

## PENSIONS COMMITTEE

10 July 2024

<b>Title:</b> Draft Pension Fund Accounts 2023/24	
<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> Jo Moore, Interim Strategic Director Finance and Investment (S151 Officer)	
<b>Accountable Strategic Leadership Director:</b> Fiona Taylor, Chief Executive.	
<b>Summary:</b>  This report presents the Pension Committee with the Draft Pension Fund Accounts for 2023/24.	
<b>Recommendations</b>  The Committee is asked to consider and note the Draft Pension Fund Accounts for 2023/24.	

## **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 2024, 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 2024 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 2023/24 had a positive return for the year due to improvements in the macroeconomy following the downturn. With inflation and interest rates on a downward trajectory, 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 11.4%, which was 2.0% lower than the benchmark of 13.4%. Over three years the Fund's annualised return was 5.1%, which is 3.3% below the Fund's benchmark return of 8.4%.
- 2.2 Over one-year Blackrock provided a negative return of 8.2% and underperformed its benchmark by 7.5%. While, Baillie Gifford, Newton, Abrdn, UBS, Hermes and Insight provided positive returns.
- 2.3 Four employers including Caterlink and Aspens 2 exited the Fund in 2023/24. During the year, the total number of active employers within the Fund was 36.
- 2.4 The Fund increased in value by £151.5m from £1,314.5m as at 31 March 2023 to £1,466.0m as at 31 March 2024.
- 2.5 Audit fees for the year increased to £75.3k for the year.

## **3. Audit Plan**

- 3.1 The Pension Fund's auditors Grant Thornton have produced an indicative Audit Plan which officers have reviewed. The plan provides an overview of the planned scope and timing of the statutory audit of the fund and highlights key matters and risks identified in LGPS accounts overall.
- 3.2 The audit plan for 2023/24 is included as an appendix to this report for members to note.

## **4 Recommendation**

- 4.1 The Committee members are recommended to note the Pension Fund Accounts for 2023/24.
- 4.2 The Committee members are recommended to note the Pension Funds Audit Plan for 23/24.