

Decision Maker: PENSIONS COMMITTEE

Date: 11 September 2023

Decision Type: Non-Urgent Non-Executive Non-Key

Title: PENSION FUND PERFORMANCE Q1 2023/24

Contact Officer: Dan Parsons, Senior Accountant
Tel: 020 8313 3176 E-mail: dan.parsons@bromley.gov.uk

Chief Officer: Peter Turner, Director of Finance Tel: 020 8313 4668
Email: peter.turner@bromley.gov.uk

Ward: Borough Wide

1. Reason for report

- 1.1 This report provides a summary of the investment performance of Bromley's Pension Fund in the 1st quarter of 2023/24. The report also contains information on general financial and membership trends of the Pension Fund and summarised information on early retirements.
- 1.2 The report also includes key developments in the Local Government Pension Fund (LGPS) expected during the next 5 years.
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2. **RECOMMENDATIONS**

2.1 **The Pensions Committee is asked to note the contents of the report and information contained in the related appendices.**

2.2 **The Pensions Committee is asked to;**

a) Agree the recommendations detailed in Appendix 5, as shown below;

- i. **To switch 5% or £65m from the Baillie Gifford Global Equity portfolio currently managed through the LCIV into a Short-Dated UK Corporate Bond fund managed by Fidelity;**
- ii. **Subject to agreement of i) above, revise the Strategic Benchmark to reflect this change;**
- iii. **Agree to follow up with Fidelity the costs and benefits of moving the Fund's fixed interest investments to a single segregated portfolio; and,**
- iv. **Agree the cash management arrangement as highlighted in the Apex report.**

b) Note Appendix 6 which sets out the key developments in LGPS expected during the next 5 years.

Corporate Policy

1. Policy Status: Existing policy. The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations, for the purpose of providing pension benefits for its employees. The investment regulations (The LGPS (Management and Investment of Funds) Regulations 2016) allow local authorities to use all the established categories of investments, e.g. equities, bonds, property etc, and to appoint external investment managers who are required to use a wide variety of investments and to comply with certain specific limits.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: No cost
 2. Ongoing costs: Recurring cost. Total administration costs estimated at £5.9m (includes fund manager/actuary/adviser fees, Liberata charge and officer time)
 3. Budget head/performance centre: Pension Fund
 3. Total current budget for this head: £49.6m expenditure (pensions, lump sums, etc); £57.6m income (contributions, investment income, etc); £1,269m total fund market value at 31st March 2023
 - 4.
 5. Source of funding: Contributions to Pension Fund
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Staff

1. Number of staff (current and additional): 1 FTE
 2. If from existing staff resources, number of staff hours: 36 hours per week
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Legal

1. Legal Requirement: Statutory requirement. Local Government Pension Scheme (LGPS) Regulations 2013 (as amended), LGPS (Management and Investment of Funds) Regulations 2016
 2. Call-in: Call-in is not applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,509 current employees; 6,019 pensioners; 6,443 deferred pensioners as at 31st March 2023
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 Fund Value

3.1.1 The market value of the Fund ended the June quarter at £1,282.7m, up £13.1m as at 31st March. The comparable value as at 30th June 2022 was £1,231.2m. Historic data on the value of the Fund are shown in a table and in graph form in Appendix 1.

3.2 Performance Targets and Investment Strategy

3.2.1 Historically, the Fund's investment strategy was broadly based on a high level 80%/20% split between growth seeking assets (representing the long-term return generating part of the Fund's assets) and protection assets (aimed at providing returns to match the future growth of the Fund's liabilities). Between 1998 and 2012, Baillie Gifford and Fidelity managed balanced mandates along these lines, and, a comprehensive review of the Fund's investment strategy in 2012 confirmed this high-level strategy. It concluded that the growth element would, in future, comprise a 10% allocation to Diversified Growth Funds (DGF) and a 70% allocation to global equities, with a 20% protection element remaining in place for investment in corporate bonds and gilts.

3.2.2 The asset allocation strategy was reviewed again during 2016/17, mainly to address the projected cash flow shortfall in future years, and a revised strategy was agreed on 5th April 2017. The revised strategy introduced allocations to Multi Asset Income Funds (20%) and Property Funds (5%), removed Diversified Growth Funds, and reduced the allocations to Global Equities (to 60%) and Fixed Income (to 15%). In order to implement the revised strategy, it was agreed to sell all of the Diversified Growth Funds and the Blackrock Global Equities assets.

