



Annual report and accounts

FOR THE FINANCIAL YEAR 2018/19

"Barnett Waddingham has provided excellent support to the Society on both our defined benefit and defined contribution pension. Within a few months of their appointment they have supported on accounting, actuarial valuation negotiations, defined contribution options and are now moving into investment matters. We have been treated as a valued client from the start."

GROUP FINANCIAL CONTROLLER
RSPCA

"Barnett Waddingham speak in a language I can understand and give genuine advice rather than a range of options. This is becoming ever more important as regulation and trustee responsibilities are inexorably increased."

CHAIR OF TRUSTEES
Chubb Pension Schemes

CONTENTS

04	Our journey
06	Embracing change
08	Beyond the expected
16	At a glance
18	The numbers

OUR JOURNEY

“We have always been an ambitious organisation”



While we have always been an ambitious organisation, our latest financial statements have gone beyond even our own expectations, proving that our business continues to surpass its claims to delivering a superior quality of service that delights our clients.

Everyone at Barnett Waddingham views these results, and their role in achieving them, with an immense sense of pride. Results like this don't happen by chance. There is no doubt that every person plays an essential part in our business and without them, we would not be achieving such exceptional levels of growth.

As Barnett Waddingham celebrated its 30 year anniversary this summer, it afforded me the opportunity to reflect on the thoughts and intentions at the birth of the organisation. The aim then was to fashion a service that had clear values and was uncompromising in its commitment to putting clients and people above profit. That aim is the same today. It will be the same in 30 years from now.

So much has been accomplished within that time that it is clearly impossible to list each of the small – sometimes daily – achievements that brought us here. But the approach we have taken with our clients since 1989 is, in essence, the same approach we take for our business as a whole: long-term partnership that requires long-term thinking. Our business map is measured not in years, but in decades, and our latest financial results prove we are setting the ideal foundations for the future.

I firmly believe that our success is driven by our true independence as a firm, which is something our competitors simply cannot offer. That impartiality is vital to giving clients the flexibility and control they expect in a service.

Remaining a 'people-first' provider is not just key to our values but makes an indelible impact on our bottom line.

Clients want a partner they can trust to do the right thing, whether it's in day-to-day business or in our involvement with local communities – and they are pleased to see us instilling the same values across our workforce.

As such, I'm pleased that we refer in this report to some of the ongoing work we do in helping charities, community projects and individual causes. I have had the privilege of being personally involved in several of these initiatives, seeing their benefit first-hand. The report also highlights the consistently high scores we receive from independent bodies and from clients themselves as we continuously look for feedback and opportunities to improve our client service.

Climbing this mountain has been possible through many, many small steps. Our financial results prove that we have, particularly in the past year, covered huge ground, have planted many flags and have done it as a supportive, integrated team. But, unlike actual mountain climbers, we hope never to reach the summit – instead relishing the discovery of new heights and the opportunity to pass new milestones.

I am confident that Barnett Waddingham's journey will continue to take us onward and upward!

Nick

NICK SALTER
Senior Partner

EMBRACING CHANGE

“The numbers never tell the full story. But those found in this year’s report exemplify our tireless dedication to making a meaningful difference to our clients.”



Marcus

MARCUS WHITEHEAD
Managing Partner



Those that we partner with tell us that they are consistently impressed by our commitment to timely delivery and fair and transparent pricing, helping us to ensure long-term relationships that are built on a bedrock of trust.

Aside to our financial success, this brings into sharp focus, our outstanding operational achievements. We continue to invest heavily in training and in recruiting talented people into our business – underscored by our rapidly growing annual intake of graduates and apprentices – as we consider the needs of the business for tomorrow.

While it’s of course a fantastic achievement for any business to pass its 30 year milestone, we are less concerned about basking in our results than with maintaining our momentum to propel us forward into the next 30 years.

Our heritage underpins our triumphs, but our focus is on the future to ensure that we continue to listen, to innovate and to help our clients solve their complexities to the best of our ability.

This year saw the launch of our ‘Free Thinking’ campaign. It reflects not just how we enable our customers to overcome traditional limitations, but how we empower our own people within the business with a sense of independence, encouraging them to push boundaries, think outside-the-box and challenge conventions at times when better alternatives can often be applied.

Putting this into practice has recently seen us involved in the successful actuarial and administrative work behind Rothesay Life’s £3.8bn buy-in with Allied Domecq – the biggest buy-in completed in the UK to have secured benefits for pensioners and deferred members – and Legal & General’s £930m buy-in with Tate & Lyle.

Our approach also allows us to balance our commitments to our longstanding clients – such as Pernod Ricard, Ageas and Remploi, to name a few – to bringing our more specialist services to new clients, such as those now a part of our longevity consulting portfolio.

