



Pension Fund Sub Committee
29 June 2010

**Report from the Director of
Finance and Corporate Resources**

Wards affected:
ALL

Pension Fund Accounts 2009/10

1. SUMMARY

1.1 This report introduces the draft Pension Fund accounts for 2009/10.

2. RECOMMENDATIONS

2.1 Members are asked to note the accounts.

3. DETAIL

3.1 The Department for Communities and Local Government (DCLG) introduced regulations in June 2007 requiring each local government pension fund to produce a separate annual report and accounts. Members will be aware that the Brent Pension Fund has produced a separate Annual Report and Accounts for many years.

3.2 In 2009, the DCLG issued regulations to include a number of existing documents, and additional information, as follows:-

- a) Governance Compliance Statement, Funding Strategy Statement, Statement of Investment Principles, and Communication Policy Statement.
- b) Fund account and net asset statement.
- c) Investment policy and review of performance.
- d) Administration arrangements. This appears to refer to the governance of the Pension Fund. A statement, largely based on the Brent Council Annual Governance Statement is attached as Appendix 1.
- e) Statement by the Actuary on the level of funding.

3.3 CIPFA has issued draft guidance on the production of annual reports and accounts. The Brent Fund report for 2008/09 complied with the guidance, and it is intended that the 2009/10 report will be similarly compliant.

3.4 The draft 2009/10 Accounts are attached as Appendix 2. The main items to note are as follows:-

- a) The value of contributions to the Fund has continued to rise in 2009/10. However, pay freezes and declining staff numbers are likely to reduce the value of contributions in future years.
- b) The value of benefits payable – both pensions and lump sums - has risen sharply in 2009/10. Again, staff reductions in 2009/10 are likely to continue this trend.
- c) On the basis of a) and b) above, additional cash balances into the fund for investment are likely to be reduced. However, there is likely to continue to be a surplus of income (contributions and investment income) over expenditure on benefits that will support increased exposure to asset classes that have future commitments, such as private equity and infrastructure.
- d) Whereas both 2007/08 and 2008/09 saw sharp falls in the value of investments, 2009/10 witnessed bull markets in most asset classes. However, the FRS17 statements for employers show that accounting deficits rose sharply during 2009/10 as a result of a lower discount rate for the liabilities for the Fund. This indicates the major financial pressures on defined benefit pension schemes that will be reflected in part in the Actuarial Valuation being undertaken at present.

3.5 The final 2009/10 report and accounts will be presented to the Sub Committee in September.

4. FINANCIAL IMPLICATIONS

These are set out within the report.

5 DIVERSITY IMPLICATIONS

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

None

7 LEGAL IMPLICATIONS

There are no legal implications arising from the plans.

8 BACKGROUND

Pension Fund Sub Committee – Report and accounts for 2008/09 – June and September 2009

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.

DUNCAN McLEOD
Director of Finance and
Corporate Resources

MARTIN SPRIGGS
Head of Exchequer and Investment

**BRENT PENSION FUND
ANNUAL GOVERNANCE STATEMENT
2009/10**

Scope of responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Council delegates responsibility for managing the Pension Fund to the Pension Fund Sub Committee, which reports to the General Purposes Committee of the Council.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is contained in the council's Constitution and can be found on our website at <http://www.brent.gov.uk/Democracy.nsf/>.

This statement explains how the Council, as administering authority for the Pension Fund, has complied with the code and also meets requirements in relation to the publication of a statement on internal control. It focuses on the issues of internal control, whereas the statement contained in the main accounts for the Council is more concerned with the wider issues of governance for the whole authority.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the pension fund is directed and controlled and accounts to stakeholders.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework

The key elements of the systems and processes that comprise the Council's governance arrangements are set out over the following pages against the six core principles upon which the CIPFA/SOLACE Framework is based. The six core principles, adapted for the Pension Fund, being as follows:

1. Focusing on the purpose of the administering authority and on outcomes for stakeholders;
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles;
3. Promoting values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
5. Developing the capacity and capability of members and officers to be effective; and
6. Engaging with stakeholders to ensure robust public accountability.

Each of these core principles are broken down into a number of supporting principles and these will be used by the administering authority on an annual basis to review the overall governance framework, as well as to identify specific actions needed to address any weaknesses and/or to achieve further improvement in the year ahead.

CORE PRINCIPLE 1 - Focusing on the purpose of the administering authority and on outcomes for stakeholders		
The local code should reflect the requirements for administering authorities to:	Position at March 2010	Actions Needed to Address Weaknesses and responsible officer
1. Develop the administering authority's purpose and vision	<p>The Pension Fund Sub Committee has agreed the following policies to set out its aims and practices:</p> <p>a) The Statement of Investment Principles, which sets out how the fund is managed and administered.</p> <p>b) The Funding Strategy Statement, which sets out how the Fund will meet its liabilities.</p> <p>c) The Fund governance statement, which sets out the membership of the Pension Fund Sub Committee and how it works.</p> <p>d) The Communication Strategy, which sets out how Pension Fund issues are communicated to members via the website and regular newsletters. Employers are contacted by letters.</p>	Ensure that communication is regular (M.Spriggs / A.Gray)
2. Review policies on a regular basis	The Statement of Investment Principles is reviewed on an annual basis. Other statements are reviewed as necessary.	
3. Publish an annual report on a timely basis to communicate the fund's activities and achievements, its financial position and performance.	<p>A review of performance and summary of accounts is produced annually.</p> <p>A summary report and accounts is produced for members and published on the website.</p>	
4. Decide how the quality of service for users is to be measured and make sure that the information needed to	The Annual Report contains details about service standards and achievement of standards.	The service standards and achievement of standards should be published separately on the website to inform stakeholders

CORE PRINCIPLE 1 - Focusing on the purpose of the administering authority and on outcomes for stakeholders		
The local code should reflect the requirements for administering authorities to:	Position at March 2010	Actions Needed to Address Weaknesses and responsible officer
review service quality effectively and regularly is available.		(A.Gray)
5. Put in place effective arrangements to identify and deal with failure in service delivery.	Potential service failure is identified through the monthly review of service with the Fund's administrator, the London Pension Fund Authority (LPFA). An action plan, with timescales, is agreed with the LPFA.	