3.2.3 At the meetings on 21st November and 14th December 2017 the Committee appointed Schroders (60%) and Fidelity (40%) to manage the MAI fund mandates and Fidelity to manage a UK pooled property fund mandate. The Fidelity MAI and initial drawdown of the property fund were completed in February 2018 and the Schroders MAI investment completed in May 2018. A further drawdown of the Fidelity property fund was completed in August 2018. The final drawdown of the Fidelity property was completed in December 2018. The sale of the balance of the Blackrock fund was completed in May 2019 and transferred to Fidelity's MAI Fund, as agreed by this Committee at its meeting held on 15th May 2019.

3.2.4 The asset allocation strategy was reviewed again during 2019/20, and a revised strategy has been finalised. The revised strategy has amended the allocations as follows: Equities (58%), Multi Asset Income Funds (20%), Fixed Income (13%), UK Real Estate (4%) and International Property (5%).

3.2.5 In February 2023, the portfolio was rebalanced. The Committee agreed to sell £70m of the Baillie Gifford Global Equity Fund to purchase £20m of the Fidelity Fixed Interest Fund, £15m each of the Fidelity and Schroders Multi-Asset Income Funds and put £20m into the US Dollar account awaiting drawdown into the Morgan Stanley International Property Fund. In May 2023 the Committee agreed to further review Asset Allocation at the December 2023 meeting.

3.2.6 The Committee voted to pool the remaining Baillie Gifford Global Equity Fund with the London Collective Investment Vehicle. An in-specie transfer finalised on 22nd May 2023 and a new quarterly report on performance (Q2) is available from London CIV and has been included in the agenda pack.

3.3 Summary of Fund Performance

3.3.1 Performance data for 2023/24 (short-term)

A detailed report on fund manager performance in the quarter ended 30th June 2023 is provided by the fund's external adviser, Apex in Appendix 5. The total fund return for the first quarter was -0.23% against the benchmark of 1.45%. Further details of individual fund manager performance against their benchmarks for the quarter, year to date, 1, 3 and 5 years and since inception are provided in Appendix 2.

3.3.2 Medium and long-term performance data

The Fund's medium and long-term returns have remained strong overall, though this year there was variable performance in the first quarter, and there has been a slight underperformance versus benchmark. In 2022/23 there was a return of -3.72% against a benchmark of -2.59%. In 2021/22 there was a return of 0.7% against a benchmark of 8.7%. There was a return of 34.1% against a benchmark of 23.6% in 2020/21. The returns for 2019/20 and 2018/19 were -2.7% and 8.0% against the benchmark of -1.8% and 8.3% respectively.

Performance rankings were available at the time this report was drafted. The overall Fund ranked 63rd against the 63 funds in the PIRC LGPS universe for the year to 31st March 2023, 50th over 3 years, 20th over 5 years, second over 10 years and 20 years and first over 30 years.

The following table shows the Fund's long-term rankings in all financial years back to 2012/13 and shows the medium to long-term returns for periods ended 31st March. The medium to long-term results have been very good and have underlined the fact that the Fund's performance has been consistently strong over a long period.

Year	Whole Fund Return	Benchmark Return	Local Authority Average*	Whole Fund Ranking*
	%	%	%	
Financial year figures				
2022/23	-3.72	-2.59	-1.6	63
2021/22	0.7	8.7	8.6	60
2020/21	34.1	23.6	22.8	2
2019/20	-2.7	-1.8	-4.8	22
2018/19	8.0	8.3	6.6	11
2017/18	6.7	3.1	4.5	3
2016/17	26.8	24.6	21.4	1
2015/16	0.1	0.5	0.2	39
2014/15	18.5	16.4	13.2	7
2013/14	7.6	6.2	6.4	29
2012/13	16.8	14.0	13.8	4
3 year ave to 31/3/23	9.1	9.4	9.5	50
5 year ave to 31/3/23	6.4	6.8	5.9	20
10 year ave to 31/3/23	8.9	n/a	7.3	2
20 year ave to 31/3/23	10.0	n/a	8.4	2
30 year ave to 31/3/23	8.5	n/a	7.7	1

*The most recent LA averages and ranking as at 31/03/23 are based on the PIRC LA universe containing 63 of the 89 funds.

