



CITY OF WESTMINSTER

MINUTES

Pension Board

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Board** held on **Monday 29th January, 2018**, Room 3.4, 3rd Floor, 5 Strand, London WC2N 5HR.

Members Present: Dr Norman Perry (Chairman and Scheme Member Representative), Councillor Angela Harvey (Vice-Chairman and Employer Representative), Marie Holmes (Employer Representative), Susan Manning (Scheme Member Representative) and Christopher Smith (Scheme Member Representative).

Others Present: Phil Triggs (Tri-Borough Director of Treasury and Pensions), Matthew Hopson (Senior Finance Manager – Treasury), Yvonne Thompson-Hoyte (Senior Finance Manager – Pensions), Joanne Meagher (Head of Operational People Services), Sarah Hay (Pensions and Payroll Adviser) and Toby Howes (Senior Committee and Governance Officer).

Apology for Absence: Councillor Adnan Mohammed.

1 MEMBERSHIP

- 1.1 There were no changes to the membership.

2 DECLARATIONS OF INTEREST

- 2.1 There were no declarations of interest.

3 MINUTES

3.1 RESOLVED:

That the Minutes of the meeting held on 13 November 2017 be signed by the Chairman as a correct record of proceedings.

4 PENSION ADMINISTRATION UPDATE

- 4.1 Joanne Meagher (Head of Operational People Services) presented the report and advised that the key performance indicators (KPIs) appendix covered an extra month, covering September to December 2017. All KPIs were now rated green apart from deferred benefits which was attributable to one case not

being resolved within the target deadline. Joanne Meagher stated that she was satisfied with Surrey County Council's (SCC) performance which continued to go in the right direction. In the case of BT's performance, the Board was advised that BT had now taken on processing urgent leavers and early indications were this was working well, although this would continue to be monitored. For other leavers, People Services were checking reports for accuracy before determining when this interface could go live. However, Joanne Meagher felt that BT's performance was moving in the right direction overall and most KPIs were green.

- 4.2 During discussions, Members commented that they were pleased with the progress made and thanked People Services for their efforts. In respect of the new payroll provider, Hampshire County Council (HCC), who were due to take over from BT later in the year, Members asked if their regulatory processes were similar to the City Council's and would aligning these be straightforward. It was asked whether Members could see what processes and platforms HCC used for pension related matters, although it was acknowledged that some data may be confidential.
- 4.3 The Chairman asked whether the data BT was providing was now of better quality and had staffing improved. He also sought views as to whether HCC and SCC would be a good fit as a working relationship.
- 4.4 In reply to the issues raised by Members, Sarah Hay (Pensions and Payroll Adviser) advised that the main issue had been the quality of files produced by BT, however this had improved, whilst staff were also performing better as they gained more knowledge. In respect of HCC, Sarah Hay felt that they would work well with HCC. Joanne Meagher added that the local authority had extensive experience, employing around 70,000 people and also providing payroll services for Hampshire Police, Hampshire Fire Services and Oxfordshire County Council. The Board noted that People Services were due to visit HCC on 2 February to discuss arrangements. Joanne Meagher confirmed that a Risk Register would continue to be maintained and that the City Council would go through the same processes as HCC. The Board would have the opportunity to view these and any data that was publically available would be provided.
- 4.5 Members asked what steps were being taken in respect of membership of the Board, especially as some members were due to step down at the end of their three year appointments.
- 4.6 In reply, Sarah Hay advised that non-councillor members of the Board had been written to asking of their future intentions and in terms of replacing members who will be stepping down, pensioners and staff would be contacted in respect of filling vacancies in the next two months and the work of the Board would be promoted.
- 4.7 The Board welcomed the proposals in respect of Board membership and the importance of training and the induction for new members was emphasised. It was also suggested that a link to the Board be added on the website.

- 4.8 Phil Triggs (Tri-Borough Treasury and Pensions Director) advised that a date for the Pension Fund Annual General Meeting was to be confirmed shortly and he would liaise with the Chairmen of the Pension Fund Committee and the Board on this.

