

PENSIONS COMMITTEE

20 June 2018

Title: Pension Fund Accounts 2017/18	
Report of the Chief Operating Officer	
Public Report	For Information
Wards Affected: None	Key Decision: No
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Accountable Strategic Director: Claire Symonds, Chief Operating Officer	
Summary: This report presents the Pensions Committee with the Draft Pension Fund Accounts for 2017/18.	
Recommendations The Committee is asked to consider and note the Draft Pension Fund Accounts for 2017/18.	

1 Introduction

- 1.1 This report introduces the annual accounts of the London Borough of Barking and Dagenham Pension Fund for the year ended 31 March 2018, which are included as appendix 1.
- 1.2 The Pension Fund Accounts sets out the financial position of the Pension Fund as at 31 March 2018 and as such acts as the basis for understanding the financial well-being of the Pension Fund. It also enables Members to manage and monitor the Scheme effectively and be able to take decisions understanding the financial implication of those decisions.

2 Key Highlights

- 2.1 Overall 2017/18 was another good year for the Fund with a positive investment return, net of fund manager fees and custodian costs, of 5.3%, 0.3% higher than its benchmark of 5.0%. Taking net pension contributions into account, the Fund increased in size by 5.6%. Over three years the Fund has returned an annualised return of 7.9%, which 0.4% below the Fund's benchmark return of 8.3%.

- 2.2 Equities and alternatives were the main driver of outperformance, with Baillie Gifford providing a good return of 12.7% for the year, outperforming its benchmark by 9.4% and Aberdeen Asset Management providing a return of 12.5%, outperforming its benchmark by 8.1%. Absolute return managers were the worst performers, both underperforming their benchmarks and providing negative actual returns for the year.
- 2.3 Two new employers, Be First and SLM, joined the scheme as admitted bodies. A further two academies, James Campbell Primary and St Margarets joined the scheme as new scheduled body employers. The total number of active and closed employers within the Fund was 37 as at year end.
- 2.4 The Fund increased in value by £51.6m from £916.8m as at 31 March 2017 to £968.4m as at 31 March 2018.
- 2.5 Audit fees remained at £21k for the year

3 Recommendation

- 3.1 The Committee is recommended to note the Pension Fund Accounts for 2017/18.