom lifts and a semblance of a "feel good" factor returns. However, on a brighter note, the staging of the Olympic Games and the celebration of Queen Elizabeth's 60th jubilee should provide the economy with a shot in the arm and the country with a sense of national pride.
- The outcome of the presidential election in America and the ability of the president to have a sufficient majority in both houses in order to be able to enact the strong legislation that is needed to restore the efficient workings of the government and hence the capability of reducing the fiscal deficit. With regard to President Obama's election campaign, it must be a matter of some relief that, so far, the Republican party is demonstrating difficulty in coming up with a credible candidate to stand against him. Much will depend on the Republicans' ability to fund their campaign.

With regard to the rate at which the American economy can recover, there have more recently been some encouraging signs, but it is still too early to gauge whether these signs are sustainable.

- The ability of the respective Eurozone governments and the European institutions (the European Central Bank, the European Commission and the European Union) together with the International Monetary Fund to finally agree a timetable for a new treaty for Europe to replace Maastricht; incorporating fiscal union, budgetary discipline and strict legal enforcement in order to ensure the future of the Eurozone and its currency the Euro. Such a treaty will need to be entirely credible. In a new treaty it will be important to place sanctions on member countries failing to keep their respective deficits under an agreed percentage of GDP. At this time it is impossible to assess with any accuracy how long this cumbersome and complex process will take. However, to the more optimistic commentators, it does at last appear that there is a more concerted will to rescue the Eurozone and its currency. Having looked into the abyss, the alternative scenario is unthinkable and all Eurozone countries now seem to fully comprehend the situation. On the 14th December the German Chancellor, Angela Merkel, told her co-partners in the Eurozone that they had set themselves “on an irreversible course towards a fiscal union”.
- There is very little to say about Japan that has not been said before. It is to be hoped that the relatively new prime minister will do a much better job than his predecessors in enacting the essential legislation that the nation so badly needs in order to re-energise the economy. To an extent the current rebuilding programme in the aftermath of the tsunami and earthquake should act as a spur.
- The ability of both the developed and emerging economies in Asia to continue their enviable growth rates and to maintain a high level of trade with each other, thus becoming less reliant on exporting to the USA, the Eurozone and the UK. It will be important for the Chinese government to continue to control its strong economic growth whilst, at the same time, curbing inflation.

Elsewhere in the global political arena dynastic despots, often relying on loyal military support, continued to be challenged by citizens wanting greater standards of democracy with a corrupt-free method of ensuring a fair voting system at elections. This was particularly the case in the Middle East where the Arab Spring movement has continued to harry respective governments. Even Saudi Arabia has not been immune from criticism for a fairer society e.g. votes for women. At the time of writing the most worrisome events have been in Syria where the Assad regime continues to kill its own nationals. As usual, events in Afghanistan, Iran and Iraq remain of constant concern. The winds of change are even blowing on the Putin regime in Russia such is the animosity regarding the possible rigging of elections. On the other hand certain countries have already acknowledged that it is time for change and to be more cognisant of the will of its people – Burma for instance, although this will likely take time.

Keeping a close watch on the above factors, and all things considered, it is possible that by the end of 2012 the investment background may be showing a degree of improvement. In the meantime expect markets to be both volatile and nervous as they manically track every event and piece of macro economic data as respective governments strive to find a way out of the current quagmire. It is significant that, in these most critical times, well known economists, politicians, investment strategists and financial journalists are giving conflicting opinions for the future course of markets. What does this tell us? Simply that at certain times the future is incredibly difficult to predict. At the risk of being repetitive it is worth again stressing the long term attraction of high yielding quality equities of companies both in the UK and globally with a consistent ability to increase both their earnings and dividends as a result of their strong and deleveraged balance sheets. In the shorter term, for nimble investment management

houses, there are also opportunities for trading both equities and fixed interest and by switching asset classes with a watchful eye on transaction costs.

With regard to other asset classes, those of an essentially long term nature e.g. Property, Private Equity and Infrastructure should continue to make steady progress, albeit at a single digit rate of return. Global Tactical Asset Allocation (GTAA), Hedge Fund of Funds and Enhanced Fixed Interest should be able to take advantage of the current volatile and relatively uncorrelated conditions and, after their recent soft patch, should return to their basic role as alternative classes capable of achieving positive absolute returns in almost all market conditions whilst acting as a form of portfolio insurance. However, by their nature their progress will never be entirely smooth as was shown by their experiences in the 2008/9 period.