CORE PRINCIPLE 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles		
The local code should reflect the requirements for administering authorities to:	Position at March 2010	Actions Needed to Address Weaknesses and responsible officer
1. Set out a clear statement of respective roles and responsibilities of members and officers.	<p>Article 2 of the Constitution describes the role of Members of the Council, the Executive, Mayor, Full Council and overview and Scrutiny.</p> <p>Up to date job descriptions are in place for Senior Officers.</p> <p>Monitoring Officer Advice Notes give advice to Members on decision making and standards of conduct.</p> <p>Local Democracy and Standards WebPages are updated regularly.</p>	

CORE PRINCIPLE 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles		
The local code should reflect the requirements for administering authorities to:	Position at March 2010	Actions Needed to Address Weaknesses and responsible officer
	<p>All non-confidential reports and minutes are now on the Internet.</p> <p>The Statement of Investment Principles sets out the different roles of members, officers, managers, the Independent Adviser and the Actuary.</p>	
2. Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers.	<p>Roles and responsibilities are covered in the Constitution. Draft job descriptions were not formally adopted by Members however these are now to be reviewed by Constitutional Working Group (CWG).</p> <p>Up to date job descriptions are in place for Senior Officers.</p>	
3. Determine a scheme of delegation and reserve powers within the Constitution.	<p>Clearly set out in the Constitution.</p> <p>The Legislation Tracker shows which CMT member is responsible for implementation of emerging legislation.</p> <p>The Borough Solicitor maintains a register of officer authorisations.</p> <p>The Constitution is renewed and reported to full Council every May.</p>	
4. Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management.	Covered in the Constitution and job descriptions.	

CORE PRINCIPLE 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles

The local code should reflect the requirements for administering authorities to:	Position at March 2010	Actions Needed to Address Weaknesses and responsible officer
<p>5. Make a senior officer (usually the section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.</p>	<p>Covered in the Constitution and job description.</p> <p>Covered by statute and Financial Regulations.</p> <p>All reports have to be cleared by the Director of Finance & Corporate Resources. Director attends all Leader's briefings and meetings of the Executive and full Council.</p>	
<p>6. Make a senior officer (other than the Responsible Financial Officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations are complied with.</p>	<p>Covered in the Constitution and job descriptions.</p> <p>Covered by statute and Financial Regulations.</p> <p>All reports have to be cleared by the Borough Solicitor who attends all Leader's briefings and meetings of the Executive and full Council. A lawyer also attends all other committee meetings and is responsible for issuing the legislation tracker, monitoring officer advice notes and legal bulletins.</p>	

CORE PRINCIPLE 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The local code should reflect the requirements for local authorities to:	Position as at March 2010	Actions Needed to Address Weaknesses and responsible officer
<p>1. Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect.</p>	<p>The Member Code of Conduct includes the 10 general principles of conduct, including respect for others, leadership and stewardship. The Constitution contains the Planning Code of Practice, Licensing Code of Practice, Code of Practice on Publicity and the protocol for Member Officer Relations. Members and Chief Officers work collaboratively on the Policy Coordination Group, Leader's Briefing, Service Planning and Budget Awaydays.</p>	<p>Ongoing training and support offered to Executive members. Regular meetings undertaken with senior officers.</p> <p>(Member Development Manager)</p>
<p>2. Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols.</p>	<p>The current Code of Conduct for Officers was agreed in 2005. Other codes, including the IT Usage Policy and Harassment Policy are all held on the intranet. Staff are made aware of their responsibilities through general communications, such as the Chief Executive Newsletter, Insight Magazine and via attachments to payslips, as well as at team briefings.</p> <p>The Improving Brent Programme sets out the requirement for having the highest standards of ethical behaviour across the organisation.</p> <p>New Anti-Fraud Framework, replacing the earlier 2003 framework, was publicised and issued in February 2008. Work is ongoing on raising staff and member awareness through training presentations.</p> <p>The Brent Member Code of Conduct reflects the model code published by the government, having been reviewed and</p>	

CORE PRINCIPLE 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The local code should reflect the requirements for local authorities to:	Position as at March 2010	Actions Needed to Address Weaknesses and responsible officer
	amended in September 2007.	
3. Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.	<p>Review of Members' and officers' gifts and hospitality completed and reported to Standards Committee and Director of HR.</p> <p>The Constitution contains various other codes including: Licensing, Planning, Member Officer Relations. Advice notes are issued by the Borough Solicitor regarding conduct.</p> <p>The registers of Members' interests and Members' gifts and hospitality are now placed on the web site enabling easy public access.</p>	
4. Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners.	<p>The Member Code of Conduct includes reference to Leadership and Stewardship and other values.</p> <p>A new Code of Conduct and competency framework has been developed for managers and staff together with a management charter which all set out the expected behaviours for officers, including Leadership and working with others.</p>	
5. Put in place arrangements to ensure that procedures and operations are designed in	<p>Standards of conduct for Members are set out in the Constitution.</p> <p>Protocol for Member/officer relations is set out in Constitution.</p>	

CORE PRINCIPLE 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The local code should reflect the requirements for local authorities to:	Position as at March 2010	Actions Needed to Address Weaknesses and responsible officer
conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.	Standards Committee has remit to monitor compliance.	

