

## PENSIONS COMMITTEE

16 September 2020

<b>Title:</b> Pension Fund Accounts 2019/20	
<b>Report of the Chief Operating Officer</b>	
Public Report	<b>For Information</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
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<b>Accountable Director:</b> Philip Gregory, Finance Director	
<b>Accountable Strategic Leadership Director:</b> Claire Symonds, Acting Chief Executive	
<b>Summary:</b>  This report presents the Pension Committee with the Draft Pension Fund Accounts for 2019/20.	
<b>Recommendations</b>  The Committee is asked to consider and note the Draft Pension Fund Accounts for 2019/20.	

### 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 2020, 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 2020 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 19/20 started off with strong positive returns for the first three quarters, but uncertainty caused by Covid-19 resulted in a market correction in the fourth quarter. As a result, the Fund's return for the year was a negative, with an investment return, net of fund manager fees and custodian costs, of -5.1%, which was 4.6% lower than its benchmark of -0.5%. Taking net pension contributions into account, the Fund fell in size by 4.6%. Over three years the Fund has returned an annualised return of 1.7%, which was 2.4% below the Fund's benchmark return of 4.1%.
- 2.2 Equities were the main detractors of performance, with UBS Equities and Kempen providing a return of -9.4% and -22.3% for the year. Passive bonds, infrastructure and Alternatives provided positive returns of 10.0%, 10.8% and 2.2% respectively. The remaining managers provided a small negative return ranging from 1.3% for the Baillie Gifford to 2.7% for the fund's property manager, Schroders.
- 2.3 Two new employers were admitted to the Fund in 2019/20, including, Aspens 2 and Caterlink. During the year, the total number of active employers within the Fund was 39.
- 2.4 The Fund decreased in value by £48.1m from £1,041.9m as at 31 March 2019 to £993.8m as at 31 March 2020.
- 2.5 Audit fees for the year increased from £16k to £19.7k.