At its core, growth is a state of change and we embrace this way of thinking. We will therefore continue to embrace change and we expect it to continue over the next twelve months and beyond. In fact, our strategy involves constant transformation, with the aim to leave the business in a better position at the end of each day than it was at the start.

But we also apply that same ethos to ourselves, as individuals. I have no doubt that developing the expertise and potential of each person at Barnett Waddingham will continue to benefit our clients – and to see our business change for the better.

After all, it’s got us this far.

BEYOND THE EXPECTED

"This 2018/19 period has seen us achieve double-digit annual revenue growth of £15 million, representing a stand-out performance in the risk, pensions, insurance and investment markets."



Jane

JANE GALVIN
COO and Partner

While our organisation has grown consistently year-on-year, 2018/19 saw a significant acceleration of revenues to £99.3 million alongside the expansion of headcount, services and solutions.

Barnett Waddingham's strapline is, of course, 'beyond the expected'. However, with an increase in revenue of almost 50% since 2016, the results have in many ways exceeded our own lofty ambitions.

Through both retention and new business, our performance emphasises the fact that our clients are regularly receiving a superior quality of service driven by our competitive position as an impartial and independent organisation.

Among our major achievements in the past year, consistent quality scoring for service delivery has been a mainstay, including a coveted 'gold award' in July from Investor in Customers (IIC) for outstanding customer experience and loyalty across all of our trustee services, and a PASA 'gold standard' for the quality of our pensions administration team.



"It has been a real honour for me to take up the responsibility as non-executive Chair of the Management Board of Barnett Waddingham during such a significant time for the business.

This annual report illustrates that there has been much to celebrate this year. Our focus is now to the future as we seek to sustain and build on our momentum as a market leading, independent and free thinking firm providing a tailored bespoke service for our clients. We are well placed to support our clients for the long-term.

I am confident that the coming year will see the firm develop and grow and, together with Management Board and everyone at Barnett Waddingham, I look forward to helping to drive further success."

Elizabeth

ELIZABETH RENSHAW-AMES
Non-Executive Chair



GOOD PEOPLE, GOOD PRACTICE

Our workforce now exceeds 1,270 people across eight offices, of whom 73 are partners.



We will build on this in the coming year by updating our entry requirements, with the aim of widening our talent pool to provide further consultancy services beyond our actuarial practice.

This includes a continued emphasis on diversity and inclusion, as we believe a wider variety of people and experiences brings diversity of thought, fundamental to our future prospects for innovation.

We welcomed over 350 new starters throughout the financial year, providing valuable consulting, administration, IT and operational resource to the organisation's risk, pensions, investment and insurance practices.

Owing to this growth, we have since been able to welcome a larger intake of 27 to our annual graduate programme and 25 to our apprentice programme, with training and mentorship provided by some of our most experienced partners.

Aside to this, our financial and headcount growth have been underpinned by efforts to further corporate social investment, sustainability and people-focussed activities.

We recognise our role in the wider community and have been pleased to support many charitable causes that cover research for cancer, physical syndromes and disabilities, and those suffering with terminal illness and bereavement, to name a few. Acknowledging our 30 years as a business, we have marked the occasion with a project committing to benefitting 1,000 young people through financial donations, educational sessions, mental health initiatives and youth enterprise schemes. Other initiatives have included communal garden renovation and planting projects, allowing us to collaborate with other organisations in our local areas to create meaningful change.

Our sustainable practices have seen a reduction in printed material, single-use plastic and waste across all our offices, as well as initiatives to optimise our use of solar power, recyclables and Fairtrade products.

Staff have access to technology that enables them to cut travel by working remotely, and many are further reducing their carbon footprint by taking advantage of our cycle to work scheme. Our office operations and facilities are currently managed to BREEAM (the world's leading sustainability assessment method) good or excellent standards, where energy efficiency assessments are available.

By engaging with clients about Environmental, Social and Governance (ESG) investment factors, putting long-term sustainability front of mind, we believe they will be better equipped to identify investments with the potential to generate higher returns and mitigate risk over the long term.

Being a 'people-first' provider is not just key to our values but confirms our commitment to doing the right thing. While this is beneficial to the trust and confidence our clients place in us as their partner, it is also beneficial to the local communities with which we work.



"We enjoy working with Barnett Waddingham because we find them pragmatic and responsive. Their communication with us is open and transparent, and they really help our lay trustees to understand complex pensions issues."

CHAIR OF TRUSTEES
The Scout Association DB Pension Scheme

BUILDING FOR THE LONG-TERM

Through concerted effort, we have continued to expand on and augment the services Barnett Waddingham offers, developing a number of new income streams that have further strengthened our market position and created a pathway for future success.