The outlook for Fixed Interest stocks is almost entirely dependent on the length of time that interest rates remain at such historically low levels. When market strategists begin to discount rises the investing institutions could be quick to reduce their current holdings of low yielding sovereign debt.

It seems appropriate to sound a caveat. Many investors have, over the last year, in a bid to reduce risk, flocked to the perceived safe haven of government bonds (especially in the UK, America and Germany), gold and cash deposits. As a result gilts have been driven to unprecedented levels, vide the yields on 10 year stocks falling below 2.0%. Gold, a non income producing asset, having increased to a peak in September of \$1,920 per Troy ounce has recently fallen back to \$1,522. UK cash deposits are currently producing minuscule interest returns. Therefore, on a collective view, it may very well be that, before long shrewd investors will seek to reduce their safe haven investments, particularly in gilts if there is the slightest hint that interest rates might rise (but the timing of this will likely be some way off). If safe haven proportions of pension funds were reduced then currently attractive high yielding equities should benefit and also other asset classes.

By way of postscript, there has been a distinct move by proactive Local Authority pension funds to undergo a programme of asset restructuring in order to better combat the changing investment environment that they foresee in the future, so that their portfolios may be better placed to cope with the highly volatile background such as is being experienced now and was also the case in the dramatic 2008/9 "sub prime" period. These restructuring exercises usually embody increased globalisation and a wider spread of asset classes with the specific intention of reducing portfolio risk and of course improving long term performance. In addition to the classic classes of Fixed Interest, Equities, Property, Private Equity, often incorporated now are Infrastructure, Global Tactical Asset Allocation, Hedge Fund of Funds, Enhanced Fixed Interest and Multi Asset Absolute Return. Foreign Exchange and Commodities are coming to be seen by some as too speculative and volatile as long term pension fund asset classes.

Valentine Furniss

5th January 2012

Investment Update for the Month of January 2012

The index returns and exchange rate movements for the month of January are shown in the tables below:-

	Indices	M/e 31.01.12
		%
Equities		
Emerging Markets	MSCI Emerging Markets Free	8.9
Asia/Pacific	FTSE Developed Asia Pacific (ex Japan)	8.1
Japan	FTSE Developed Japan	4.8
Europe	FTSE Developed Europe (ex UK)	4.3
North America	FTSE North America	4.0
UK	FTSE All Share	2.5
Fixed Interest		
Corporate Bonds	Merrill Lynch Sterling – Non Gilts All Stocks	1.8
UK Gilts	FTSE British Government All Stocks	0.1
UK IL Gilts	FTSE British Government IL Over 5 years	-0.2
Property	IPD*	N/a
Cash	Merrill Lynch LIBOR 3 Month	0.1

* The IPD UK Property return from 30th November to 31 December 2011 was 0.5%. The returns for January 2012 are not available.

Currency movements for month ended 31st January 2012

Currency	31st December 2011	31st January 2012	Change %
USD/GBP	1.554	1.568	+0.9
EUR/GBP	1.197	1.196	-0.1
USD/EUR	1.298	1.311	+1.0
YEN/USD	76.940	76.250	-0.9

The heartening positive equity returns for January shown in the above table stem from a number of more optimistic straws in the wind. Firstly, the better than expected economic data from the USA, particularly in regard to the improved outlook for job creation, rising manufacturing output, especially in the car industry and growing consumer sentiment. Secondly, the perception that the Eurozone might be getting closer to agreeing the necessary measures for its salvation, thanks to the current activity between the ultimate decision takers, the European commission, the European Central Bank, the International Monetary Fund and the governments of Germany and France. Thirdly, both the Asia/Pacific region and Emerging Markets' economic growth rates remain generally robust with increasing signs that the Chinese economy will be able to avoid a hard landing, thanks to the strong leadership of the country's government. And lastly, the UK economy, corporations and consumers, whilst still in the grips of the coalition government's austerity programme, are coping better than originally expected.

General

Reported data and events of a general nature were as follows:-

- Between 12th December 2011 and 11th January 2012 the Baltic Dry Index collapsed by 34.8%. This was exacerbated by the value of new ships coming on stream. This index is a key indicator for ships' cargoes of coal, oil, iron ore and other bulk commodities.
- The Conference Board's productivity, defined as output per worker, fell in 2011 in the most advanced economies to 1.6% from 3.1% in 2010.
- On 16th January, Ali Naimi, the Saudi oil minister (the world's largest oil producer) stated "our wish and hope is we can stabilise the oil price and keep it at a level around US\$100".

