

PENSIONS COMMITTEE

14 June 2023

Title: Draft Pension Fund Accounts 2022/23	
Report of the Chief Operating Officer	
Public Report	For Information
Wards Affected: None	Key Decision: No
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Accountable Director: Philip Gregory, Chief Financial Officer	
Accountable Strategic Leadership Director: Fiona Taylor, Chief Executive.	
Summary: This report presents the Pensions Committee with the Draft Pension Fund Accounts for 2022/23.	
Recommendations The Committee is asked to consider and note the Draft Pension Fund Accounts for 2022/23.	

1. Introduction

- 1.1 This report introduces the draft annual accounts of the London Borough of Barking and Dagenham Pension Fund for the year ended 31 March 2023, 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 2023 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.
- 1.3 The draft annual accounts are due to be finalised once audit commences.

2. Key Highlights

- 2.1 2022/23 had a negative return for the year due to the economic downturn following Russia's invasion of Ukraine. With rising inflation and interest rates and the forecasted recession in the UK economy, this has impacted the performance of the fund's investments. The overall investment return for the fund over the year, net of fund manager fees and custodian costs was -1.5%, which was 2.7% lower than the benchmark of 1.2%. Over three years the Fund's annualised return was 10.2%, which is 0.4% below the Fund's benchmark return of 10.6%.
- 2.2 Over one-year Blackrock provided a negative return of 15.9% and underperformed its benchmark by 1.5%. Baillie Gifford, Newton, Abrdn and UBS also provided negative returns. While Hermes and Kempen provided positive returns.
- 2.3 Two employers, Citizens Advice Bureau and Cleantech, exited the Fund in 2022/23. During the year, the total number of active employers within the Fund was 40.
- 2.4 The Fund decreased in value by £44.0m from £1,358.5m as at 31 March 2022 to £1,314.5m as at 31 March 2023.
- 2.5 Audit fees for the year remained at £16.2k for the year.

3 Recommendation

- 3.1 The Committee members are recommended to note the Pension Fund Accounts for 2022/23.