**CORE PRINCIPLE 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

The local code should reflect the requirements for local authorities to:	Position at March 2010	Actions Needed to Address Weaknesses and responsible officer
1. Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.	Decision making arrangements are set out in the Constitution. The Council operates a Leader and Cabinet (Executive) model of decision making. In the case of the pension fund, all decisions are made by the Pension Fund Sub Committee. There are currently no decision making powers delegated to individual Members. In accordance with the Local government Act 2000, the Council has mechanisms in place to allow the effective, independent and rigorous examination of the proposals and decisions by the Executive. These mechanisms involve the Overview and Scrutiny process including call-in and question time. The conduct of the Council's business is governed by the Constitution, which includes Standing Orders and Financial Regulations.	

CORE PRINCIPLE 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

The local code should reflect the requirements for local authorities to:	Position at March 2010	Actions Needed to Address Weaknesses and responsible officer
	<p>Decision making meetings of the Pension Fund Sub Committee are open to the public.</p> <p>Copies of reports and decisions are available on the intranet and through the One Stop Shop and Libraries.</p> <p>All meetings are clerked by well trained and experienced committee support officers and lawyers are present to provide advice on law and procedure.</p>	
<p>2. Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.</p>	<p>Review of Members' and officers' gifts and hospitality completed and reported to Standards Committee and Director of HR.</p> <p>The registers of Members' interests and gifts and hospitality are now placed on the web site enabling easy public access.</p> <p>The Monitoring Officer prepares an annual report to the Standards Committee.</p>	
<p>3. Develop and maintain an effective audit committee (or equivalent) which is independent or make other appropriate arrangements for</p>	<p>The Audit Committee was established in 2007 and has met quarterly. The terms of reference are set out in the Constitution.</p> <p>The provision of the internal audit function within the Council is through the Audit & Investigations Team, working in partnership</p>	

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The local code should reflect the requirements for local authorities to:	Position at March 2010	Actions Needed to Address Weaknesses and responsible officer
the discharge of the functions of such a committee.	<p>with Deloitte & Touche Public Sector Internal Audit Ltd. The Audit Committee approve the annual Internal Audit Plan and receive progress reports at each quarterly meeting. The internal audit team have reviewed aspects of the pension fund. The team found that the authority could have substantial assurance that the systems of internal control were sound and being followed. The auditor raised some issues about the timely completion of monthly and quarterly reconciliations which are being addressed.</p> <p>External audit is provided by the Audit Commission. Their plans, interim reports and annual audit letter are all presented to the Audit Committee. The pension fund accounts are audited annually.</p>	
4. Put in place effective transparent and accessible arrangements for dealing with complaints.	<p>The Council has a well regarded corporate complaints procedure that has been praised and endorsed by the Local Government Ombudsman (LGO), as set out in the annual LGO letter and our annual report on complaints which is submitted to the Overview and Scrutiny Committee.</p> <p>Complaints are initially handled by service area managers and, if appealed, by trained complaints officers within departments. A central team is also in place with the Policy & Regeneration Unit to handle escalated complaints on behalf of the Chief Executive and to oversee the process as a whole.</p>	
5. Ensure that those making decisions whether for the	Members are required to make sound decisions based on written reports which are prepared in accordance with the report writing	In addition to mentoring support for Executive members a new

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The local code should reflect the requirements for local authorities to:	Position at March 2010	Actions Needed to Address Weaknesses and responsible officer
authority or partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.	guide and have to be cleared by both Finance and Legal. Members have attended both general and specific pension fund investment training skills sessions. A programme of training and development is in place to support Members and provide them with enough information and the skills to be able to make effective decisions.	programme will be publicised and promoted with specific training for chairing meetings planned. (Member Development Manager)
6. Ensure that arrangements are in place for whistle blowing to which staff and all those contracting with the authority have access.	New Whistleblowing Policy now in place. This has been publicised to staff and is on the intranet under 'Raising Concerns'. The new policy is more explicit regarding contractors/agents and the points of contact outside the authority. Whistleblowing allegations are dealt with, in the first instance, by the Audit & Investigations Team.	
7. Actively recognise the limits of lawful activity placed on them by, for example the ultra vires doctrine but also strive to utilise powers to the full benefit of stakeholders.	See above section 6. In addition regular Monitoring Officer Advice Notes are issued.	

CORE PRINCIPLE 5 - Developing the capacity and capability of members and officers to be effective

The local code should reflect the requirements for local authorities to:	Position at March 2010	Actions Needed to Address Weaknesses and responsible officer
1. Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.	<p>The Council runs a Member development programme which is reported to the Standards Committee annually. The Borough Solicitor provides training to new and existing Members on decision making and standards of conduct.</p> <p>Members are offered induction training on aspects of pension fund investment.</p>	
2. Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation.	<p>Officers have an annual appraisal containing developmental objectives linked to the Corporate Strategy and Departmental Service Plans. The Council's Corporate Learning and Development Plan and service offering are based on the needs identified in individual appraisals and Service Plans.</p> <p>Workforce Development Plans have now been completed for all Service Areas.</p> <p>Each role has a job description and role specification.</p> <p>All the statutory officers are members of the Corporate Management Team (CMT).</p>	

CORE PRINCIPLE 6 - Engaging with stakeholders to ensure accountability		
The local code should reflect the requirements for local authorities to:	Position at March 2010	Actions Needed to Address Weaknesses and responsible officer
1. Make clear to themselves, all staff and stakeholders, to whom they are accountable	Annual reports are sent to key stakeholders and put on the website. The annual report includes investment and service performance reports.	