3.3.3 In addition to winning the LGPS Investment Performance of the Year in 2017, the LGPS Fund of the Year (assets under £2.5bn) in 2018, Bromley was also in the final shortlist for 2019 and 2020. Bromley also recently won the Pensions, Treasury and Asset Management Award at CIPFA's Public Finance Awards 2021, recognising the consistent high performance of the Fund.

3.3.4 Performance Measurement Service

As previously reported in April 2016, the Council was informed that WM Company (State Street) would cease providing performance measurement services to clients to whom they do not act as custodian with effect from June 2016. There are currently no providers offering a like for like service, so the Council is using its main custodian, BNY Mellon, to provide performance measurement information and the 2nd quarter summary of manager performance is provided at Appendix 2. PIRC currently provide LA universe comparator data and, at the time of writing, has 63 of the 89 LGPS funds (71%) signed up to the service including the London Borough of Bromley.

3.4 **Early Retirements**

3.4.1 Details of early retirements by employees in the Fund are shown in Appendix 3.

3.5 **Admission agreements for outsourced services**

3.5.1 Bromley MyTime has made its pension deficit repayments in line with the draft repayment plan. The amount outstanding is approximately £0.78m.

3.5.2 The July Year End Accounting exercise for Ravensbourne University is underway.

3.5.3 Member Self Service pensions portal and I-Connect (employer) portal are being implemented by Aquilla Heywood. The project is in the very final stage, and all implementation and testing has been completed. The MSS portal will go live to deferred and active members in October 2023 and the project is currently £6k under budget.

3.6 **Fund Manager attendance at meetings**

3.6.1 Meeting dates have been set to February 2024. While Members reserve the right to request attendance at any time if any specific issues arise, the timetable for subsequent meetings is as follows although this may be subject to change.

Meeting 6 Dec 2023 – MFS

Meeting 21 Feb 2024 – Schroders

4. **POLICY IMPLICATIONS**

4.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations, for the purpose of providing pension benefits for its employees. The investment regulations (The LGPS (Management and Investment of Funds) Regulations 2016) allow local authorities to use all the established categories of investments, e.g. equities, bonds, property etc, and to appoint external investment managers who are required to use a wide variety of investments and to comply with certain specific limits.

5. **FINANCIAL IMPLICATIONS**

5.1 Details of the outturn for the 2022/23 pension fund revenue account are provided in Appendix 4 together with fund membership numbers. A net provisional surplus of £24.4m including re-invested income of £11m. A net provisional surplus of £13.4m excluding re-invested income occurred during 2022/23 and membership numbers rose by 393 in the year. In the first quarter of 2023/24 total membership numbers increased by 50.

5.2 The Director Finance has approved the use of a temporary Money Market Fund (MMF) operated by Bromley Council, for excess Pension Fund cash to be allocated into in the interim,

to maximise the interest accrued on any cash balances. Officers are in the process of setting up a PF specific MMF, which could take several months due to due diligence, know your customer and other checks.

6. LEGAL IMPLICATIONS

- 6.1 The statutory provisions relating to the administration of the Local Government Pension Scheme are contained in the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended). The investment regulations (The LGPS (Management and Investment of Funds) Regulations 2016) set out the parameters for the investment of Pension Fund monies.

Non-Applicable Sections:	Personnel Implications, Impact on Vulnerable Adults and Children, Procurement Implications
Background Documents: (Access via Contact Officer)	Monthly and quarterly portfolio reports of Baillie Gifford, Fidelity, London CIV, MFS, Morgan Stanley and Schrodgers.