- The mood in the Davos world economic forum was slightly better than expected. There was still apprehension about the Eurozone, but the forum no longer appeared to expect a collapse.
- On 27th January, the European Union countries approved a ban on oil imports from Iran to be implemented on 1st July. A sixth of the World's oil supply passes through the Straits of Hormuz.
- The strong demand for Emerging Market currencies especially for the Mexican peso, the Brazilian real and Indian rupee. These have gained more than 5% against the US dollar in January.

During January the principal events and macro economic data within the regions were as follows:-

UK

- Pressure on family finances is being reduced by a combination of lower inflation and the reduction in the price of energy.
- It appears that the issue of excessive rates of corporate remuneration is finally being addressed.
- The China Investment Corporation has bought a 9.0% stake in Thames Water.
- The Office for National Statistics reported that, in the three months to November 2011, unemployment grew by 118,000 to 2.68M representing a 17 year high. The unemployment rate increased to 8.4% from 8.1% in the previous quarter.
- The CPI inflation rate declined to 4.2% in December from 4.8% in November and a peak of 5.2% in September.
- One of the reasons for the relative strength of gilt edged stocks is that they have acquired a safe haven status amongst risk averse international investors.
- Merger and acquisition activity is generally seen to be at its lowest level since 2011.
- On 13th January Alex Salmond, leader of the Scottish National Party, continued to push the case for Scottish Independence to be voted in a referendum, possibly in 2014.
- The Office for National Statistics reported that GDP growth for the fourth quarter of 2011 was -0.2% making 0.9% growth for the year as a whole. Manufacturing fell by almost 1.0%, construction by 0.5% and the services sector was flat.
- The International Monetary Fund estimates the UK's GDP growth for 2012 will be 0.6%.
- For the year 2011 it is estimated that British company profits warnings hit a 10 year high.

USA

- The Michigan consumer sentiment index grew to 75.0 for January, a marked improvement on December's 69.9. In part this was due to greater optimism about jobs.
- The Commerce Department reported that for the fourth quarter of 2011 GDP was slightly less than consensus estimates and increased at 2.8% p.a. versus 1.8% p.a. for the previous quarter. Part of this rise was attributable to inventory building. On the negative side, defence spending was weak.

- On 27th January, the Federal Reserve Board (FED), as expected, left interest rates unchanged. It said it would keep borrowing costs low until at least late 2014. This was much longer than the previous guidance.
- On 21st January, natural gas prices fell to their lowest level for 10 years due to the high level of shale rock drilling.
- Manufacturing output rose 0.9%.
- Job creation in January was a much better than expected 243,000. The unemployment rate dropped to 8.3% from the previous month's 8.5%.
- US car manufacturers are performing strongly.
- On 11th January the US Treasury issued 10 year paper below a yield of 2.0% for the first time (\$21B of stock at a yield of 1.9%).
- The Institute for Supply Management's manufacturing index rose for a third successive month to 54.1 in January from 53.1 in December.

Europe

- Greece's €14.4B bond becomes due for payment on 20th March. This could prove to be a stretch too far.
- The European Union has proposed that Brussels should effectively run the Greek economy as it has become obvious that the Greek government is not competent to impose and follow up the necessary austerity measures. In similar vein, Germany wants Greece's tax and spending decisions to be ceded to a Eurozone budget commission.
- On 20th January there was a strong intervention by the European Central Bank (ECB) for a longer term refinancing operation. The bank has also assisted the flow of money into European government debt.
- On 12th January the ECB held interest rates at 1.0%.
- On 13th January the Standard & Poors rating agency reduced credit ratings on 9 Eurozone countries. Both France and Austria were downgraded from their triple A ratings. However, Germany, Holland, Finland and Luxembourg kept their Triple A ratings. On 16th January the rating agency went on to downgrade the European Financial Stability Facility's rating to AA+.
- Although the Euro has been weak, it has provided a much needed boost to exporting companies. On 9th January, the Euro fell to a 16 month low versus the US\$. It therefore became attractive to borrow in the Euro and invest in higher yielding assets in the so called "carry trade".
- Eurozone unemployment in November increased to 16.37M from 16.33M in October, the highest level since the Euro's launch in 1999. The rate of unemployment remained unchanged at 10.3%.
- On 5th January with Hungary's economy in trouble, the Forint reached a record low versus the Euro of FT324. On 8th January Hungary was given a support package from the International Monetary Fund.
- On the 23rd January the European Union agreed an embargo on Iranian oil to be effective from 1st July.
- It is alleged that nearly half of Asia's largest companies plan to make significant acquisitions in Europe over the next year due to the availability of supposedly cheap assets.
- There has been a very strong demand by the European banks to use the ECB's emerging funding scheme, showing a clear evidence of a continuing liquidity squeeze.