CORE PRINCIPLE 6 - Engaging with stakeholders to ensure accountability

The local code should reflect the requirements for local authorities to:	Position at March 2010	Actions Needed to Address Weaknesses and responsible officer
and for what.	Stakeholders have representation on the Pension Fund Sub Committee. A representative from the GMB Union is present to represent staff interests.	
	<p>Regular letters are sent to employers, updating them on investment decisions and performance, and highlighting major changes in the pension scheme.</p> <p>Newsletters are regularly sent to staff.</p> <p>An annual meeting is held with staff to outline the performance of the Fund, and management changes, and changes to the Local Government Pension Scheme.</p>	
2. Hold meetings in public unless there are good reasons for confidentiality.	All meetings are held in public. Some parts of meetings are held in private when exempt or confidential information might be disclosed. This is subject to the agreement of the members present.	

CORE PRINCIPLE 6 - Engaging with stakeholders to ensure accountability

The local code should reflect the requirements for local authorities to:

Position at March 2010

Actions Needed to Address Weaknesses and responsible officer

3. Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

A review of the Council's adherence to the Freedom of Information (FOI) Act was reported to CMT in September 2005 and the Executive in October 2005. It showed that the Council is meeting its obligations under the act and that performance is generally high with regard to responding to requests within the statutory time limit.

To undertake a repeat review of adherence to the Freedom of Information Act and the effectiveness of the processes in place to co-ordinate FOI requests.

REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit & Investigation's Annual Report and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework, is described below:

The Council

- Has monitored performance against the Corporate Strategy Objectives by taking an annual report and has set the annual budget in accordance with the Corporate Strategy priorities;
- Receives the annual budget report which summarises the financial position and the transactions for the year and considers the annual performance plan; and
- Has agreed the Constitution which sets out the decision making structure, delegated authority and financial regulations which underpin the internal control framework. This follows cross party review by the Constitutional Working Group.

The Pension Fund Sub Committee

- Makes key decisions in accordance with the asset allocation for the fund, investment opportunities and manager performance;
- Reviews performance on both an annual and a quarterly basis;
- Meets with managers on a regular basis
- Reviews progress against an annual and three year Work Plan agreed by the Sub Committee each year.

The Audit Committee

- Has met four times during 2009/10 and has considered the work of Internal Audit during the year, the Head of Internal Audit's annual report and opinion and the External Auditor's annual letter;
- Maintains an overview of the Council's Constitution in respect of contract standing orders and financial regulations;

- Monitors the effective development and operation of risk management and corporate governance in the Council; and
- Reviews the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

The Standards Committee

- Receives reports from the council's Monitoring Officer on issues concerning member conduct and would consider reports referred from Ethical Standards Officers or the Monitoring Officer which require investigation and/or determination.

Audit & Investigations

- Provide assurance to the Council on operational and financial controls via delivery of an agreed audit plan;
- Produce an Annual Audit Report including the Head of Audit annual opinion on the Council's internal controls; and
- Where identified as a result of audit work, significant internal control weaknesses have been reported to Service Directors and copied to the relevant Service or Corporate Area Director. Recommendations for improvement are made in each report. Each significant audit report is followed up after a suitable period and any failure to implement recommendations is noted and reported back to the relevant director and the Audit Committee.

External Audit and Inspectorates

- The Director of Finance & Corporate Resources meets with the Council's external auditors on a monthly basis and, if appropriate, they raise any concerns they have regarding the internal control environment. These meetings become more frequent during the closing of the accounts process when any material weaknesses or issues are raised; and
- The outputs from various Inspectorates in relation to the Comprehensive Performance Assessment (CPA) provide some assurance as to the internal control environment. The last assessment under the CPA regime in 2009, gave the Council a three star, "improving strongly" rating, its highest rating to date.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Signed:.....

Cllr S. Choudhary

Chair of the Pension Fund Sub Committee

Gareth Daniel

Chief Executive

Brent Pension Fund responsibilities

The Brent Pension Fund

The Brent Pension Fund is part of the Local Government Pension Scheme (LGPS) and is open to all local government employees, with the exception of police, fire fighters and teachers who have their own schemes.

Administering authority

The London Borough of Brent is the administering authority for the fund. It has responsibility for the collection of contributions, the payment of benefits and the investment of the fund under the Local Government Pension Scheme Regulations 1997 (as amended).

Brent Pension Fund Sub Committee

As part of its responsibility as administering authority, Brent Council has established the Brent Pension Fund Sub Committee to oversee as 'trustee' for the fund. The Sub Committee meets quarterly to discuss investment strategy and objectives, to examine legislation and other developments as they may affect the fund, and to review the performance of the fund managers.

Chair	Councillor Crane
Vice-Chair	Councillor H. Patel
Member	Councillor Bacchus
Member	Councillor Hashmi
Member	Councillor D. Brown
Member	Councillor C Patel
Member	Councillor Detre
Co-opted members	
North West London College	Mr. A. Patel
GMBU	Mr. G. Fraser

Independent Adviser Mr V Furniss

Brent Pension Fund responsibilities – Pension Fund Sub Committee

As set out in the scheme of governance, only councillors have voting rights because management of the Fund is part of their legal responsibility. The Sub Committee takes executive decisions.

During 2009/10, members attended sub committee meetings and received training as follows:-

Member	Meetings attended	Training attended
G. Crane	3	1
H. Patel	5	2
J. Bacchus	5	1
S. Hashmi	4	1
D. Brown	-	-
C. Patel	2	1
J. Detre	4	1
A. Patel	2	-
G. Fraser	2	1

Fund managers

The fund managers act as the council's agents and have authority to purchase and sell stocks as appropriate.

