



CITY OF WESTMINSTER

MINUTES

Pension Fund Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Fund Committee** held on **Thursday 14th March, 2019**, Room 18.05, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Antonia Cox (Chairman), Melvyn Caplan, Patricia McAllister and Eoghain Murphy.

Officers Present: Lee Witham (Director of People Services), Sarah Hay (Pensions and Payroll Officer), Phil Triggs (Tri-Borough Director of Treasury and Pensions), Billie Emery (Pension Fund Manager)(Matthew Hopson (Strategic Investment Manager, Tri-Borough Director of Treasury and Pensions) and Toby Howes (Senior Committee and Governance Officer).

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 10 December 2018 be signed by the Chairman as a correct record of proceedings.

4 PENSION ADMINISTRATION UPDATE

4.1 Lee Witham (Director of People Services) presented the report and stated that most key performance indicators (KPIs) for pension administration performance had been rated green in recent quarters. However, for the latest quarter, a few KPIs were rated red or amber. This was attributable to the transfer of payroll services from BT to Hampshire County Council (HCC). People Services were working with HCC and Surrey County Council, the pension administration provider, to address these and Lee Witham was confident that issues would be overcome.

- 4.2 Members asked whether staff had raised their concerns in respect of problems encountered, such as a few cases involving late lump sum and pension payments and whether this would be raised as an issue at the Pensions Annual General Meeting. The Committee also sought an update in respect of Western Union contacting overseas pensioners on the Council's behalf in respect of existence checking.
- 4.3 In reply, Lee Witham stated that he did not anticipate there being major complaints made at the Pensions Annual General Meeting and he was not aware of complaints made in respect of late payments, which in any case were no later than 10 days beyond the expected date. Lee Witham concurred with Members that there needed to be progress in respect of the Western Union letters and there would be an update on this at the next meeting. He also advised that around 400 staff from CityWest Homes (CWH) would be subject to TUPE arrangements when they were transferred back in-house to the Council. CWH staff would be auto-enrolled into the pension scheme and pension surgeries had been held to explain the implications of this.

5 REQUEST THE APPROVAL OF ACCENT CATERING SERVICES LTD AS AN ADMISSION BODY IN THE WESTMINSTER CITY COUNCIL PENSION FUND

- 5.1 Lee Witham presented the report which involved two employers and advised that each case was straightforward. In reply to queries from Members, Lee Witham although the Council had not requested a bond as part of the agreement, he was satisfied with the guarantee provided.

5.2 RESOLVED:

That the closed admission agreement for Accent Catering Services Limited be approved.

6 WESTMINSTER ADMINISTERING AUTHORITY FUND DISCRETIONS

- 6.1 Lee Witham presented the report and advised that it was a requirement that all pension funds publish discretions. The draft document had been produced after officers had looked at how other organisations had set out their discretionary policies.
- 6.2 Members raised a few questions and made suggestions regarding a number of policies listed. With regard to Discretion and Regulation (DR) 14, Members asked what organisations were involved and to what extent was this a risk. Clarification was sought as to the reasons for DR32. With regard to DR 55, Members asked in what situations would the reduction be waived
- 6.3 The Chairman commented in respect of DR10 that every effort should be made to ensure the 50% work on contract limits was met, even though this was difficult to monitor, in order to prevent encouraging any abuse of this. With regard to DR57, the Chairman asked whether applications over £2,000 would change behaviours significantly.

- 6.4 In reply to Members' questions, Matthew Hopson I (Strategic Investment Manager, Tri-Borough Treasury and Pensions) advised in respect of DR14, this was more of a notional cost to the Fund and there would be no real impact in terms of what the Council pays and the lump sum payment would not be as high as the strain. In respect of DR55, Matthew Hopson advised that this would apply in cases such as serious bereavement or long term care issues.
- 6.5 With regard to DR32, Lee Witham explained that the Council could use its discretion on a case by case basis for requests made by scheme members to transfer benefits from a non-local government pension scheme after the 12 months period. In view of potentially difficult cases, Lee Witham agreed that DR55 not be on any published document. In respect of DR57, Lee Witham advised that the Civil Service and some other organisations set the threshold at £2,000, and it would be helpful to have a policy on this.
- 6.6 The Committee agreed that the discretionary policy document be published, subject to the comments made by Members.