Japan

- On 25th January, the government reported a deficit for the year 2011 of Yen 2.49 TN. Exports fell by 2.7% p.a. whilst imports rose by 12.0% p.a. These figures should be seen as particularly resilient in the light of the supply chain disruption resulting from Japan's devastating earthquake and tsunami.

Asia/Pacific

- For the fourth quarter of 2011 Chinese GDP came in at 8.9% compared with estimates of 8.6%. This was the lowest rate for 10 quarters. For the year 2011 as a whole, GDP was 9.2%, unchanged from 2010. China is expecting a lower rate of exports to Europe, but a soft economic landing is still foreseen.
- On 25th January, the Bank of Thailand cut interest rates by ¼% to 3.0%. The nation is still struggling with the worst floods in more than 60 years.
- Russia's economy grew by 4.3% in 2011, benefiting from a 16.1% rise in agricultural output and also robust consumer spending. Retail prices increased by 7.2% in 2011, up from 6.3% in 2010.


Conclusion

Although, for most equity markets, the year has begun with an unexpectedly strong showing, there are still grounds for caution. Unsurprisingly, the most influential influence on markets will continue to be the future of the Eurozone and whether or not Greece will remain a member. On the whole it appears likely that Greece will be saved from expulsion and default, but at a cost to its political control of its economy. Although Greece will continue to act as a chill factor on most global economies its effect is likely to lessen. Also the fears are decreasing that a possible Greek default could cause a malign domino effect on the other Eurozone countries.

After the equity markets' recent strong run it would not be surprising if there were to be a pause in the short term. Within the fixed interest markets, particularly for UK Treasury stocks, standing at such historically low yields it seems likely that institutional investors will continue to take profits and trim holdings in order to switch into other asset classes perceived to be offering better value. A most popular asset class for Local Authority pension portfolios will continue to be the burgeoning multi asset absolute return funds. Finally, all the conclusions made in my investment report for the quarter ended 31st December 2011 still hold good. It is worth re-emphasising that investors must retain a high degree of patience in waiting for a firmly based recovery in the market place, both in the UK and internationally. This applies particularly to equities where the background will continue to be both complex and volatile. Especially in regard to the UK economy which is dicing with a technical recession.

Valentine Furniss
6th February 2012

This page is intentionally left blank

	<p style="text-align: center;">Pension Fund Sub Committee 28 February 2012</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Resources</p>
For Action	Wards Affected: ALL
CIPFA Code of Practice – Public Sector Pensions Finance Knowledge and Skills	

1. SUMMARY

The report details the CIPFA Knowledge and Skills Code of Practice and its implementation at Brent Council.

2. RECOMMENDATIONS

Members are asked to note the report and agree:-

- a) The adoption of the Key Principles, Statement and Policy Statement and
- b) The requirement to undertake regular learning and development on pensions finance knowledge and skills
- c) The target of 21 hours per annum for learning and development.

3. DETAIL

Background

- 3.1 CIPFA published a Knowledge and Skill Framework in 2010 to promote good governance in public sector pension scheme decision making bodies by providing a framework for the training and development of staff and members. Members agreed proposals to improve learning and development opportunities and commitment, and for a questionnaire to assess individual requirements.
- 3.2 Progress in improving learning and development has been mixed. Officers, for whom this is a day to day activity, have used the web based package produced by the actuary, AonHewitt, and attended relevant seminars and conferences on accounting, actuarial and investment issues. Members have:-
 - a) Received induction training.
 - b) Had access to the online training package produced by AonHewitt
 - c) Attended a number of training seminars on such subjects as asset allocation, the actuarial valuation, private equity investment, emerging markets and others.
 - d) Attended some investment conferences (particularly the Chair and the Cabinet member).
 - e) Received reports on a variety of investment, actuarial and pensions administration topics.
 - f) Received a questionnaire to assess learning and development requirements.