The following fund managers manage individual portfolios:

Fund Managers	Asset Class	£M	per cent
Henderson Global Investors (Jennifer Ockwell)	Fixed Interest	83.2	18.3
AllianceBernstein (Doug Stewart)	Global Equities	128.9	28.3
Brent Finance and Corporate Resources (Bina Chauhan-Wild)	UK Equities	103.2	22.7
Aviva Investors (Catriona Allen)	UK and European Property	27.3	6.0
Gartmore Investment Managers (Martin Powis)	UK Small Caps	15.5	3.4
Yorkshire Fund Managers (Geoff Sankey)	Private Equity	2.7	0.6
Capital Dynamics (Angela Willetts)	Private Equity	35.8	7.9
Fauchier Partners (Alex Dolbey)	Hedge Fund	41.8	9.2
Mellon Global Investors (Alaistair Stewart)	Global Tactical Asset Allocation	11.5	2.5
Alinda Capital Partners (Simon Riggall)	Infrastructure	5.0	1.1
		454.9	100

Custodians

The Fund uses two custodians for segregated portfolios as follows:

BNP Paribas Security Services (Fixed Interest) – contact Jennifer Ockwell (Henderson)

Bank of New York Europe Limited (Global Equities, UK Equities & Property) – contact Colin Waters

Table A: Value of the fund as at 31st March

YEARS	2006 £'000	2007 £'000	2008 £'000	2009 £'000	2010 £'000
VALUE	456,747	498,500	472,040	339,573	455,596

Table B: Fund membership and contributions 2005/06 to 2009/10

	2005/06	2006/07	2007/08	2008/09	2009/10
Number of contributing employees as at 1 April	5,644	5,849	5,922	6,075	5896
Deferred	4,679	5,159	5,380	5,713	6096
Pensioners and dependants	4,881	5,024	5,161	5,269	5438
	£M	£M	£M	£M	£M
Employee contributions	6.7	7.1	7.4	8.5	8.8
Employer contributions	21.5	25.6	28.4	28.1	29.8
Total contributions	28.2	32.7	35.8	36.6	38.6

London Borough of Brent
STATEMENT OF ACTUARY FOR THE YEAR ENDED 31 MARCH 2010

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the London Borough of Brent Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2007, in accordance with Regulation 77(1) of the Local Government Pension Scheme Regulations 1997.

Actuarial Position

1. Rates of contributions paid by the participating Employers during 2009/10 were based on the actuarial valuation carried out as at 31 March 2007.
2. The valuation as at 31 March 2007 showed that the funding ratio of the Fund had improved since the previous valuation with the market value of the Fund's assets at that date (of £499.0M) covering 72% of the liabilities allowing, in the case of current contributors to the Fund, for future increases in pensionable remuneration. The main reasons for the improvement in the funding ratio since 31 March 2004 were higher than expected investment returns on the Fund's assets and additional employer contributions paid to reduce the deficit revealed at the 2004 valuation. These had been partially offset by the impact of changes in the actuarial assumptions used, including changes to reflect higher price inflation expectations and longevity improvements.
3. The valuation also showed that the required level of contributions to be paid to the Fund by participating Employers (in aggregate) with effect from 1 April 2008 was as set out below:
 - 14.8% of pensionable pay to meet the liabilities arising in respect of service after the valuation date.

Plus

- 7.7% of pensionable pay to restore the assets to 100% of the liabilities in respect of service prior to the valuation date, over a recovery period of 25 years from 1 April 2008.

These figures were based on the Regulations in force, or enacted by Parliament and due to come into force, at the time of signing the valuation report and, in particular, allowed for the following changes to the Fund benefits since the previous valuation:

- The Rule of 85 retirement provisions were reinstated, and subsequently removed again. Transitional protections for some categories of member were extended to widen their coverage.
 - Changes were made consistent with the Finance Act 2004.
 - A new scheme had been put in place which came into effect as at 1 April 2008. All existing members transferred to the new scheme as at that date.
4. The majority of Employers participating in the Fund pay different rates of contributions depending on their past experience, their current staff profile, and the recovery period agreed with the Administering Authority.
 5. The rates of contributions payable by each participating Employer over the period 1 April 2008 to 31 March 2011 are set out in a certificate dated 27 March 2008 which is appended to our report of the same date on the actuarial valuation.
 6. The contribution rates were calculated taking account of the Fund's funding strategy as described in the Funding Strategy Statement, and for the majority of Employers using the projected unit actuarial method.
 7. The main actuarial assumptions were as follows:
 - Discount rate for periods
 - Scheduled Bodes

In service Discount rate:	6.45%	a	year
Left service Discount rate:	6.45%	a	year

Admitted Bodes

In service Discount rate:	6.20%	a	year
Left service Discount rate:	5.20%	a	year

Rate of general pay increases 4.7% a year

Rate of increases to pensions in payment 3.2% a year

Valuation of assets market value

8. Contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2010 which is currently being carried out. The formal actuarial valuation report and the Rates and Adjustment certificate setting out the employer contribution rates for the period from 1 April 2011 to 31 March 2014 are required by the Regulations to be signed off by 31 March 2011.

9. This statement has been prepared by the Actuary to the Fund, Hewitt Associates Limited, for inclusion in the accounts of the London Borough of Brent. It provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2007. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This statement must not be considered without reference to the formal valuation report which details fully the context and limitations of the actuarial valuation.

Hewitt Associates Limited does not accept any responsibility or liability to any party other than our client, London Borough of Brent, in respect of this statement.

