

May 2017



## Introduction by the President, General Sir Roger Wheeler GCB CBE

If I take my father's involvement with Lady Grover's Fund, my family has been associated with this unique Friendly Society for over sixty years. I have therefore had links with the Society for more than half its existence. Since its foundation in India over a century ago the needs and methods of treatment and cure have of course developed continuously. Lady Grover has kept abreast of these challenges and I believe we still provide a very special level of service at a very reasonable cost. However, as recent newsletters have made clear, the management of Friendly Societies has increasingly become subject to regulatory oversight. Also, more importantly, our membership remains relatively static and, acting independently, we are not really equipped to make major changes.

I have therefore followed the discussions between the Committee of Management and the Officers' Association with considerable interest. I believe a solution is emerging that offers the best of both worlds. Under discussion is a proposal which will allow the Society to continue as an independent entity but be under the day to day management of the Officers' Association with its very substantial resources and reach. What is in hand has my complete support.

I am, however aware that this is the first time that you, as the members of the Society, have had an opportunity to examine the detail of what is planned and the Committee of Management would welcome your comments. Our AGM on 30 May will be the key date on which decisions are to be made and I hope you will either consider attending or making your views known by post or email to the Secretary.



Major General  
Adrian Lyons CBE  
Chairman and Trustee

## Key points

### Membership remains stable.

The pattern of claims shows a trend towards nursing home accommodation and home nursing as NHS and private healthcare policies shorten hospital stays. Home help claims remain popular.

Sound investment policies have seen reserves portfolio reach £2.06M.

We are proposing to raise subscriptions for the first time since 2013. This will also help to meet the rapidly rising costs of Insurance Premium Tax (IPT) which, from April 2017, stands at 12%

We are also proposing an organisational change: to contract out the administration and management of the Fund to the Officers' Association.

## Dear Fellow Members of Lady Grover's Fund,

I am delighted to be writing my tenth Newsletter to you all since becoming Chairman of Lady Grover's Fund.

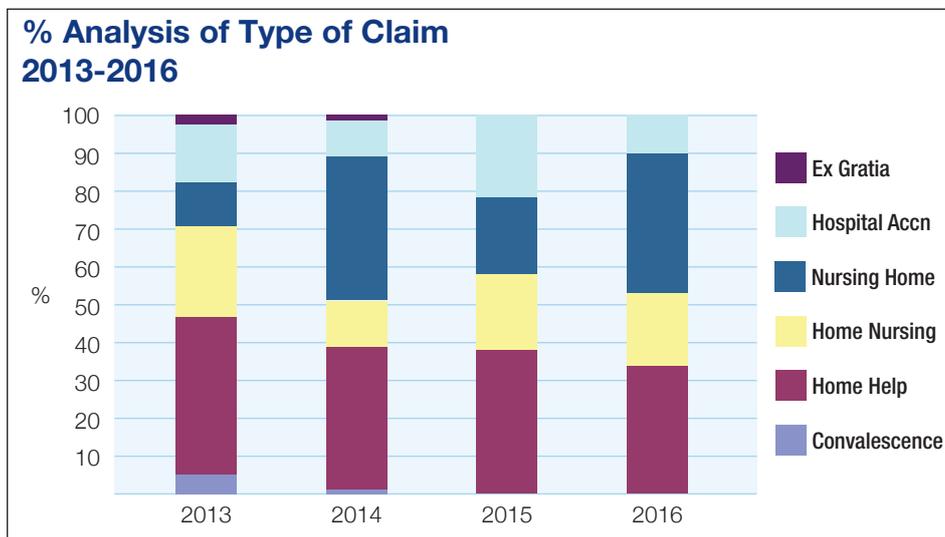
In last year's Newsletter, I informed you of a potential major development concerning the future of our Fund. We are working with the Officers' Association (OA) to contract out the day to day running of The Fund to them. We have been working on this proposal during the year, gaining further clarification from the OA and seeking legal, actuarial and compliance advice. I want to reassure you here that if we decide to go ahead with this, you should experience no significant change to the way we look after you now, and we would continue to monitor the levels of subscriptions and benefits as we do now. I will update you fully on our progress with that later in this letter, but let me first report to you on the routine aspects of our business.