- 3.3 However, member attendance at training sessions has been 'patchy', and the questionnaire was not answered.
- 3.4 CIPFA has now issued a Code of Practice on Public Sector Pensions, Finance Knowledge and Skills. This is being introduced from 1st April 2012, and requires a compliance report to be included in the Annual Report and Accounts for 2012/13. The Key Principles of the Code are:-
- a) Organisations responsible for the financial administration of public sector pension schemes recognise that effective financial management, decision making and other aspects of the financial administration of public sector pension schemes can only be achieved where those involved have the requisite knowledge and skills.
 - b) Organisations have in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of public sector pension scheme finance knowledge and skills for those in the organisation responsible for the financial administration and decision making.
 - c) The associated policies and practices are guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.
 - d) The organisation has designated a named individual to be responsible for ensuring that policies are implemented.
- 3.5 CIPFA recommends that organisations adopt the following statement:-
- 1 This organisation adopts the key recommendations of the Code of Practice on Public Sector Pensions Finance Knowledge and Skills.
 - 2 This organisation recognises that effective financial administration and decision making can only be achieved where those involved have the requisite knowledge and skills.
 - 3 Accordingly this organisation will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration and decision making.
 - 4 These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.
 - 5 This organisation will report on an annual basis how these policies have been put into practice throughout the financial year.
 - 6 This organisation has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Director of Finance & Corporate Services (supported by the Head of Exchequer & Investment), who will act in accordance with the organisation's policy statement, and, where they are a CIPFA member, with the CIPFA Standards of Professional Practice.
- 3.6 CIPFA also recommends that councils adopt the following knowledge and skills Policy Statement:-
- a) This organisation recognises the importance of ensuring that all staff and members charged with the financial administration and decision making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.
 - b) It therefore seeks to utilise individuals who are both capable and experienced and it will provide / arrange training for staff and members of the pension decision making body to

enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

- 3.7 It is recommended that both the Key Principles and the Policy Statement be included in the Statement of Investment Principles. It is planned that the 2011/12 Report and Accounts will report on learning and development in line with the CIPFA Code of Practice.
- 3.8 The practical issue is how to support the improvement of knowledge and skills? Officers have access to reading materials, and have been able to attend a number of seminars and conferences over a long period. It is more difficult for members, who have numerous pressures on their time. However, it is suggested that there are a number of ways in which knowledge and skill levels can be increased:-
- a) Use of the web-based packages and CIPFA repository, when developed. The council has recently appointed Hymans Robertson as actuary under the Croydon Framework for actuarial services. Hymans Robertson offers a web-based training package, similar to that offered by AonHewitt. The Croydon Framework offer learning opportunities for members that will be publicised.
 - b) Manager or actuary led training sessions (either at sub committee meetings or separately), or specific training / for information items as part of the agenda. The Work Plan for the Sub Committee follows this approach. Further, over a period, many of the investment, legal and procurement issues are covered with Sub Committee agendas. This is probably the most important area of learning and development. The Head of Exchequer & Investment is always happy to give briefings on investment issues or new development.
 - c) An improved induction training package produced by the Head of Exchequer and Investment that covers more of the areas outlined in the CIPFA Framework. New members are offered induction training when they join the Sub Committee. A briefing note has been attached as Appendix 1 that covers most of the issues that were part of the questionnaire issued to members. It is suggested that members review the note and raise issues with the Head of Exchequer & Investment as necessary.
 - d) Courses and seminars organised by managers, actuaries, NAPF and other experts. The Chair of the Sub Committee and the Cabinet member have attended the LGC Investment Summit on an annual basis, but I will circulate more opportunities as these become available.
 - e) Reading materials. If there are particular issues that interest / concern members, my team will be able to find articles or books that can explain them.
- 3.9 It is proposed that members adopt a target number of hours to be spent annually on learning and development. The London Borough of Hillingdon has adopted a target of three days training (21 hours) per year, based on time spent:-
- a) At sub committee meetings (4 hours per meeting), of which there are usually at least five per annum.
 - b) Training events, or web based training.
 - c) Seminars / conferences.
 - d) Briefings.
 - e) Reading.

The Head of Exchequer & Investment will keep a record of member attendances at sub committee meetings and training events, but members should tell him about other training undertaken.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no financial implications arising directly from the Framework, though members may wish to attend more seminars and courses.

5 DIVERSITY IMPLICATIONS

- 5.1 The proposals in this report have been subject to screening and officers believe that there are no diversity implications arising from it.