Table C: Employer Contribution Rates

	<u>2008/09</u> <u>per cent</u>	<u>2009/10</u> <u>per cent</u>	<u>2010/11</u> <u>per cent</u>	<u>2011/12</u> <u>per cent</u>
Brent	22.9	22.9	22.9	22.9

List of Scheduled bodies & Admitted bodies

Scheduled bodies	Employee contributions	Employer contributions
	£ 000s	£ 000s
London Borough of Brent	6,621	22,858
Alperton Community School	65	236
ARK Academy	8	19
Avigdor Hirsch Torah Temimah School	2	6
Cardinal Hinsley High School	41	148
Claremont High School	31	112
College of North West London	413	1,157
Brent Housing Partnership	359	750
Convent of Jesus & Mary RC Language College	39	137
Capital City Academy	71	243
The Copland Community School & Technology Centre	78	285
Furness Primary School	14	54
JFS	47	163
Crest Boys	27	96
Crest Girls	34	122
Kilburn Park School	5	22
Kingsbury High School	110	399
Islamia Primary School	14	10
Malorees Junior School	8	30
Manor Day School	44	169
Michael Sorbell Sinai School	17	62
North West London Jewish Day School	12	43
Oakington Manor Primary School	21	79
Preston Park Primary School	27	105
Preston Manor High School	61	219
Queens Park Community School	48	169
Sudbury Primary School	25	95
St Gregory's RC School	26	95
St Joseph's RC School	27	98
	8,295	27,981
Admitted bodies: contributing		
Age Concern	0	7
Brent Association of Disabled People	2	4
Brent Society for Mentally Handicapped Children (Mencap)	8	25
Churchill contracts Ltd	1	2
Goldsborough Homecare and Nursing Services Ltd	62	522
Local Employment Access Project	18	54
National Autistic Society	173	580
Sudbury Neighbourhood Centre	6	21
Jarvis Workspace FM LTD	3	7
Wetton Cleaning Services and North Grounds Maintenance	10	68
Wetton Cleaning Services and South Grounds Maintenance	7	30
	290	1,320

ADMITTED BODIES: NON-CONTRIBUTING

Brent Asian Professional Association
Brent Black Mental Health Project
Brent Community Relations Council
Brent Community Transport
Brent Energy Services Team
Brent Family Service Unit
Brent Irish Advisory Service
Brent Kids Scrap Bank
Brent Mind
Brent Under Twenties First Aid Housing
Brent Voluntary Service Council
Chalkhill Asian Forum
Harlesden Young Mums Project
 - Family Outreach Project
Harlesden Methodist Church
 - Harlesden Day nursery
Hillside Under Fives Centre
Kilburn Training
Park Lane Methodist Day Nursery
Pakistan Workers Association
Welcome Senior Citizens Club
West Indian Self Effort

PENSION FUND – GENERAL INFORMATION

Fund income

The fund receives income from the following sources:

- employees, at varying rates dependant on salary levels or date of joining the scheme
- employers, at varying rates according to their status
- investment income – dividends or interest
- capital gains on investments and
- transfer values from other funds.

INVESTMENTS

Administration of the fund

The fund managers invest in markets in accordance with their management agreements and investment regulations and the Statement of Investment Principles.

The WM Company, market leader in performance measurement and investment administration services, has measured the performance of the Fund over the year in accordance with the performance benchmarks set for the investment managers. This has been based on the asset allocation agreed for the Brent fund.

Sales and purchases

Sales proceeds totalled £164 million (£167.7 million 2008/09) and the purchases totalled £192.6 million (£162.2 million 2008/09) during 2009/10.

London Borough of Brent Pension Fund accounts as at 31 March 2010

	Note	<u>2008/2009</u> <u>£ 000s</u>	<u>2009/2010</u> <u>£ 000s</u>
Contributions and benefits			
Contributions receivable	3	36,629	38,600
Transfer values in	4	1,389	4,389
		<u>38,018</u>	<u>42,989</u>
Benefits payable	5	24,227	28,376
Payments to and account leavers	6	3,693	4,869
Administrative expenses	7	1,070	1,155
		<u>28,990</u>	<u>34,400</u>
Net additions (withdrawals) from dealings with members		<u>9,028</u>	<u>8,589</u>
Returns on investment			
Investment income	8	13,623	12,059
Change in market value of investments	9	(153,785)	96,810
Investment management expenses	10	(1,332)	(1,435)
Return on investments		<u>(141,494)</u>	<u>107,434</u>
Net increase / (decrease) in the funds during the year		<u>(132,466)</u>	<u>116,023</u>
Net assets of the scheme			
Opening net assets		472,039	339,573
Closing net assets		<u>339,573</u>	<u>455,596</u>
Net assets statement 31 March			
Investments	9	340,202	454,893
Current assets	11	852	971
Current liabilities	12	(1,481)	(268)
Net assets of the scheme at 31 March		<u>339,573</u>	<u>455,596</u>

London Borough of Brent Pension Fund
Accounting policies and notes to the accounts March 2010

1. Basis of preparation

The financial statements summarise the transactions and net assets of the scheme. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial position of the fund, which **does** take account of such liabilities, is dealt with in the statement by the actuary on page 6 of the annual report of the Pension Fund and these financial statements should be read in conjunction with it.

2. Accounting policies

The consolidated accounts of the Pension Fund for the year to 31st March 2010 are presented in accordance with the following accounting policies:

A Statements of accounting policies

- (i) The pension costs that are charged to the Council's accounts in respect of its employees are equal to the contributions paid to the pension fund for those employees.
- (ii) Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. These costs have been determined on the basis of contribution rates that are set to meet 100 per cent of the liabilities of the Pension Fund, in accordance with relevant Government Regulations.

B Basis of accounting

The Pension Fund accounts have been prepared in accordance with the accounting recommendations of the Financial Reports of the Pension Schemes: A Statement of Recommended Practice (revised May 2007). Chapter 2 Recommended Accounting Practice and the CIPFA Code of Practice on Local Authority Accounting.