APPENDIX 1

MOVEMENTS IN PENSION FUND MARKET VALUE SINCE 2002

Date	Baillie Gifford					Fidelity							Blackrock	MFS		Schroders	CAAM	GRAND TOTAL
	Balanced Mandate	DGF	Fixed Income	Global Equities	Total	Balanced Mandate	Fixed Income	MAI	Property	Sterling Bond	USD ILF	Total	Global Equities	Global Equities	DGF	MAI	LDI Investment	
31/03/2002	113.3				113.3	112.9						112.9						226.2
31/03/2003	90.2				90.2	90.1						90.1						180.3
31/03/2004	113.1				113.1	112.9						112.9						226
31/03/2005	128.5				128.5	126.7						126.7						255.2
31/03/2006	172.2				172.2	164.1						164.1						336.3
31/03/2007	156				156	150.1						150.1					43.5	349.6
31/03/2008	162				162	151.3						151.3					44	357.3
31/03/2009	154.4				154.4	143						143						297.4
31/03/2010	235.4				235.4	210.9						210.9						446.3
31/03/2011	262.6				262.6	227						227						489.6
31/03/2012	269.7				269.7	229.6						229.6						499.3
31/03/2013#	315.3	26.5			341.8	215.4						215.4			26.1			583.3
31/03/2014@	15.1	26.8	45.2	207.8	294.9		58.4					58.4	122.1	123.1	27			625.5
31/03/2015		45.5	51.6	248.2	345.3		66.6					66.6	150.5	150.8	29.7			742.9
31/03/2016		44.8	51.8	247.9	344.5		67.4					67.4	145.5	159.2	28.3			744.9
31/03/2017		49.3	56.8	335.3	441.4		74.3					74.3	193.2	206.4	28.5			943.8
31/03/2018\$&			58	380	438		75.6	79.2	15.9			170.7	155.2	206.8				970.7
31/03/2019			59.2	416.5	475.7		78.7	78.8	48.6			206.1	11.4	230.2		115.8		1,039.20
31/03/2020			60.9	411.85	472.7		83.5	80.6	47			211.1		220.3		96.1		1,000.30
30/06/2020			65	529.8	594.8		88.4	87.5	45.6			221.5		254.3		106.8		1,177.40
30/09/2020/			65.4	524.8	590.2		89	128.3	44.7			262		259.2		106.6		1,218.00
31/12/2020\				585.3	585.3		91	133	45.5	67.7		337.2		278.8		111.7		1,313.00
31/03/2021				597.7	597.7		85.7	131.4	46.3	64.8		328.2		293.1		110.9		1,329.90
30/06/2021*				621.2	621.2		87.4	134.8	69.5	66.2		357.9		311.2		114.5		1,404.80
30/09/2021				614.6	614.6		86.5	134	71.6	65.4		357.5		319.5		113.3		1,404.90
31/12/2021				602.3	602.3		87.4	132.1	75.5	65.8	14.1	374.9		340		114.2		1,431.40

MOVEMENTS IN PENSION FUND MARKET VALUE SINCE 2002 CONTINUED

Date	Baillie Gifford		Fidelity						MFS	Schroders	MS	GRAND TOTAL
	Global Equities (LCIV)	Total	Fixed Income	MAI	Property	Sterling Bond	USD ILF	Total	Global Equities	MAI	USD Property	
31/03/2022	527.8	527.8	81.2	125.5	77.9	61.2	14.8	360.6	332.9	108.7		1,330.09
30/06/2022	466.7	466.7	73.9	117.1	81.0	56.6	8.6	337.2	318.8	100.7	7.6	1,231.02
30/09/2022	474.4	474.4	65.5	109.8	78.0	50.6	5.3	309.2	329.2	97.6	11.8	1,222.20
31/12/2022	486.0	486.0	67.3	110.2	65.7	53.1	3.9	300.2	348.3	98.0	12.3	1,244.80
31/03/2023 ^x	438.3	438.3	78.6	124.4	65.1	63.5	20.5	352.0	350.2	114.8	14.2	1,269.60
30/06/2023 ^y	454.7	454.7	74.6	120.7	63.9	61.8	20.2	341.2	359.4	113.3	14.1	1,282.70

£50m Fidelity equities sold in Dec 2012 to fund Standard Life and Baillie Gifford DGF allocations.

@ Assets sold by Fidelity (£170m) and Baillie Gifford (£70m) in Dec 2013 to fund MFS and Blackrock global equities

\$ £32m Blackrock global equities sold in July 2017 to pay group transfer value re Bromley College

& Assets sold by Baillie Gifford (£51m), Standard Life (£29m) and Blackrock (£19m) in Feb 2018 to fund Fidelity MAI and Property funds.