As you will see from the following paragraphs on claims statistics, and the information on income, expenditure and investment, we have had another good year. Our position remains essentially sound and we continue to provide a level of service at a premium that larger Friendly Societies find hard to match.

## 2015 and 2016 Grants and Statistics

After the high of £103k in 2014, 2015 was a more normal year for claims with only £71.3k granted in claims. 2016 saw a rise again to £94k; the monthly progression of claims was rather less bumpy than it had been in 2014. Below are the figures for the breakdown of claims by type over 2015 and 2016:

	2015		2016	
	Total Paid	No of Grants	Total Paid	No of Grants
Hospital Accommodation	£15,521	8	£9,060	7
Nursing Home	£14,351	7	£34,755	9
Home Help	£26,705	40	£31,486	47
Home Nursing	£14,400	17	£18,132	15
Convalescence	£346	1	£594	3
Ex Gratia		0		0
<b>Total</b>	<b>£71,324</b>	<b>73</b>	<b>£94,027</b>	<b>81</b>



The Secretary prepares monthly claims reports for the Committee so that they can monitor the Fund's raison d'être activity and identify trends in claims. From the graph above you can see that the percentage of our claims taken up by Home Help (in crimson) fell in 2014, remained steady in 2015 and fell a little more in 2016. Although Accommodation in Nursing Homes (dark blue) took up the lion's share in 2014, 2015 saw a more equal spread between Hospital Accommodation (light blue), Nursing Home Accommodation, and Home Nursing (yellow). However, 2016 saw a much greater expenditure on Nursing Homes than Hospitals, showing that the tendency of hospitals to move patients out early after operations has become a solid trend in both the private and NHS sectors. We will need to address this issue for the future.

### Income and Expenditure

2016 showed a total operating income of £123,876 as against £147,770 in 2015. 2015's figure was boosted by a legacy of £30k from one of our members; a final settlement of a further £5,274 came in during 2016. Legacies are always welcome, and we would be grateful for any such consideration from members in their wills. Operating expenses rose by some £5k in 2016, due mostly to legal and actuarial expenses tied up with the OA proposal I mentioned at the beginning of this letter.

The total value of the Fund in cash and investments rose from £1,831,515 at end 2015 to £2,058,653 at end 2016 – the first year we have seen our value rise to over £2M.

### Investments

The market value of our investments at the end of 2014 was £1,799,193 and continued to rise gently in the testing year of 2015 to £1,808,575. Despite the uncertainties of Brexit and the US Presidency, the value of our portfolio had risen to £2,059,088 by the end of 2016. The Income from investments rose slightly from £53,993 in 2015 to £54,123 in 2016. We remain indebted to Rathbones for careful husbandry of our investment resources. Ivo Clifton's team has again managed a safe level of risk in our investments, increasing both our income and value year on year while working within the investment mandate agreed and set by the Management Committee.

### Compliance with Regulation

Compliance continues to be challenging as The Bank of England works to regulate financial institutions to provide more transparency and mitigate risk. When we went to print with this letter last year we were unsure to what extent we would be required to comply with all parts of Solvency II which would have imposed a considerable burden on the Fund in terms of compliance work, reporting and oversight from the Prudential Regulation Authority (PRA), and strictures on our investment policy. When the new regulations came into force during 2016 it was evident that PRA would use a sliding scale for its supervisory approach. The weight of compliance is reasonable for us and some of the more debilitating restrictions on investment do not apply to us.

### Committee Membership

Membership of our Committee remained fairly static in 2016. In June, Evelyn Strouts retired from her job as Head of Employment for the OA and from our Committee. For some years now the holder of that job has been a member of our Committee, acting both as a financial cosignatory for the Secretary, and as a liaison between the OA and the Fund. Evelyn had been a very active member of our committee for some six years. We are very grateful for her assistance and helpful advice over those years and wish her well in her retirement. At our July Committee Meeting we voted her successor, Nigel Hare, onto the Committee to continue Evelyn's good work.

### Membership

Membership dropped again last year despite our best efforts to recruit new members. However, the income from your subscriptions was up by some £800 on 2015, some of which reflected the Secretary's drive to contact members underpaying their subscriptions. He continues his search for members with whom we have lost touch - please do your bit by checking in with him if you have not notified us of a change of address, or if you are not paying a subscription of £40 a year. Most of our recruits come from word of mouth, so please continue to tell friends and relations about us and direct them to our website for a look at what we can do for them.

