

Investment Panel Meeting (27 September 2017) – MP Notes

The Report & accounts provide an opportunity for stakeholders in the Fund to catch up on recent changes to the Fund's membership, income & expenditure and the change in the size of the Fund's investment assets.

Membership:

On pages 26 & 27, it is shown that the membership of the Fund continues to increase, with total membership at the year-end now standing at 68,829, an increase of 2,040 over last year. The number of active members has increased by 1,154 (or 5.1%) over the year, and increased by 0.5% over the past five years, reversing a recent trend of decreases in membership when measured on a five year basis. The numbers of pensioners increased by 478 (or 1.7%) over the year, and increased by 10.5% over the past five years. The number of deferred members increased by 408 (or 1.7%), and increased by 9.3% over the past five years, both much reduced on previously reported increases.

These changes in membership are reflected in the accounts on page 42. The contributions received from active members did increase during 2016/17 from the previous year by £831,000. However, lump sum and benefit payments grew again this year by almost £6 million compared to 2015/16.

The difference between the benefits and lump sums paid compared to the contribution income received show the Fund has matured and is reliant on investment income, which is currently more than sufficient to plug the shortfall.

Accounts:

The biggest change in the Report and Accounts is the increase in new assets from £3.13 billion to £3.86 billion, a rise of over £726 million in the year. The major contributor to this rise is the strong equity market rally over the year and the change to currency rates, with the Fund's overseas assets rising as a result of a weaker Pound.

Investment income continues to rise from year to year, this time by £7.84 million, as investments continue to be made in equities and property, and more dividend and rent income is received.

Finally, you will see decrease in management expenses between 2015/16 and 2016/17. CIPFA guidance required transaction costs to be included in the investment management costs. For 2015/16, transaction costs were approximately £2.1 million compared to only £1.3 million in 2016/17. The transaction activity was much reduced though last year, particularly investment asset purchases with markets rising. The detailed breakdown on management expenses can be found in Note 11 and 11A on pages 50 & 51.