6 STAFFING IMPLICATIONS

- 6.1 None

7 LEGAL IMPLICATIONS

- 7.1 There are no legal implications arising from the plans.

8 BACKGROUND

- 8.1 Previous work programmes for the Sub-Committee.

Report to Pension Fund Sub Committee on the CIPFA Pensions Panel Knowledge and Skills Framework, 29th June 2010

9. CONTACT OFFICERS

- 9.1 Persons wishing to discuss the above should contact the Exchequer and Investment Section, Brent Financial Services, on 020 8937 1472/74 at Brent Town Hall.

CLIVE HEAPHY
Director of Finance and
Corporate Services

MARTIN SPRIGGS
Head of Exchequer and Investment

Guide to members – Pension Fund - Knowledge & Skills Framework

CIPFA introduced the Knowledge & Skills Framework in 2010 to support both members and officers in an area of increasing complexity. The notes below seek to assist officers and members in some areas. It is by no means exhaustive, but will seek to point recipients to documents / sources that can give additional information. The Statement of Investment Principles, and numerous regular monitoring and other reports will also be helpful.

Legislative and governance framework

1 **Awareness of the LGPS (Benefits, Membership and Contributions) Regulations 2007.**

Introduced the new LGPS scheme, with the following features:-

- a) Graduated contributions for employees (5.5% - 7.5%)
- b) Normal retirement at 65, with the exception of ill health no early retirement before age 55.
- c) Accrual rate of one sixtieth for each year of service, with no automatic lump sum.
- d) Changes to ill health retirement
- e) Commutation of pension to lump sum
- f) Flexible retirements
- g) Improved death benefits

2 **Awareness of the LGPS (Administration) Regulations 2008,** including changes to the investment regulations:-

- a) Separate regulations for benefits and administration.
- b) The pension fund cannot lend to the administering authority, and must have a separate bank account.
- c) The administering authority must produce a separate Annual Report & Accounts, which must include the items set out in 4 below.

3 **Knowledge of the investment principles arising from the Myners' report.** The Myners' report (Pension Fund Sub Committee 2001) set out ten principles of investment that administering authorities should either follow or explain their non-compliance in their Statement of Investment Principles (SIP). The principles have been revised down to six, and are set out in the Statement of Investment Principles. The six principles are:- Effective decision making, clear objectives, risk and liabilities, performance assessment, responsible ownership and transparency & reporting.

4 **General understanding of the Annual Report & Accounts.** The report and accounts must comply with International Financial Reporting Standards, and must include various items as set out in CIPFA advice and guidance. This includes:-

- a) Accounts that follow the CIPFA Statement of Recommended Practice, such as details of the use of derivatives.
- b) Reference to where the reader can find the various statements that the Fund is required in regulations to produce – the Statement of Investment Principles, the Communications statement, and the Governance Statement.
- c) A risk statement
- d) Service standards
- e) Details of investment performance
- f) Information about who to contact
- g) Details of member training and attendance at committee meetings
- h) A statement by the actuary

- 5 **Broad understanding of the role of the Pension Fund Sub Committee.** Members of the Sub Committee review the management of the Brent pension fund, both its administration and investment, and take decisions on policy issues affecting the Fund. This will involve:-
- a) Administration – receive the Actuarial Valuation report from the actuary and agree future employer contributions, agree the appointment of the administrator (Capita), receive the annual report & accounts.
 - b) Investment – review performance, review and appoint managers, decide asset allocation, agree new investments
 - c) Receiving advice and reports from the Director of Finance & Corporate Services and the Independent Adviser.
 - d) **Not employer functions, such as early retirements**, added years.
 - e) To be properly trained in their role.
- 6 **Understand the role and statutory responsibilities of the Director of Finance and Corporate Services.** The Director is the chief financial officer for the authority and has the responsibility for giving financial advice to members and ensuring that expenditure is reasonable and legal. He prepares and presents the annual accounts of the Fund. The role, as it affects the Pension Fund, is set out in the SIP.
- 7 **Awareness of the Investment regulations.** Aspects of the regulations are set out in the Statement of Investment Principles, but they include such items as:-
- a) Limits on investment in various asset classes and managers, to ensure diversification and liquidity, and to reduce risk.
 - b) Monitoring managers
 - c) Taking advice

Pensions accounting and auditing standards

- 8 **Awareness of the accounts and audit regulations and legislative requirements relating to the Annual Report and accounts.** The accounts must be closed by 30th June, and the annual report and accounts (audited) presented by 30th September. There are various requirements and explanations that must be included in the accounts, as set out above.
- 9 **Awareness of the role of both internal and external audit in the governance and assurance process.** The Brent Fund is audited by both internal and external audit, each having different but complementary roles. Internal audit looks at controls and systems, checking to ensure that these are sound, accurate and reduce risk. External audit examine the final accounts, but check what work has been done by internal audit before deciding their own checking processes. External audit will check that statements and explanations are accurate and complete, and that the accounts give a full and fair view of the transactions of the Fund, bearing in mind statutory requirements.