We have already taken some steps to increase our membership, and others are due to be proposed at the AGM this year.

- While Evelyn Strouts was still working as Head of Benevolence at the OA, she proposed that the OA offer membership of the Fund to those of their clients who are eligible to join us; OA would pay their membership subscriptions. We are delighted to work with the OA on this initiative, which will be progressed after the AGM this year.
- It was proposed at our January Committee meeting that we extend our membership to officers of the Royal Fleet Auxiliary, who work closely with the Royal Navy on operations and have a comparable officer structure. The Committee agreed to this, but will need to pass the resolution at the AGM as it will require a rule change.

## Subscriptions

Your Committee examines claim trends and our other income and expenditure carefully at our quarterly meetings. Subscriptions have not changed since January 2013 and thus will have remained at £40 for five years by the time the next subscription falls due in January 2018. During those five years, the cost of healthcare has risen considerably and we need to consider mitigating this with a reasonable rise in subscriptions. We are also facing a rise to 12% in the Insurance Premium Tax which we have to pay on insurance premiums (your subscriptions). This tax has risen from 6% since January 2013 when your subscription was last raised. Our Actuary has prepared us figures for a rise of £10 in the annual subscription, to £50. This increase will buttress the solvency of the Society and offset the increase in IPT. In parallel, we are considering a rise in benefit levels.

## Conclusion

Overall the Society is in a good position for the immediate future but the long term as a very small independent entity is less certain.

## Officers' Association Proposal

As your President and I mentioned in our opening paragraphs, we have been working on a plan to contract out our administration and management to the OA. This proposal is set out below. It is not too long but if you find the organisational section a bit heavy going, do skip on to the Undertakings to Members section which for members is the key part of the document.

## Abstract

The OA proposes, in accordance with a contract to be agreed with Lady Grover's Fund, to provide a range of services that will fulfil the Fund's strategic objectives through the efficient and effective administration and management of the Fund's business. The OA's more extensive capacity, resources and out-reach can be used to increase the Fund's membership while retaining its fundamental purpose, quality of service, reputation and ethos.

## Concept

Lady Grover's Fund would continue to exist as a Friendly Society with its own separate legal identity under existing legal and regulatory arrangements. By contracting out the management and administration of its services to the OA, the Fund would have access to the OA's greater marketing and support capabilities.

The Secretary would continue to run the direct interface with members, the members' administration and claims management activities, through the OA's Benevolence Staff. The remaining responsibilities currently exercised by the Secretary would be run by other branches of the OA. Specialist support, such as finance and the development and implementation of business management and support systems would be provided from the OA's Finance Department and by the Chief Operating Officer of the OA.

The OA Marketing and Communications Department would use its access to the Armed Forces officer community to target potential new members.

The OA's Benevolence Department has extensive experience of interacting sympathetically with officers and their families, giving them long-term support grants where needed. Your Secretary has worked closely with the Benevolence Department during his time in office and is certain that you would continue to enjoy the sort of easy and personal relationship you presently have with him. At the same time the OA would add breadth, depth, expertise and resilience to the capability and capacity of the Fund so that we can grow our membership and fulfil our strategic objectives with greater assurance of long-term continuity and viability.

## Undertakings to Members

The OA would uphold the Fund's reputation by ensuring that the maximum benefits allowable under the Rules are provided to members in a timely, sensitive, personal and confidential manner.

A Pledge to Members would be drawn up that expresses the sentiment above and would set broad service delivery undertakings including:

- Continuity. Present members would remain members of Lady Grover's Fund; management and administration would continue to be governed by the Committee under the Fund's rules;
- Members and Beneficiaries would be able to contact the Fund by post, telephone and email from Monday to Friday 0830 to 1630 except for Bank Holidays and the period between Christmas Day and New Year's Day.
- Providing a personal service. Members' administration and claims would be handled by a dedicated team with extensive experience of providing support to officers and their dependants. Cases would, wherever possible, be managed by the same OA member of staff from enquiry to payment.
- Claims would be assessed, and the member informed of the outcome, within a week of receipt, providing that all relevant documentation had been provided.
- Where a claim is authorised, payment would be made within a week of the beneficiary being informed of the outcome of the assessment.
- Claims which are in the margins of eligibility and cannot be authorised by the Secretary would be assessed within a month of receipt (to allow time for the claim to be referred to the Committee).
- Data Protection and Confidentiality. The OA has well-established, externally audited data protection procedures and staff data protection training. Members' data would not be shared with third parties other than as strictly necessary for the processing of claims. OA staff take their responsibility for confidentiality and discretion towards beneficiaries very seriously.

