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for Officers' families – for life

**MINUTES OF THE
NINETY-SECOND ANNUAL GENERAL MEETING
OF
LADY GROVER'S FUND**

Held at Mountbarrow House, 6-20 Elizabeth Street, London, SW1W 9RB
30 May 2017

In attendance:

General Sir Roger Wheeler	President
Maj Gen Adrian Lyons	Chairman and Trustee
Air Cdre Stephen Anderton	Vice Chairman and Trustee
Mrs Bridgit Getley	Trustee
Air Cdre Peter Johnson	Member
RAdm John Gower	Member (by phone)
Mr Lee Holloway	Member
Brig Jon Brittain	Member
Col Sharon Woodhouse	Member
Cdr Stephen Mackay	Member
Ivo Clifton	Rathbones
Col Mike Vickery	Secretary
Mr Nigel Silby	Actuary, ED Financial
Mr Eric Pritchard	Auditor, Keelings
LtCol Tony Jackson	Fund Member

AGENDA ITEMS

1. Opening remarks by the President.

The President welcomed all to the 2017 AGM and particularly the Fund's advisors; Eric Pritchard of Keelings, auditor; Nigel Silby of ED Financial, actuary; and Ivo Clifton, investment manager from Rathbones. The President noted that all Committee members were present, reflecting the importance of this AGM to Lady Grover's Fund. All present were invited to introduce themselves. LtCol Tony Jackson, a Fund member, was welcomed to the meeting.

The President mentioned that it had required some quick adjustment to get the accounts, reports and audit completed in the timeframe and thanked our auditors, accountant, actuary and the OA for achieving it.

2. **Apologies.** None.

3. **Minutes of the 2016 AGM.**

A copy of the 2016 AGM Minutes had been sent to all Members of the Committee of Management. Copies of the AGM Minutes, the Committee of Management's Report and Annual Accounts are always available for members of the Fund, on request, from the Secretary at the Registered Office and are posted on the website for members.

The 2016 AGM Minutes were before the Meeting. The President asked if there were any comments or objections. In the absence of comment, acceptance of the minutes was proposed by John Gower and seconded by Jon Brittain. The Chairman signed the minutes after the meeting.

4. **Matters Arising from the Minutes.**

There were no special matters which would not be covered in the Committee's Report, or in the ordinary course of the AGM.

5. **2016 Reports.**

The Committee of Management's Report to the Fund's members of the year's work (2016).

All committee members had a copy of the report. The Chairman announced that the Fund had experienced a steady year and drew the attention of the meeting to three points.

- The Fund was in a healthier state than at last year's AGM, enjoying a higher surplus.
- The investment portfolio had provided a strong backstop to the Fund.
- The claims level had steadied.

The report was proposed by Peter Johnson, seconded by Bridgit Getley and accepted by the meeting; it was signed after the meeting by the Chairman, a Committee member and the Secretary.

Audit of the 2016 Accounts

Copies of the audited accounts and balance sheet were before the Committee. Eric Pritchard of Keelings presented the Audit Certificate. In the opinion of Keelings, the accounts gave a true and fair view of the state of the Fund's affairs as at 31 December 2016 and had been properly prepared in accordance with UK Generally accepted Accounting Practice and with the Friendly Societies Act 1992.

Investment Report

Ivo Clifton of Rathbones presented the Investment report. The income from investments had

risen from £51,676 at end 2015 to £56,133 at end 2016. The underlying assets had significantly outperformed the market; the gross total return (before all fees) for the Fund's portfolio was 146.96% as against the MSCI WMA Balanced TR of 124.17%. While the Fund was 3% overweight in Equities, they continued to produce a good income.

The President thanked Rathbones for their excellent and prudent husbandry of the Fund's portfolio.

Actuary's Report

Nigel Silby reminded the meeting that, although we would normally be due a full triennial report this year, the PRA had decided to align the timing of all small firms' triennial reports so that all reported in the same year. Thus, the Fund's triennial report would now become due as at end 2017. The Actuary laid out the key assumptions which he had adopted to adjudge the solvency of the Fund at 31 December 2016, and pointed out the sensitivity of the results to the assumptions adopted. He felt it important for the Committee to consider ways in which the valuation results for the Fund could be made less volatile. One way would be to introduce a contribution scale which increased with the age of the member.