C Asset valuation principles

- (i) UK quoted securities are valued at bid prices as at the close of business on the 31 March or at the date of the last pricing of the security.
- (ii) Overseas quoted securities are valued at bid price on the 31st March, translated into sterling in accordance with accounting policy.
- (iii) UK unquoted unit trusts and other unquoted securities including hedge funds valued at the external manager's valuation, or latest accounts.
- (iv) Fixed interest securities valued at market value excluding the value of interest accruing on the securities.

D Income from investments

Dividends on investments are credited to the Fund accounts on the ex-dividend date. Interest on fixed-interest securities is accrued on a day to day basis. Income is shown gross of taxes deducted at source in the accounts.

E Foreign currencies

Transactions in foreign currencies are accounted for in Sterling at the rate ruling on the date of the transactions. Monetary and other assets denominated in foreign currencies are translated into sterling at exchange rates ruling on 31st March. Translation and conversion differences arising on transactions are included in the Fund Account.

F Transfer values to and from the fund

The Fund Account has been prepared on cash basis. Transfer values paid to or paid out from the Fund during the year have been included.

G Ex-gratia payments

No ex-gratia payments were met from the Fund in 2009/2010.

H Taxation

(i) Investments

The Fund is exempt from United Kingdom Capital Gains Tax. Income from overseas sources suffers a withholding tax in the country of origin, unless exemption is permitted as in the United States and Australia. A proportion of the tax deducted in some European Countries is recovered. The amounts recovered will vary from the amounts paid due to exchange rate fluctuations. All VAT paid is recoverable. Irrecoverable Overseas Withholding Tax and UK Income Tax have been written off to the Fund account in 2009/2010.

ii) Compounded pensions

There is a liability to income tax on these items, which are small pensions converted into lump sums. The rate of tax is 20 per cent and the liability is minimal.

I Employers' contributions

In 2009/2010 employers' contributions of £29.7 million were paid (2008/09 £28.1 m). The increased contributions will allow elimination of the funding deficit over a 25 year period.

J Statement of investment principles

The Pension Fund Sub-committee agreed a revised Statement of Investment Principle in 2010 and published this both to the employers and on the Finance website. (www.brent.gov.uk/pensions)

K Related party's transactions

As administering authority for the Brent Pension Fund, the London Borough of Brent is a related party to the Fund. The authority provides administrative support, elected member leadership to the Fund, and manages the UK equity portfolio in house. Other related parties would include other pension fund employers (page 8), pension fund managers and advisor's (page 4), and senior officers and their families (page 4).

L The administrative authority's responsibilities

The authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of their officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance and Corporate Resources.
- to manage business to secure economic, efficient and effective use of resources and safeguard assets.

M Responsibilities of the Director of Finance and Corporate Resources

The Director is responsible for the preparation of the Authority's Pension Fund's Statement of Accounts, in terms of the Code and the Statement of Recommended Practice. The Director is required to present fairly the financial position of the Pension Fund (and its income and expenditure) for the year ended 31st March 2010. In preparing this statement of accounts, the Director has: selected suitable accounting policies and applied them consistently; made judgements and estimates that were reasonable and prudent; complied with the Code; kept proper up to date accounting records; and taken reasonable steps for the prevention of fraud and other irregularities.

Duncan McLeod

Director of Finance and Corporate Resources

3 Contributions receivable

Employees contributed £8.8 million in 2009/2010. The numbers of contributing members increased during the year.

	<u>2008/09</u> <u>£000s</u> ongoing	<u>2008/09</u> <u>£000s</u> deficit	<u>2009/10</u> <u>£000s</u> ongoing	<u>2009/10</u> <u>£000s</u> deficit	<u>2008/09</u> <u>£000s</u>	<u>2009/10</u> <u>£000s</u>
Employers						
Brent	16,129	8,828	16,842	9,218	24,957	26,060
Scheduled	1,763	322	1,993	395	2,085	2,388
Admitted	730	330	908	412	1,061	1,320
Members						
Brent					7,178	7,384
Scheduled					810	912
Admitted					313	289
Additional voluntary contributions					225	247
					36,629	38,600

4 Transfers in

	<u>2008/09</u> <u>£000</u>	<u>2009/10</u> <u>£000</u>
Individual Transfers in from other schemes	1,389	4,389

5 Benefits payable On retirement or death

Pensions		
Brent	19,129	20,781
Scheduled	645	689
Admitted	690	735
Lump sum retirement benefits		
Brent	2,812	4,775
Scheduled	222	251
Admitted	306	249
Lump sum death benefits		
Brent	423	690
Scheduled	0	16
Admitted	0	190
	24,227	28,376

6 Payments to and on account of leavers

Refund to members leaving service	16	45
Individual transfers to other schemes	3,677	4,824
	3,693	4,869

7 Administration expenses

Administration and processing	982	1,055
Actuarial fees	45	61
Audit fees	43	39
	1,070	1,155

8 Investment Income

Dividend income equities	7,640	7,535
Income from fixed interest securities	4,011	2,902
Income from property unit trusts securities	1,345	1,104
Income from private equity	287	663
Interest on cash deposits	795	38
Infrastructure	0	68
Commission recapture	42	3
Miscellaneous	189	296
Class action	31	4
	14,340	12,613
Irrecoverable tax	(717)	(554)
Total investment income	13,623	12,059

