



CITY OF WESTMINSTER

MINUTES

Pension Fund Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Fund Committee** held on **Monday 20th August, 2018**, Room 3.8, 3rd Floor, 5 Strand, London, WC2 5HR.

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

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

Also Present: Keith Bray (Forum Officer, Local Authority Pension Fund Forum) and Kevin Humpherson (Deloitte).

1 MEMBERSHIP

1.1 There were no changes to the membership.

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 LOCAL AUTHORITY PENSION FUND FORUM (LAPFF) MEMBERSHIP

3.1 The Committee had before them a report recommending that the City Council join the Local Authority Pension Fund Forum (LAPFF). The Chairman invited Keith Bray (Forum Officer, LAPFF), to address the Committee.

3.2 Keith Balmer then gave a presentation on the work of the LAPFF. He began by stating that the Local Government Pension Scheme (LGPS), which the LAPFF represented, was the sixth largest funded pension scheme in the World and was a significant institutional national and international investor. LAPFF was a voluntary association of LGPS funds that sought to protect and enhance the value of its members' shareholdings. LAPFF met four times a year and valued elected member input. Membership of LAPFF included 26 London authorities, of which the London boroughs of Barnet, Havering and Hammersmith and Fulham had all joined in the last year, 28 English counties,

eight Welsh authorities, four Scottish authorities, two passenger transport authorities and the Environment Agency. The areas LAPFF looked into included environmental, social and governance issues, although Keith Bray emphasised that protecting the shareholders' value was the highest priority. He then referred to instances where the LAPFF had effectively lobbied for changes, including those involving Marks and Spencer, Barclays, Shell and BP.

- 3.3 During discussions, the Chairman asked what would happen if the City Council did not share the same view as LAPFF on a particular issue. She sought further details on the workload officers could expect if the City Council joined LAPFF, including the frequency of emails likely to be received and would Members of the Committee be copied into these messages. Members sought further details on the LAPFF's staff and its work with Marks and Spencer. In respect of the issues that the LAPFF took on, it was asked what mechanisms were used in determining these. Information on how LAPFF's funding was used was also sought.
- 3.4 In reply to issues raised by Members, Keith Bray advised that differences of opinion within LAPFF existed, including on such matters as climate change. However, he remarked that he could not recall any instance where an LAPFF member had felt embarrassed about an issue and furthermore LAPFF would not publicise the opinion of any authority that had disagreed. However, notwithstanding this, LAPFF members were welcome to publicise any differences of view if they so wished. The Committee noted that LAPFF produced quarterly engagement reports. Keith Bray informed Members that the LAPFF had carried out a corporate governance review of Marks and Spencer that had culminated in recommendations in separating roles to prevent too much responsibility being given to a smaller number of individuals, which also helped in terms of business continuity should someone depart the organisation abruptly. Keith Bray advised that LAPFF's Executive Committee ensured that the agendas for LAPFF meetings were appropriate and members were welcome to make suggestions on what issues to discuss.
- 3.5 Keith Bray advised that there was no staff that supported LAPFF on a full time basis. The financial resources the LAPFF received were used to commission the Pensions Investment Research Consultants (PIRC) to provide technical research and advise on corporate governance and corporate social responsibility matters. It was estimated that around 70% to 80 % of resources were spent on PIRC and in hiring venues. Keith Bray added that LAPFF's accounts were available for circulation to its members. He advised that the Tri-Borough Director of Treasury and Pensions could expect to receive around two to three emails a week from LAPFF and these could also be circulated to the Committee. Keith Bray advised that reports for LAPFF meetings were circulated a week in advance and he agreed to inform Members when the next LAPFF meeting was due to take place. He added that an annual conference was taking place in Bournemouth that would include a number of eminent speakers.

3.6 The Committee agreed to the Chairman's suggestion that the Westminster Pension Fund join the LAPFF on an initial one year basis and to review the work of the LAPFF in 12 months' time.

3.7 **RESOLVED:**

That the application of the Westminster Pension Fund for membership to the LAPFF be approved on an initial one year basis and to review the work of the LAPFF in 12 months' time.

4 EXCLUSION OF PRESS AND PUBLIC

4.1 **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 item 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.

5 FIXED INCOME STRATEGY

5.1 The Committee considered and agreed the recommendations of a confidential report on fixed income strategy.

6 VOLUNTARY SCHEME PAYS REQUEST

6.1 The Committee considered and agreed the recommendation of a confidential report relating to a voluntary scheme pays request.

The Meeting ended at 8.35 pm.

CHAIRMAN: _____

DATE _____