£ Assets sold by Blackrock (£120m) in May 2018 to fund Schroder MAI fund.

^ Assets sold by Blackrock (£20m) in August 2018 to fund Fidelity Property fund

* Assets sold by Blackrock (£13.7m) in December 2018 to fund Fidelity Property fund.

" Assets sold by Blackrock (£11.6m) in May 2019 to fund Fidelity MAI

/ Assets sold by Baillie Gifford (£41.2m) in Aug 2020 to fund Fidelity MAI fund

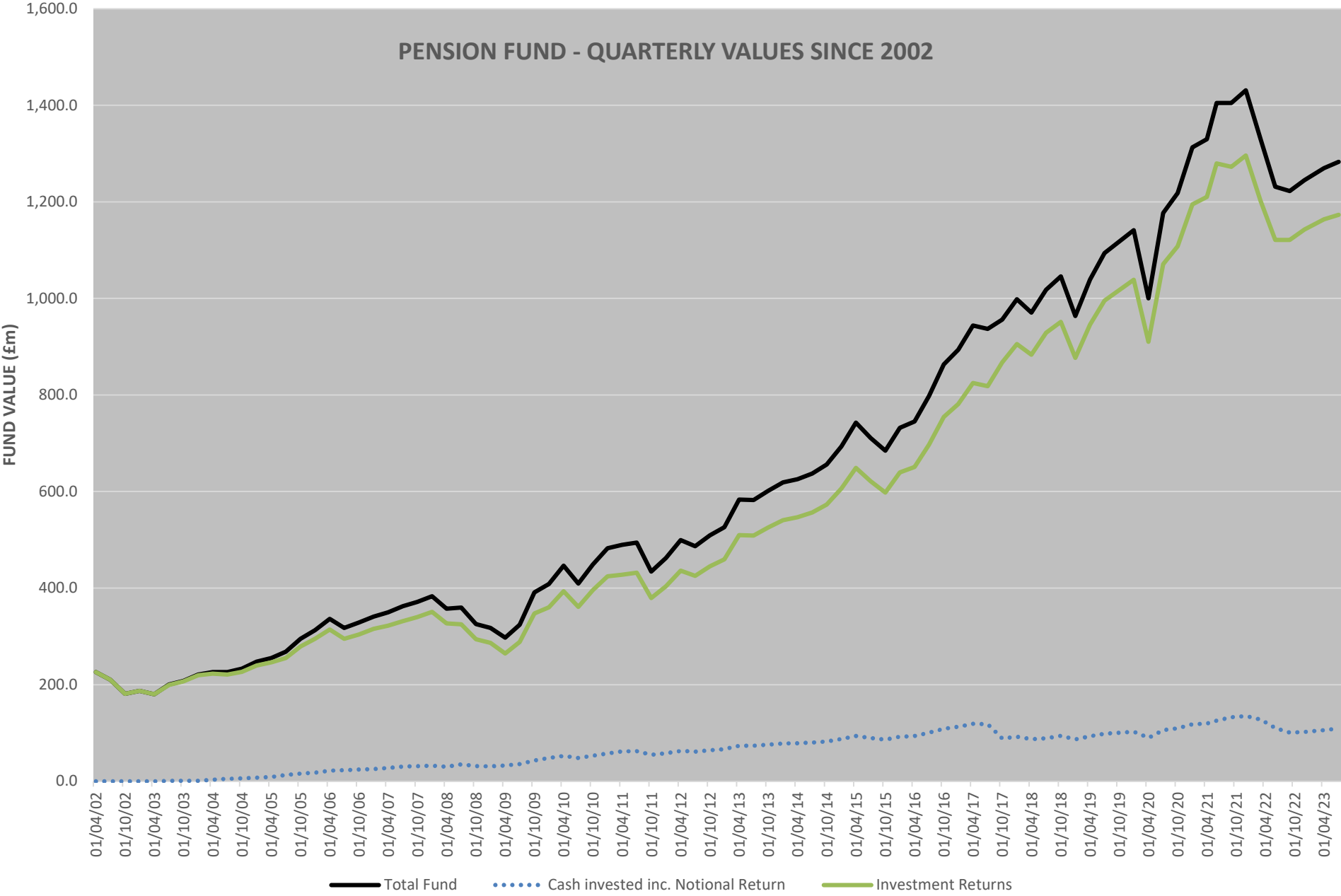
\ Assets sold by Baillie Gifford (£65.5m) in Oct 2020 to fund Fidelity Sterling Corporate Bond fund