AMONG THEM

Our insurance business has grown by 50% in both revenue and headcount over the past twelve months, having produced work for more than 70 clients throughout the year.

50%

Our investment services are also proving increasingly popular, with organisations including Aggregate Industries, BECTU and the University of Liverpool benefiting from our expertise.

We continue to be heavily involved in PPF cases and remain one of the leading providers of these services, especially in relation to large and high profile schemes. Over the year we have provided administration, actuarial and consultancy services to a range of schemes, including British Steel, Carillion and BHS.

OVER

20k

CLIENTS UNDER
ADMINISTRATION FOR
OUR SIPP SERVICE

"Extremely valuable advisers, able to cut through the technical jargon and explain the intricacies in simple terms, pragmatic and willing to help."

HEAD OF FINANCE
Central England Co-operative
Limited

PROVIDING SERVICES
TO OVER

15%

OF FTSE 350
COMPANIES



Having offered our self-invested pension services since 1989, this business area has taken a further leap forward during the past financial year.

We now hold more Small Self-Administered Scheme (SSAS) assets under administration than any other administrator in the country, while our Self-Invested Personal Pensions (SIPP) service has exceeded 20,000 clients under administration with assets of over £5 billion.

Meanwhile, our workplace, health and wealth (WHW) services continue to work closely with our corporate consultancy practice to deliver a truly bespoke service for a dynamic and evolving workplace.

By taking an intelligent approach to leveraging the varied skills of our consultants across the entire firm, we are becoming a formidable presence in management decision analytics and the enterprise risk advisory market, with a number of significant hires and client wins in 2019.

WITH BESPOKE CLIENT SERVICES IN MIND, WE HAVE CONTINUED TO INVEST IN PROPRIETARY TECHNOLOGY AND SOFTWARE SOLUTIONS IN THE PAST YEAR.

This includes ongoing attention to Me2 – our suite of digital tools that allow employees to independently monitor and adjust pensions and workplace benefits, recently adopted by the Football Association (The FA) – and our development of ANNalytica™, a platform that enables visualisation and automation of information for the insurance industry.

Providing self-developed technology not only helps our clients, but enables their members to help themselves.



"I have been a Trustee for 19 years to date and have seen several advisors come and go, I can honestly say Barnett Waddingham have been the best."

TRUSTEE
Johnston Press

Developing our services and being unafraid to step into new fields of consultancy remains at the heart of our efforts to evolve with the needs of our clients, who are always looking for fresh, innovative expertise.

That breadth of technical expertise and communication skill has made us ideally placed to provide other specialist advice. For example, a number of our experts have given evidence in court and many more have prepared expert witness reports for legal proceedings.



SUPPORTING BARNETT WADDINGHAM CLIENTS WITH OPERATIONS BEYOND THE UK.

In the past year, we continued to expand our reach in the global market. MBW International, our joint venture with US-based management consulting company Milliman, progressed in its aim of becoming the leading independent alternative for global pensions and employee benefits advice worldwide.

Representing over 3,000 people with offices in over 20 offices, the joint venture bolstered existing services available for our clients that operate outside the UK as well as creating new international prospects.

Following the end of the financial year, the venture has taken on a new partner in Germany-based Lurse AG, becoming MBWL International and further strengthening its global presence.

None of this is possible without us also developing our capacity to deliver. Within our own walls, we have embraced Smart Working to help provide employees with flexibility and a better work/life balance, as well as building an accessible environment for those returning to work. Our internal investments into better and faster IT solutions reflects the needs of our workforce, enabling them to be responsive and engaged at all times.



"We particularly value the way in which complex technical issues are fully explained to the trustees to ensure that we are able to make judgements and decisions with confidence. Recent work including the triennial valuation and the move to fiduciary management reinforced our appreciation of the quality of the service provided by Barnett Waddingham."

CHAIR OF TRUSTEES
Principality Building Society

Alongside this, we place continuous emphasis on our data governance and management, applying the highest quality standards and expertise to ensure our clients will always be able to access and share information in a safe and secure environment. Aside to successfully maintaining our ISO certification, we have incorporated new user authentication controls into our web-based services, implemented a security incident and event management system (SIEM), established a security operations centre (SOC) to manage alerts, and implemented information security software to optimise control of our data.

These measures are crucial to upholding the full trust of our clients.

When it comes to strategic thinking, we are already setting bold ambitions for the future, with the aim to maintain and evolve our role as a leading influencer in the market by focussing on enduring relationships.

Our latest financial results prove that we are setting the ideal foundations for the decades ahead.