7 FUND FINANCIAL MANAGEMENT

- 7.1 Billie Emery (Pension Fund Manager) presented the report and confirmed that there had been no changes to the Risk Register from the meeting held on 10 December 2018. In respect of cashflow, Billie Emery advised that although payments from the bank account continued to exceed receipts on a monthly basis, cash inflow was expected to exceed cash outflow on an annual basis due to improved levels of deficit recovery contributions.
- 7.2 Members sought an update in respect of security and systems. In reply, Phil Triggs (Tri-Borough Director of Treasury and Pensions) advised that internal audit had undertaken a large scale exercise and reports had gone to the Audit and Performance Committee. Internal audit controls were now fully compliant and the Audit and Performance Committee would receive updates on this matter.

7.3 RESOLVED:

1. That the Risk Register for the Pension Fund be noted.
2. That the cash flow position and the three year forecast be noted.
3. That the Forward Plan be noted.

8 MINISTRY OF HOUSING, COMMUNITIES AND LOCAL GOVERNMENT STATUTORY GUIDANCE ON ASSET POOLING IN THE LOCAL GOVERNMENT PENSION SCHEME CONSULTATION

- 8.1 Phil Triggs presented the report and circulated a draft response to the consultation for Members' consideration.

8.2 Members commented that there should be a focus on making the response more Westminster specific. Members agreed to provide their feedback to Phil Triggs before the Council's response was submitted to the Ministry of Housing, Communities and Local Government.

8.3 **RESOLVED:**

That the draft guidance on pooling be noted and that further feedback from the Committee be provided.

9 QUARTERLY PERFORMANCE REPORT

9.1 Kevin Humpherson (Deloitte) presented the report and advised that CQS were now in receipt of £90m for multi asset credit taken from the Longview Mandate. Pantheon had also agreed to the £70m allocation in respect of infrastructure. Performance from the last quarter was 0.1% down from the benchmark.

9.2 Members raised the issue of investing in fossil fuels and the Chairman advised that the Council, as a shareholder, could influence companies involved in fossil fuels to ensure that their alternative energy proposals came to fruition. She added that the Local Authority Pension Fund Forum (LAPFF), which the Council is a member of, frequently raised this issue. Phil Triggs added that the LAPFF represented around 80% of Local Government Pension Schemes and so held considerable influence.

9.3 **RESOLVED:**

That the performance of the investments and funding position be noted.

10 ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT

10.1 There was no other business.

11 EXCLUSION OF PRESS AND PUBLIC

11.1 **RESOLVED:**

That under Section 100 (A) (4) and Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), the public and press be excluded from the meeting for the following items of business because they involve the likely disclosure of exempt information on the grounds shown below and it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

12 MINUTES

12.1 RESOLVED:

That the confidential minutes of the meetings held on 10 December 2018 and 14 January 2019 respectively be signed by the Chairman as an accurate record of proceedings.

13 VOLUNTARY SCHEME PAYS REQUEST FROM CHIEF EXECUTIVE OF AN ACADEMY CHAIN

- 13.1 The Committee considered a confidential report on a voluntary schemes pay request and agreed the recommendation in the report.

14 PENSION FUND COSTS

- 14.1 The Committee considered a confidential report on the Fund's costs.

15 LONDON COLLECTIVE INVESTMENT VEHICLE PENSIONS RECHARGE AND GUARANTEE AGREEMENT

- 15.1 The Committee considered a confidential report on this matter.

16 UK EQUITY MANDATE REVIEW

- 16.1 The Committee considered a confidential report reviewing the UK Equity mandate.

The Meeting ended at 9.11 pm.

CHAIRMAN: _____

DATE _____