5 LONDON COLLECTIVE INVESTMENT VEHICLE GOVERNANCE REVIEW

- 5.1 Matthew Hopson (Senior Finance Manager – Treasury) presented the report and advised that the key points from the review included:
- Concern that engagement of a wide stakeholder base leads to conflicting priorities and that the London Collective Investment Vehicle's (CIV) Investment Advisory Committee and the Joint Committees needed to be more focused
 - Lack of transparency in a number of areas
 - Concern that the CIV is underfunded and under resourced.
- 5.2 Matthew Hopson advised that the review had made a number of recommendations, including establishing more concise statements of purpose, greater use of sub-committees and increasing resources in the Secretariat, as well as creating more transparency.
- 5.3 During discussions, Members sought details on the Pension Fund Committee's response to the London CIV governance review. Concern was expressed about the resourcing of the CIV and whether there were sufficient democratic processes in place. Members acknowledged that the London CIV was lagging in progress compared to other investment pooling vehicles and it was asked whether it was possible that the Westminster Pension Fund could join an alternative pooling vehicle. Members asked if direct comparisons with other pooling vehicles could be made. It was also commented that there was a lack of information on the CIV's support and administration costs and it was suggested that savings made from the funding portfolios could contribute to bolstering resources.
- 5.4 In reply to the issues raised, Matthew Hopson advised that the Pension Fund Committee had concerns about the London CIV's governance review and the lack of progress to date. The Committee had requested that the Chief Executive of the London CIV attend its next meeting. Matthew Hopson also advised that it was not currently permissible to join more than one investment pool.
- 5.5 Phil Triggs added that although the Pension Fund Committee was not satisfied with the London CIV's progress to date, it recognised that there were no practical alternatives in terms of other investment pools. However, he agreed to look into this matter further. The Committee was also concerned that there were no immediate plans to fill the vacant Chief Investment Officer post. Phil Triggs commented that although the London CIV offered sizeable savings, this was weighed up against costs which the City Council needed to be mindful of. It was also difficult to make direct comparisons with other pooling vehicles as there was no uniform solution. The Board noted that the London CIV was in the process of responding to the governance review.

- 5.6 The Chairman felt that there needed to be more scrutiny of London CIV arrangements. He suggested that Board Members attend the next Pension Fund Committee and be given the opportunity to raise questions in respect of the London CIV.

5.7 **RESOLVED:**

That the governance review of the London CIV be noted.

6 TRIENNIAL VALUATION

- 6.1 Matthew Hopson introduced the report that had been requested by the Board at its last meeting and advised that the recommendations of the 2016 actuarial triennial valuation were in the first year of implementation. He drew Members' attention to the Investment Strategy as set out in the valuation.

- 6.2 Members noted the wide variations in respect of primary rates contributions and also enquired whether there were mortality rate assumptions made during the valuation.

- 6.3 In reply, Matthew Hopson confirmed that there had been mortality rate assumptions for the valuation. Phil Triggs added that life expectancy had plateaued after the increases of previous years and the actuary's mortality rate assumptions were locally specific in respect of the City Council's employees.

6.4 **RESOLVED:**

That the final Actuarial report for 2016 summarising the processes that have taken place and the final contribution rates for the Future and Past service contributions for Westminster City Council and all Admitted and Scheduled bodies be noted.

7 PENSION BOARD RISK REGISTER AND FORWARD PLAN

- 7.1 Yvonne Thompson-Hoyte (Senior Finance Manager – Pensions) presented the report and advised that the Fund had met the 3 January deadline to successfully opt up to elective professional client status with all counterparties and so the associated risk had been deleted from the Risk Register. However, two risks had been added in respect of each counterparty being subject to a review of their elective professional client status and that the Fund may be categorised as retail client status by other financial institutions that the Fund may deal with in future.

- 7.2 The Chairman thanked officers for achieving professional client status for all counterparties and sought clarification that the appointment of a new fund manager would require another application for professional client status. He commented that risk 16 in the Risk Register regarding the London CIV may need to be upgraded in light of its Governance Review report. The Board

agreed that a risk in respect of the new Data Protection Regulations needed to be added to the Risk Register.

7.3 In reply to queries raised by Members, Yvonne Thompson-Hoyte confirmed that an application for professional client status would be required each time a new fund manager was appointed. Phil Triggs acknowledged that risk 16 in the Risk Register was likely to require upgrading.

7.4 Members concurred that the Board should continue to meet four times a year in order to mirror the frequency of Pension Fund Committee meetings.

7.5 **RESOLVED:**

That the changes to the Risk Register and Forward Plan be noted.

8 ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT

8.1 On behalf of the Board, the Chairman thanked Susan Manning for her contributions to the Board as she would now be standing down from her role as a member.

8.2 Yvonne Thompson-Hoyte advised that she would circulate details of a Local Pension Boards Seminar taking place on 26 February to the Board.

The Meeting ended at 8.36 pm.

CHAIRMAN: _____

DATE _____