9 Investments

	<u>Value at</u>	<u>Pur</u>	<u>Sal</u>	<u>Change in</u>	<u>Value at</u>
	<u>31.03.09</u>	<u>cha</u>	<u>es</u>	<u>Market</u>	<u>31.03.10</u>
	<u>£'000s</u>	<u>ses</u>	<u>Proceeds</u>	<u>Value</u>	<u>£'000s</u>
	<u>£'000s</u>	<u>At cost</u>	<u>£'000s</u>	<u>£'000s</u>	<u>£'000s</u>
UK equities-quoted – In house	73,308	5,212	12,928	34,733	100,325
Global equities-quoted UK ALBERN	7,180	14,268	10,531	3,804	14,721
Global equities-quoted ALBERN	59,465	113,089	92,209	31,733	112,078
Fixed interest securities	75,485	40,359	47,443	13,391	81,792
Property UK Unit Trust	18,998	942	0	538	20,478
Property European Unit Trust	10,133	0	0	(3,363)	6,770
UK equities small companies	9,477	129	0	5,861	15,467
Private equity-YFM/CapDyn	25,920	12,798	0	(387)	38,331
Hedge fund	36,878	0	0	4,964	41,842
infrastructure	0	5,814	969	166	5,011
Global tactical asset allocation	5,951	0	0	5,499	11,450
	322,795	192,611	164,080	96,939	448,265
Cash deposits	16,720	0	11,184	140	5,676
Henderson Bond Future	0	(64)	15	79	0
Henderson FX	(34)	27,504	27,504	38	4
AllianceBernstein FX	(120)	179,243	178,847	(276)	0
AllianceBernstein Futures	5	258	148	(110)	5
	339,366	399,552	381,778	96,810	453,950
Investment income due	836				943
	340,202				454,893

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year.

*Private equity and Infrastructure

The Brent pension fund has made commitments as a limited partner to nine funds managed by Capital Dynamics, the Capital Fund for London and to the Alinda Infrastructure Fund. As at 31st March 2010, outstanding commitments totalled £78m. However, previous experience indicated that funds only call around 70% of commitments before income returns increase, so that actual payments are likely to be much less than outstanding commitments.

Fixed interest securities	2008/09	2009/10
	£000s	£000s
UK public sector	15,831	14,769
UK corporate – quoted	23,591	22,325
Overseas government quoted	3,928	8,834
Secured loans	15,558	8,630
Credit opportunities	0	11,534
Credit alpha	0	11,062
Currency fund	0	1,255
Absolute return fund	14,659	0
Infrastructure	1,370	812
Money market fund	548	2,571
	75,485	81,792

The following are pooled investment vehicles (excluding fixed interest).

	2008/09	2009/10
	£000s	£000s
Property - UK fund of funds unit trust	18,998	20,478
Property - European fund of funds unit trust	10,133	6,770
UK Equities – small companies	9,477	15,467
Private equity	25,920	38,331
Hedge fund	36,878	41,842
Infrastructure	0	5,011
Global tactical asset allocation	6,000	11,450
	107,406	139,349

Derivative Contracts	2008/09	2009/10
	£000	£000
Currency – Henderson	(34)	4
Futures – bonds	-	-
Futures – equities	5	5
Currency AllianceBernstein	(120)	-

Type of derivative	Expiration	Economic exposure	Value	Market Value
		£000		£000
Henderson				
UK Sterling	28 th June 10		636	636
US Dollars	28th June 10		(631)	(627)
Euro	28th June 10		(5)	(5)
Futures UK LIFFE Long Gilt	28th June 10		1032	1033
Futures USA CBT 10 year	21st June 10		694	690
Futures USA Long Bond	21st June 10		(846)	(842)
Futures EUX Euro-bund	8th June 10		(1094)	(1100)
AllianceBernstein				
Futures DJ EURO STOXX 50	June 10		102	102
USA S&P 500	June 10		532	538

Derivative receipts and payments represent the realised gains and losses on contracts. The various derivatives are held for the following purposes:-

- Gilt futures. The manager purchases exposure to the value of gilts at a future date, paying a margin that increases / reduces as the value of the future varies. Futures are used because the market is liquid and costs are lower.
- Equity futures. The manager can purchase exposure to an equity market index that rises / falls in line with market movements. Again, futures are used because they are cheap, liquid, and give additional exposure.

- c) Currency exposure is obtained through futures, and has two main purposes. First, both AllianceBernstein and Henderson took views on currency movements, seeking to make gains as currencies rose / fell. Second, the Fund has sought to protect the value of investments against adverse currency movements by fixing the sterling value in the future.
- d) Global Tactical Asset Allocation (GTAA) seeks to make gains through the relative movements in currency, bonds and equities. Exposure is gained through a pooled fund managed by Mellon.

AVC Investments

Individuals hold assets invested separately from the main fund in the form of with profits, equity related, or building society accounts, securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions (AVCs). Members participating in this arrangement each receive an annual statement made up to 31st March confirming the value of their account and the movements in the year. The aggregate value of the AVC investments are as follows:-

	<u>2008/09</u> <u>£000s</u>	<u>2009/10</u> <u>£000s</u>
Equitable Life	127	132
Clerical Medical	1,018	1,235
	<u>1,145</u>	<u>1,367</u>

10 INVESTMENT MANAGEMENT EXPENSES

	<u>2008/09</u> <u>£000s</u>	<u>2009/10</u> <u>£000s</u>
Administration, management and custody fees	1,300	1,340
Performance measurement fees	18	18
Other advisory fees	14	77
	<u>1,332</u>	<u>1,435</u>

11 CURRENT ASSETS

Contributions due		
Employers	381	569
Employees	110	92
Additional voluntary contributions	3	2
Other miscellaneous debtors	358	308
	<u>852</u>	<u>971</u>

12 CURRENT LIABILITIES

Management / advisor's fees	(176)	(222)
Accrued expenses	(1,305)	(46)
	<u>(1,481)</u>	<u>(268)</u>