* Assets sold by Baillie Gifford (£14.4m) in June 2021 to fund Fidelity Property fund

^x Assets sold by Baillie Gifford (£70.0m) in Feb 2023 to rebalance the portfolio, and fund £20m of the Fidelity Fixed Interest Fund, £15m each of the Fidelity and Schroders Multi-Asset Income Funds and £20m into the US Dollar account awaiting drawdown into the Morgan Stanley International Property Fund.

^y Assets transferred in-specie from Baillie Gifford (£444m) in May 2023 to Baillie Gifford LCIV Global Alpha Growth Fund.

PENSION FUND - QUARTERLY VALUES SINCE 2002



PENSION FUND MANAGER PERFORMANCE TO JUNE 2023

Portfolio	Month %	3 Months %	YTD %	1 Year %	3 Years %	5 Years %	Since Inception %
Baillie Gifford Global Equity	(0.21)	3.06	3.06	12.74	4.32	8.03	8.68
Benchmark	3.19	3.43	3.43	11.89	10.45	9.46	8.11
Excess Return	(3.40)	(0.37)	(0.37)	0.86	(6.13)	(1.43)	0.57
Baillie Gifford LCIV GAG	4.42						
Benchmark	3.19						
Excess Return	1.23						
Fidelity Fixed Income	(0.72)	(4.14)	(4.14)	(10.15)	(8.69)	(2.41)	4.77
Benchmark	(0.79)	(4.71)	(4.71)	(11.23)	(9.24)	(2.92)	4.01
Excess Return	0.07	0.57	0.57	1.08	0.55	0.51	0.76
Fidelity MAI	(0.64)	(1.84)	(1.84)	(5.15)	(2.35)	(0.61)	(0.58)
Benchmark	0.33	0.99	0.99	4.00	4.00	4.00	4.00
Excess Return	(0.97)	(2.83)	(2.83)	(9.15)	(6.35)	(4.61)	(4.58)
Fidelity Property	(0.62)	(1.85)	(1.85)	(19.60)	3.14	1.48	1.75
Benchmark	1.39	1.65	1.65	(16.35)	3.82	2.42	2.76
Excess Return	(2.01)	(3.50)	(3.50)	(3.25)	(0.68)	(0.94)	(1.01)
MFS Global Equity	(0.62)	(1.85)	(1.85)	(19.60)	3.14	1.48	1.75
Benchmark	3.57	2.63	2.63	12.76	12.14	10.52	12.09
Excess Return	3.15	3.26	3.26	11.31	9.94	8.92	10.74
Schroder MAI	0.42	(0.63)	(0.63)	1.45	2.20	1.60	1.35
Benchmark	0.88	(0.50)	(0.50)	1.25	1.09	0.20	0.01
Excess Return	0.41	1.23	1.23	5.00	5.00	5.00	5.00
Lon Borough Bromley USD	0.47	(1.72)	(1.72)	(3.75)	(3.91)	(4.80)	(4.99)
Benchmark	(2.27)	(1.13)	(1.13)	(7.45)			1.55
Excess Return							
Total Fund	2.35	1.22	1.22	5.06	3.77	5.65	8.51
Benchmark	1.80	1.45	1.45	4.95	5.68	6.16	
Excess Return	0.55	(0.23)	(0.23)	0.10	(1.92)	(0.51)	

N.B. returns may differ to fund manager reports due to different valuation/return calculation methods

