

PE7. Unaudited Annual Report and Accounts 2018/19

The Committee and Board considered a report by the Director of Corporate and Housing Services which provided the Unaudited Fund Annual Report and Accounts 2018/19 and the Fund Annual Governance Statement for consideration.

The key points from the Annual Report and Accounts 2018/19 were:-

- Administration costs had been £22.41 per member (£22.32 in 18/19)
- 25 Freedom of Information requests had been answered (23 in 17/18)
- Assets were £2.5bn (£2.3bn in 17/18)
- Liabilities were £2.7bn (£2.5bn in 17/18)
- Funding level was 92% (91% at 31/3/2018)
- Funding Deficit was £218m (£228m at 31/3/2018)
- Scheme membership was 34,635 (33,560 in 17/18)
- 1 year return was 8.5% against a benchmark of 6.8%
- Annualised 5 year return was 9.1% against a benchmark of 7.8%
- Votes were cast on 1,915 motions at 130 company meetings
- Contributions of £87m were paid in (£80m in 17/18)
- Benefits of £73m were paid out (£69m in 17/18)

A section on Financial Performance outlined how the Fund had performed against budget (an underspend of £700k arising mainly from lower than expected investment management costs). The Fund's declining cash flow position has been halted temporarily by the increased employer contributions being made in 2018/19 following the 2017 valuation.

The Annual Report and Accounts included an Annual Governance Statement which focussed on the controls to ensure that:-

- effective governance arrangements exist;
- funding arrangements are adequate;
- safeguards are in place to monitor investment manager activity;
- payments are made correctly to scheme beneficiaries; and
- data is securely held.

The Annual Report and Accounts were welcomed by the Committee and Board. Members of the Board sought clarification on processes for dealing with regular non-attendance by members. It was also suggested that clarification of the relationship with Lothian Pension Fund would have been beneficial.

Decision

The Committee and Board noted the Unaudited Annual Report and Accounts for 2018/19.

The Committee approved the Annual Governance Statement.