Procurement of services

- 10 Although there are occasions when European tendering legislation does not apply, such as investment in a fund rather than specifically appointing a manager, there are clear requirements for the letting of any contract valued at more than approximately £152,000. The tender must allow full competition so that European firms are not disadvantaged in competition with British firms. On that basis, contracts for the Fund above £152,000 must be advertised in the European journal, and must go through set stages before being let – asking contractors to tender, and then asking them to complete a tender questionnaire, giving everyone an equal opportunity, interviews, and having a ‘cooling off’ period.

11 Awareness of the nature and scope of risks for the pension fund when selecting third party providers. Among the main risks are performance issues, standards of provision, failure of the provider, accuracy and fraud. The failures by the provider may affect the reputation of the fund, as well as rendering the fund liable for damages.

Investment performance and risk management

12 The long term risks to the Fund include such issues as:-

- a) Performance and falling markets
- b) The value of the liabilities
- c) The performance of the managers
- d) Employer covenant
- e) The number and ages of active employees
- f) Longevity
- g) Interest rates and inflation

13 Awareness of the requirement to monitor both managers' activities and their performance. Members review managers' performance and activities on a quarterly basis, using both bespoke reports (from the in house, overseas equity and fixed interest managers) and summary reports from officers (who meet with or receive reports from managers on a regular basis) to confirm that activity and performance are in line with the mandate and performance benchmarks – or to ascertain reasons if there is deviation.

14 Awareness of the requirements to monitor the performance of both advisers and the sub committee.

- a) On the adviser, performance is reviewed on a triennial basis, looking at input at committees, strategic advice and support with monitoring and selecting managers.
- b) Members assess their performance on an annual basis (in the Work Plan), looking at learning / development and other activities. The Work Plan covers three years to ensure that activity is fully planned.

15 Awareness of the risk and return characteristics of the various asset classes. The traditional investment mantra has been 'higher risk, higher reward', but this has not been the case in recent years following the bursting of the equity bubble in 2000, and the boom in government bonds as interest rates have fallen to record levels. There should be a distinction between growth assets (such as equities), which grow (in major part) in line with economic growth and are more risky, and matching assets (such as bonds) which are less volatile. The asset classes employed by the Brent Fund are as follows:-

- a) Equities are regarded as risky, and traditionally returns have reflected a long term equity risk premium. The Fund is exposed to UK equities (both FTSE350 and small companies) and overseas equities (both developed and emerging markets).
- b) Government and corporate bonds, which are less volatile and match liabilities.
- c) Credit instruments issued by companies (such as secured loans), which should give some additional return over government gilts, but are subject to credit risk.
- d) Property, both UK and in Europe, should be less volatile than equities because it mainly relies on rental growth. However, there are property cycles that mean that the asset class can suffer in an economic downturn.
- e) Private equity is correlated to public equity, and is risky. However, the asset class relies on an illiquidity premium (because investment is tied up for a long period) and a skill premium related to the abilities of both the individual and the fund of fund managers.

- f) Infrastructure seeks to invest in assets that will grow in value as a result of a monopoly position or through further investment and development. The investment is risky, in line with property, but has skill and illiquidity premia.
- g) Hedge funds are absolute return vehicles, seeking to preserve capital and make returns from a variety of strategies. Over the long term they should be fairly low risk, but over the short term there is a 20% / 25% correlation to equities that can make returns volatile.
- h) Global Tactical Asset Allocation. Although the fund takes some risk reduction measures in volatile, and invests across markets and assets, the fund is very volatile as a result of leverage (very large positions using derivatives on which only a small deposit is paid) and the use of futures to track the FTSE100.
- i) Cash is a low risk asset, and currently generates a very low return.