EARLY RETIREMENTS

A summary of early retirements and early release of pension on redundancy by employees in Bromley's Pension Fund in the current year and in previous years is shown in the table below. With regard to retirements on ill-health grounds, this allows a comparison to be made between their actual cost and the cost assumed by the actuary in the triennial valuation. If the actual cost of ill-health retirements significantly exceeds the assumed cost, the actuary will be required to consider whether the employer's contribution rate should be reviewed in advance of the next full valuation. In the last valuation of the Fund (as at 31st March 2019) the actuary assumed a figure of 0.9% of pay (approx. £1.4m p.a from 2020/21) compared to £1.2m in the 2016 valuation, £1m in the 2013 valuation and £82k p.a. in the 2010 valuation. In 2015/16 there were nine ill-health retirements with a long-term cost of £1,126k, in 2016/17 there were six with a long-term cost of £235k, in 2017/18 there were five with a long-term cost of £537k, in 2018/19 there were five with a long-term cost of £698k, in 2019/20 there were three with a long-term cost of £173k, and in 2020/21 there were six with a long-term cost of £520k. Provision has been made in the Council's budget for these costs and contributions have been and will be made to reimburse the Pension Fund as result of which the level of costs will have no impact on the employer contribution rate.

The actuary does not make any allowance for other (non-ill-health) early retirements or early release of pension, however, because it is the Council's policy to fund these in full by additional voluntary contributions. In 2018/19 there were eight with a long-term cost of £392k, in 2019/20 there were 14 with a long-term cost of £433k and in 2020/21 there were 14 with a long-term cost of £203k. Provision has been made in the Council's budget for severance costs arising from LBB staff redundancies and contributions have been and will be made to the Pension Fund to offset these costs. The costs of non-LBB early retirements are recovered from the relevant employers.

Long-term cost of early retirements	Ill-Health		Other	
	No	£000	No	£000
Apr 23 - June 23 - LBB	0	0	0	0
- Other	0	0	0	0
- Total	0	0	0	0
2023/24 total - LBB	0	0	0	0
- Other	0	0	0	0
- Total	0	0	0	0
Actuary's assumption - 2019 to 2022		1,400 p.a.		N/a
- 2016 to 2019		1,200 p.a.		N/a
- 2013 to 2016		1,000 p.a.		N/a
- 2010 to 2013		82 p.a.		N/a
Previous years – 2022/23	3	316	1	25
- 2021/22	1	618	0	0
- 2020/21	10	549	23	270
- 2019/20	3	173	14	433
- 2018/19	5	698	8	392
- 2017/18	5	537	10	245
- 2016/17	6	235	22	574
- 2015/16	9	1,126	14	734
- 2014/15	7	452	19	272
- 2013/14	6	330	26	548

PENSION FUND REVENUE ACCOUNT AND MEMBERSHIP

	Outturn 2022/23 £'000	Provisional as at 30 Jun 2023 £'000	Estimate 2023/24 £'000
INCOME			
Employee Contributions	8,165	8,167	8,170
Employer Contributions			
- Normal	26,264	26,280	26,270
- Past-deficit	478	478	478
Transfer Values Receivable	7,891	5,213	5,213
Investment Income			
- Re-invested	11,195	11,130	11,130
- Distributed to Fund	15,409	13,620	13,620
Total Income	<u>69,402</u>	<u>64,888</u>	<u>64,881</u>
EXPENDITURE			
Pensions	29,447	29,900	29,900
Lump Sums	4,831	4,395	4,395
Transfer Values Paid	3,953	2,700	2,700
Administration			
- Manager fees	5,002	5,000	5,000
- Other (incl. pooling costs)	1,606	1,600	1,600
Refund of Contributions	142	250	250
Total Expenditure	<u>44,981</u>	<u>43,845</u>	<u>43,845</u>
Surplus/Deficit (-) - including re-invested income (RI)	<u>24,421</u>	<u>21,043</u>	<u>21,036</u>
Surplus/Deficit (-) - excluding RI ¹	<u>13,226</u>	<u>9,913</u>	<u>9,906</u>
MEMBERSHIP			
	31/03/2023	30/06/2023	
Employees	6,509	6,462	
Pensioners	6,019	6,035	
Deferred Pensioners	6,443	6,524	
	<u>18,971</u>	<u>19,021</u>	

Note 1 It should be noted that the draft outturn net surplus of £24.4m in 2022/23 includes investment income of £11m which was re-invested in the funds so, in cashflow terms, there is a £13.4m cash surplus for the year.