## Timings

At our last Management Committee Meeting, on 11 April we discussed this proposal and were content to continue the process with a view to agreeing a final proposal at the AGM on 30 May.

The process has turned out to be quite complex. A few details of compliance and governance remain but we are confident that these can be solved. However, all this takes time. It may be possible that by 30 May not all details are finalised. If this is the case, we will propose holding an Extraordinary General Meeting a few weeks afterwards to complete the process.

## Continuity

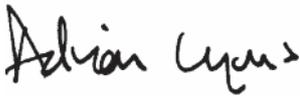
The Secretary is working with the OA to effect a smooth handover and would remain in a consultancy role for the remainder of this year to ensure that all works well. After the AGM, or the EGM if that becomes necessary, your President and I and most of the present members would retire from the Committee. However, in order to retain continuity and to safeguard the interests of our members, three of our present members would remain on the Committee. The three members remaining would be retired officers: Rear Admiral John Gower, Brigadier Jon Brittain and Air Commodore Stephen Anderton. The OA would provide the remaining four members of the Committee. You may know that one of our Trustees is Bridgit Getley, the great-granddaughter of our founder, Lady Grover. Bridgit has agreed to become Patron of the Fund, which I am sure you would all welcome as a powerful measure of continuity for the Fund.

## Your Committee's View

In the unanimous opinion of your Committee of Management, after more than a year's detailed study, we feel that the only way we can guarantee to continue to run the Fund in the way it is now is to take up the proposal that the OA be contracted to run our administration and management. This will be the major focus of our work over the next few months.

Meanwhile I would like to thank Lee Holloway, Chief Executive of the OA and a member of our Committee, for his great help in getting us this far; it has required significant commitment on his part. Also, my fellow Committee members have given unstinting and valuable support that has been of considerable benefit to your Society. Finally, Mike Vickery, your Secretary, has been crucial in keeping the Society operating day to day as well as taking on a considerable additional workload keeping all the external agencies updated with what we plan to do.

Your Committee can see considerable advantages in this plan for the long-term development of Lady Grover's Fund. Not much more can be added at this stage but do not hesitate to get in touch if you have any concerns or queries. Your opinion is very important to us and we are keen to hear your thoughts and concerns.



## Parish Notices from the Secretary



**Colonel Mike Vickery OBE  
Secretary**

email it would be very helpful if you would put the words "OA Proposal" as the Subject so that it will keep all comments filed together.

## Email addresses

If you have received this newsletter by post but have an email address, please get in touch with us by email. I continue to harvest email addresses – I know all of you still serving are on email, so do let me have your address – it saves us all time and money. If you don't have an email address, don't worry, we will always be happy to correspond by post.

I wish you all a happy and prosperous year and look forward to being in touch with you when you call or write.



## Nigel Hare

**Nigel grew up in Lewes in East Sussex and after leaving school spent two years working for a well-established local business. He then joined the Royal Navy and spent 34 very happy years in a wide variety of jobs. His career included command at sea and he qualified as an Underwater Warfare Officer and then specialised as a Navigator. He finished his time in the Navy as the Queen's Harbour Master in Portsmouth in 2014.**

**On leaving the Navy, Nigel was fortunate to join Warsash Maritime Academy as the Head of Maritime Professional Training where he led a team of experienced staff in delivering world-renown training to merchant mariners. He remained in touch with his fellow officers as chairman of a Naval Association and in March 2016 took the decision to join the charity sector and work more closely with former officers. He joined the Officers' Association as the Head of Benevolence in June 2016 and also the management committee of Lady Grover's Fund. In both these roles Nigel has been able to fulfil his aim of supporting the community of which he was proud to be a part for so long. The outsourcing of the administrative function of Lady Grover's Fund to the Officers' Association would give Nigel the opportunity to more closely align his two roles and he would be very honoured to take on the title of Secretary.**