- 16 The importance of diversification and the asset allocation strategy. The investment regulations require that the fund must be properly diversified – putting all ‘the eggs in one basket’ is unwise as managers and individual markets can underperform very sharply. It is also apparent that diversification allows the fund the opportunity to gather outperformance from a number of possible sources, rather than rely on a few. Diversification is an element in asset allocation, but there must also be considerations of risk, growth opportunities, matching assets and different premia – equity risk, illiquidity, skill, monopoly etc. It has been estimated that asset allocation is the key driver of investment returns, being responsible for around 85% of returns. In the past, funds have mainly invested in public equities, bonds and property, but the growth of other opportunities and the over-valuation of equity markets in the dot-com bubble have encouraged investment in alternatives such as hedge funds, private equity and infrastructure. See the Statement of Investment Principles.
- 17 Awareness of the roles of the independent adviser and investment managers. The main aspects of both roles are set out in the Statement of Investment Principles. The independent adviser provides advice on asset allocation, asset classes and managers. They are involved in manager searches, and join the Director of Finance and Corporate Services in many manager meetings. Investment managers have discretion, and are accountable for, the management of their individual portfolios. They give regular explanations of views and activities, either to members or to the Director of Finance and Corporate Services. Managers may also give advice to members on investment opportunities and markets.
- 18 Awareness of the performance measurement process. The investment performance of the Brent Fund is measured and reported by WM Company on both a quarterly and an annual basis. The measurer uses benchmarks as comparators. These can be either cash related (e.g LIBOR / LIBID +) or market related (eg FTSE350). In the quarterly report, WM measures both individual manager - looking at stock selection returns - and total fund performance – looking at asset allocation. WM also supplies separately details of the returns for the average local authority fund for additional comparison. On an annual basis, WM compares performance against both the benchmark and the annual fund, analysing performance variations between stock selection and asset allocation.

Financial markets

- 19 A general awareness of financial markets. Over the long term, growth markets should progress in line with economic growth. However, over the short term, markets may rise and fall sharply.
- 20 An awareness of the investment limits set out in the LGPS Investment Regulations. These are set out in the Statement of Investment Principles, and seek to ensure diversification and

risk reduction, both for managers and asset classes. For example, exposure to limited partnerships is limited to 15% of the Fund.

Actuarial methods, standards and practices

- 21 Knowledge of the actuarial process, including the Funding Strategy and inter-valuation monitoring. At each triennial Actuarial Valuation, the actuary examine the previous investment / benefit history of the Fund, and will value assets and liabilities to determine the employer contribution rates that will pay off any deficit within the approved deficit recovery period. The actuary will agree economic, investment return and other assumptions to be used, but will seek to ensure that there is reasonable certainty that the Fund will meet its targets. The contributions may rise / fall over a six year stepping period to smooth out variations. Rates will be agreed for individual employers, so that the actuary / administering authority will consider individual employer covenants in setting recovery periods. The Funding Strategy sets out how the administering authority is seeking to ensure how the deficit will be reduced over the recovery period, and will require occasional monitoring to ensure that investment returns, inflation and other assumptions are progressing in line with expectations. Again, as investment returns tend to be volatile, the monitoring can produce volatile results.
- 22 Awareness of the importance of monitoring and controlling early and ill health retirement costs. Prior to the Audit Commission report 'Retiring Nature', early retirement costs (the 'pension strain' costs of allowing staff to draw their benefits for longer, and pay contributions for less time) had been allowed to increase fund deficits. Brent has rules on charging employers for early retirements – payments start one year after retirement, and continue for three years. Ill health retirements are tightly constrained by regulations, and numbers have reduced sharply in recent years.
- 23 A broad understanding of the implications of including new employers in the fund, outsourcings and the cessation of existing employers. Including a new employer within the Fund has actuarial implications – the actuary must determine an employers' contribution rate – administrative implications – communication, collection of contributions, changes in circumstances – and covenant implications – how strong is the employers covenant, is there a requirement for a protective bond, and what are the implications for the investment strategy. A scheduled body (one named in a schedule by the Department of Communities and Local Government), may have a stronger covenant than an admitted body (one that has simply applied for admission, such as a charity or an employer that has joined the fund following an outsourcing). If there is an outsourcing, the new employer has the duty to provide a scheme of similar value or join the Brent scheme, with all the implications of being a new employer. In particular, time horizons may require a different treatment of investment risks. If an existing employer ceases, a payment may be receivable for any deficit payments that are outstanding. If the employer has become bankrupt, any bonds that are held may be called to cover a deficit.

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank