

SHPS Annual Review



Social Housing Pension Scheme
Annual Review for the year
to 30 September 2000

Chair's Introduction

Welcome to this review of the Social Housing Pension Scheme for the year to 30 September 2000.

These are defining times for pension schemes. During the year important work has progressed on several fronts, and key decisions have been taken both to consolidate the core strengths of the Scheme and to provide a secure base for continued growth and development. The main features of the year were:

- A 10.3% increase in membership, bringing total membership to 31,228
- A sound investment performance with a return of 13.1% (0.1% ahead of the market benchmark)
- An increase of 20.4% in the value of the Scheme assets to £716 million
- The three yearly valuation of the Scheme and related notice of "Important Changes"
- Approval of a Service Agreement with The Pensions Trust.

During the year detailed consideration was given to the funding of the Scheme. This was undertaken against a background of improved life expectancy (pensions payable for longer), reduced income due largely to the withdrawal in 1997 of important tax benefits, and a less favourable outlook for investments. This has resulted in the cost of pension provision being increased. In this context the results of the triennial valuation, showing the Scheme to have moved into deficit, were anticipated and generally reflect experience across the pensions industry.

The need for stable longer term Scheme funding arrangements was evident. The decisions taken, and advised to members in the Important Changes document, may not be universally welcome; however, having

regard to all the considerations, and having taken appropriate advice, they represent a proper balance of all the interests. Funding of the Scheme is being met, 70% by Employers and 30% by Members.

A continuing priority is the attainment of improved standards of service for members. Substantial effort has been given to the development with The Pensions Trust of a Service Agreement covering the main areas of their service provision. A dedicated Helpline (0845 608 5252) for SHPS members has also been opened. Work continues with The Pensions Trust to attain the full benefits of the transfer of the Scheme's administration to Leeds and the introduction of new computer systems. In 2001 a Value for Money exercise will be conducted.

In the course of a busy year Committee members have again given freely and willingly of their time, for which our warmest thanks. At the year end Michael Sturge retired after nine years as the NHF nominee – his distinctive and valued contribution will be greatly missed; and during the year Roger Watson resigned. Elections will be held in 2001 to fill Member and Employer vacancies.

I hope that this year's review will prove both interesting and of value to members. Your Committee believes that the decisions taken this year enable the Scheme to continue to offer attractive benefits on a competitive and sustainable basis.



Alister Green

Chair, Social Housing Pension Scheme Committee

Fund Statement

For the year ended 30 September 2000

The Social Housing Pension Scheme is an integral part of The Pensions Trust and this statement summarises the transactions of the Scheme and its proportionate share of expenses, investment return and investment.

	2000	1999
	£000	£000
Contributions paid by members and employers	50,194	44,142
Transfers in	9,259	13,969
Total money in	59,453	58,111
Benefits paid (pensions and lump sums)	(9,674)	(9,238)
Payments to leavers	(3,294)	(2,270)
Administrative costs	(2,094)	(1,844)
Total money out	(15,062)	(13,352)
Net additions from dealing with members	44,391	44,759
Return on investments		
Investment income (after management expenses)	13,902	11,939
Change in market value of investments	62,936	81,224
Net returns on investments	76,838	93,163
Net increase in the fund during the year	121,229	137,922
Net assets of the scheme		
At the beginning of the Scheme year	594,943	457,021
At the end of the Scheme year	716,172	594,943

The figures shown in the statement have been extracted from the audited accounts of The Pensions Trust, which were approved by the Trustees on 13 December 2000.

This summary report is not intended to be a financial statement within the terms defined by SORP (Statement of Recommended Practice for Pension Schemes).

Membership of the Scheme

Throughout the year, 51 social housing organisations joined the Scheme. These include:

- Whitefriars Housing Association
- Thera Trust
- Liver Housing Association
- Richmond Housing Partnership

Membership Growth

	1996	1997	1998	1999	2000
Active members	13,146	15,316	16,744	18,724	20,936
Deferred pensioners	3,684	4,696	6,055	7,420	7,957
Pensioners	1,208	1,546	1,831	2,158	2,335
TOTAL	18,038	21,558	24,630	28,302	31,228
Employers	462	491	532	563	614

The Social Housing Pension Scheme is an occupational pension scheme, administered by The Pensions Trust. The Trust is a not-for-profit organisation and works solely for organisations involved in charitable, educational, social, voluntary or other similar work.

Your Committee

Your pension scheme is closely monitored by the Social Housing Pension Scheme Committee. The members of the Committee are nominated and elected by members and employers of the Scheme:

- Three members are elected by active and deferred members;
- One member is elected by pensioners;
- Three members are elected by employers; and
- One member is nominated by the National Housing Federation (the NHF) and the Welsh Federation of Housing Association (the WFHA).

The Committee decides the benefits which the Scheme will offer and ensures that the Scheme has adequate funding. This year's Committee is:

Alister Green
Chief Executive, Bield Housing Association

Ruth Mills
Manager, Devon and Cornwall Housing Association

Nick Horne
Chief Executive, Knightstone Housing Association

Edward Russell
Pensioner

Joy Uings
Finance and Administration Manager, People First Housing Association

Investment Results

The table below shows the investment performance of the Social Housing Pension Scheme over the twelve months to 30 September 2000 and longer term.

Performance over the short and long term compares favourably with the average pension fund. Over the medium term (five years) the comparative position is disappointing. The Pensions Committee continues to monitor investment performance.

Annualised Investment Returns (to 30 September 2000)

	To September 2000		To December 1999	
	Short (1 year) %	Medium (5 years) %	Long-term (10 years) %	(20 years) %
The Pensions Trust	13.1	12.4	12.9	16.0
Average Pension Fund	13.0	13.2	12.5	15.8
Average Earnings Index*	4.4	4.4	5.0	7.2
Retail Prices Index	3.3	2.8	3.5	5.2

*Figures are provisional

Dennis Gullis
(nominated by Raglan Housing Association)

Michael Sturge*
Deputy Director and Director of Finance, Joseph Rowntree Foundation (nominated by the NHF)

Stephen Duckworth*
(nominated by the NHF)

Ian Kyd
(nominated by the WFHA)

* Michael Sturge has now retired as a member of the Committee as at 30 September 2000 and will be replaced by Stephen Duckworth.



Professional Advisers and Bankers

Investment Consultant

Watson Wyatt Partners

Scheme Actuary

Peter Lofthouse of Watson Wyatt Partners

Auditors

KPMG

Solicitors

Rowe & Maw

McGrigor Donald

Bankers

The Royal Bank of Scotland plc

Investment Managers

Legal & General Investment Managers

Schroder Investment Management (UK) Ltd

(until September 2000)

Fidelity Pensions Management

Barclays Global Investors Ltd

(from September 2000)

Capital International Ltd

Henderson Global Investors Ltd

Friends Ivory & Sime plc

Property Managers

Insignia Richard Ellis

Edward Charles & Partners

Measurement of Investment Performance

The WM Company

Custodians

The Northern Trust Company

Rowe & Maw (for property deeds)

Pension Consultants

SBJ Benefit Consultants Ltd

Hymans Robertson Financial Services

Administered by



The Pensions Trust

for Charities and Voluntary
Organisations since 1946

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