AT A GLANCE

Annual revenue growth at
£15m with **£99.3m**
annual turnover

17%

GROWTH
YOY

49%

GROWTH IN
LAST 3 YEARS

OVER
1,200
PEOPLE ACROSS 8
OFFICES UK-WIDE



73
PARTNERS

OVER
350
NEW STARTERS
IN FY 2018/19

Providing
services to
almost one fifth
of FTSE 100
companies

AND TO OVER

15%

OF FTSE 350
COMPANIES

Financial and
headcount
growth have been
underpinned by
a focus towards
corporate social
investment and
people-focused
activities.

JANE GALVIN
COO and Partner

More SSAS assets under administration
than any other administrator

SIPP SERVICE NOW
WITH OVER
20,000
CLIENTS UNDER
ADMINISTRATION

administering
contracts with
assets over

£5bn

50%

GROWTH IN
INSURANCE BUSINESS
FOR BOTH REVENUE
AND HEADCOUNT

producing work for
more than 70 clients
throughout the year

We continue to
invest heavily
in training and
in recruiting
talented people
as we consider
the needs of
the business
for tomorrow.

Our results prove that our business continues to surpass its claims
to delivering a superior quality of service that delights our clients.

NICK SALTER
Senior Partner

IIC gold award for
outstanding customer
experience across all
trustee services

 **Investor in
Customers®**
Gold 2019

MARCUS
WHITEHEAD
Managing Partner



THE NUMBERS

A summary of our accounts have been included in this document but these should not be considered as our statutory financial statements.

If you would like to see our statutory financial statements these can be found at Companies House.

Consolidated statement of comprehensive income

For the year ended 31 May 2019

	2019 £	2018 £
Turnover	99,253,116	84,458,440
Administrative expenses	(70,776,300)	(58,552,865)
Operating profit	28,476,816	25,905,575
Gain/(loss) on sale of tangible assets	-	90,311
Joint venture – share of operating loss	(115,309)	(97,688)
Other interest receivable and similar income	35,946	26,246
Interest payable and similar charges	(118,153)	(204,179)
Profit on ordinary activities before taxation	28,279,300	25,720,265
Tax on profit on ordinary activities	(444,937)	(401,734)
Profit for the period before members' remuneration and profit share	27,834,363	25,318,531
Members' remuneration charged as an expense	(26,170,375)	(24,281,324)
Profit for the period available for discretionary division among members	1,663,988	1,037,207
Total comprehensive income for the year	1,663,988	1,037,207

Balance sheet

For the year ended 31 May 2019

	Group	
	2019	2018
	£	£
Fixed assets		
Tangible assets	6,783,274	3,941,320
Other intangible assets	828,277	807,828
	<u>7,611,551</u>	<u>4,749,148</u>
Current assets		
Debtors	28,279,370	26,938,209
Cash at bank and in hand	12,924,162	10,007,583
	<u>41,203,532</u>	<u>36,945,792</u>
Creditors: amounts falling due within one year	<u>(14,016,541)</u>	<u>(13,335,131)</u>
Net current assets	<u>27,186,991</u>	<u>23,610,661</u>
Total assets less current liabilities	<u>34,798,542</u>	<u>28,359,809</u>
Creditors: amounts falling due after more than one year	<u>(1,845,525)</u>	<u>-</u>
Provisions for liabilities	<u>(1,338,095)</u>	<u>(1,217,830)</u>
Net assets attributable to members	<u>31,614,922</u>	<u>27,141,979</u>
Total members' interests	<u>31,614,922</u>	<u>27,141,979</u>

Notes

For the year ended 31 May 2019

1 Limited liability partnership information

Barnett Waddingham LLP is a limited liability partnership domiciled and incorporated in England and Wales. The registered office is 2 London Wall Place, London, EC2Y 5AU.

2 Consolidated accounts

These results combine the results from Barnett Waddingham LLP and its subsidiary companies, including the groups share on the joint venture's results.

3 Subsidiaries LLP / Company

	Country of registration or incorporation	Principal activity	Shares held	
			Class	%
BW SIPP LLP	England & Wales	Provider of self invested personal pensions	NA	100
Barnett Waddingham Actuaries and Consultants Limited	England & Wales	Actuarial consultants	Ordinary	100
Harsant Services Limited	England & Wales	Pension administration of self invested personal pensions and small self-administered schemes	Ordinary	100
Barnett Waddingham Capital Partner Limited	England & Wales	Group service company	Ordinary	100

4 Joint Venture LLP / Company

	Country of registration or incorporation	Principal activity	Shares held	
			Class	%
MBWL International Limited	England & Wales	Provision of professional services	Ordinary	50