Key factors affecting the solvency of the Fund were:

- Claims in 2016 were £94,027 compared with £71,534 in 2015 and £102,888 in 2014.
- Claims affect the solvency of the Fund by not only reducing its available assets in the year in which the claims occur but in influencing the assumptions as to future claims which have to be made (PRA Rules require the Appropriate Actuary to take recent claims experience into account in making prudent assumptions.)
- Investment markets produced strong returns in 2016. Investment income was £54,512 in 2016 (£52,334 in 2015). Realised gains in 2016 were £9,029 and there was an unrealised capital gain of £215,944. This compares with a realised gain of £7,034 and an unrealised loss of £18,540 in 2015.
- The reserves established for past and future IPT totalled £326,000.
- The discount rate used to value future claims, expenses and contributions was increased to 2.5% (2.25% at 31 December 2015).
- In 2016 the Fund received legacies and donations of £5,274.
- In 2016 contribution income was £118,573 (£117,755 in 2015) and expenses were £81,806 (£76,800 in 2015).

The Actuary's conclusion was that were a valuation of the Fund required at 31 December 2016, the fund would be solvent. His estimate was that the Fund's surplus assets at end 2016 were approximately £90,000.

6. Adoption of the Accounts for the year ended 31 December 2016

The accounts were proposed by Jon Brittain and seconded by Stephen Mackay.

The President thanked the Fund's advisers for their work on behalf of the Fund.

7. Subscriptions

The Chairman reminded the meeting that subscriptions had remained at £40 since January 2013. It was reasonable to discuss a rise in subscription for the 5 year point at 1 January 2018. The Chairman rehearsed the major reasons for a rise in subscriptions:

- Medical Care Costs. The cost of medical and nursing care had risen more quickly than the rate of inflation.
- Insurance Premium Tax. In the 20 years in which IPT had been payable, it had risen from 2% to 12%.
- Solvency Margin. The Fund should increase its solvency margin. An increase in the subscription rate would assist in this.
- Costs. Costs exceeded the income from subscriptions.

The Committee had agreed at the April 2017 Committee to raise the subscription to £50. Further discussion proposed that the subscription should be inclusive of IPT and that increases to the base rate of the subscription should be tied annually to CPI. Members should be informed of their total subscription, including IPT and CPI increments, before the beginning of the calendar year in which it is payable. The Committee agreed these proposals.

Any change to the underlying rate of subscription would continue to require a rule change to be ratified at the AGM. Rule changes would now be required in order for the Committee to be able to:

- collect IPT at the rate pertaining when the subscription is paid without having to resort to a rule change at the AGM.
- link the subscription rate to the annual CPI in effect at the end of the preceding tax year without having to resort to a rule change at the AGM.

8. Appointment and Re-election of Committee Members and Appointment of Auditors and Actuary

In order to comply with the Friendly Societies Act 1992 some appointments, retirements, re-appointments and re-elections were agreed at the meeting.

Under Rule 16(1)

The Rules require that a third of the members of the Management Committee have to retire at the AGM every year and put themselves up for re-election if they wish.

RETIRING the following Members of the Committee of Management:

Air Cdre Peter Johnson
Col Sharon Woodhouse
Cdr Stephen Mackay

RE-APPOINTING the following as Members of the Committee of Management:

Air Cdre Peter Johnson
Col Sharon Woodhouse
Cdr Stephen Mackay

Under Rule 25(1)

RE-APPOINTED as Auditors of the Fund, Keelings Ltd.

Under Rule 26(1)

RE-APPOINTED as Actuary of the Fund, Nigel Silby of ED (Financial) Ltd.

These appointments and re-appointments were proposed by Stephen Anderton and seconded by John Gower and were passed by the Committee.

9. Any Other Business

The Committee discussed the proposal to invite officers of the Royal Fleet Auxiliary to become members of the Fund. The proposal was passed by the Committee. This would require a rule change.

10. Closing Remarks

The President reiterated his thanks on behalf of the Committee to the Fund's advisers for their continuing excellent work on behalf of the Fund. He thanked the Chairman, members of the Committee and Secretary for their continuing work in support of the Fund.

Alluding to the OA proposal to run the administration of the Fund, the President stated that the Fund needed support in terms of Compliance and Marketing in particular if the Fund were to survive. Closing the meeting, the President reminded members that the AGM would be followed by a short Committee Meeting to discuss the latest draft of the Heads of Terms from the OA. Notes from this meeting are at Annex A to these minutes.

AWL Lyons
Maj Gen
Chairman

