



CITY OF WESTMINSTER

MINUTES

Pension Fund Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Fund Committee** held on **Thursday 23rd January, 2020**, Room 18.02, 18th Floor, City Hall, 64 Victoria Street, London, SW1E 6QP.

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

Also Present: Phil Triggs (Tri-Borough Director of Treasury and Pensions), Billie Emery (Pension Fund Manager), Lee Witham (Director of People Services), Sarah Hay (Senior Payroll and Pensions Officer), Eleanor Dennis (Lead Pensions Specialist, People Services), Kevin Humpherson (Deloitte) 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 23 October 2019 be signed by the Chairman as a correct record of proceedings.

4 PENSION ADMINISTRATION UPDATE

4.1 Sarah Hay (Senior Pensions and Payroll Adviser, People Services) introduced the report and advised that the key performance indicators (KPIs) were generally good, with the only recent issue being some delays to retirement options being issued due to a large number of retirements from a care provider who were part of the Fund. Work was also under way concerning new staff in respect of the 2019 triennial evaluation. With regards to overseas pensioners, Sarah Hay advised that five had now been reinstated, meaning

that 17 remained suspended. The Committee heard that discussions were taking place amongst officers over what service the Council wanted before approaching Surrey County Council (SCC) over renewing the Section 101 Agreement on pension administration services. SCC were also shortly due to appoint a new Pension Fund Manager and Members would be updated once the appointment was confirmed.

- 4.2 Eleanor Dennis (Lead Pensions Specialist, People Services) updated the Committee on data cleansing and advised that the common data score was now 89.9%. Costings for status 2 project were being finalised and updates had been carried out on 'gone away' addresses. Further progress was expected over the next two weeks.
- 4.3 The Committee noted that JLT were no longer involved with data cleansing and that ITM were currently assisting the Council with this. It was asked whether ITM would continue to work with the Council longer term on this matter. Members commented that outstanding issues needed to be addressed in any new Section 101 Agreement with SCC. Members asked what the level of staff turnover at SCC was and were their staff incentives for performance. Members welcomed the progress made with regards to overseas pensioners, however in respect of red or amber KPIs, the importance of minimising the impact on individuals was emphasised, particularly where this resulted in them experiencing any delays in pension payments. It was also queried whether the performance of the KPIs recorded were accurate.
- 4.4 In reply to issues raised by Committee, Sarah Hay commented that it useful that the Council had another source to review its data in ITM, although their continued involvement longer term would be subject to further discussions. Sarah Hay added that overall the Council's data was relatively good. There had been improvements in SCC's performance compared to three years ago, however changes in leadership necessitated a need for discussions on the future direction of travel. There were also more SCC staff available for pension administration functions. Sarah Hay advised that staff turnover at SCC was of some concern, however she was unsure as to whether there were incentives available in respect of performance. Where there were any instances of delayed payments to individuals, Sarah Hay advised that SCC were chased to ensure that payments were made promptly and to prevent such instances occurring in the future. With regards to the accuracy of the performance of KPIs, Sarah Hay advised that she was not receiving complaints from scheme members and so this suggested that the figures were accurate.
- 4.5 Lee Witham (Director of People Services) added that the Council continued to keep a careful eye on the KPIs and visits to SCC had taken place to discuss issues. He advised that around three years ago, scheme members had reported a number of problems with their pensions, however the situation had much improved since. Delays in payments were now very rare, although any delay was unacceptable. Lee Witham acknowledged that an amber or red KPI may impact significantly upon an individual and every action needed to be taken to minimise this.

- 4.6 The Committee requested a report updating Members on the situation regarding incomplete cases and costs regarding the data cleansing exercise carried out by JLT, who were no longer involved in the process. In addition, the report was to include an update on arrangements with ITM and whether they were to take on data cleansing on a longer term basis.

5 ADMISSION AGREEMENT REQUEST FOR BT TO BECOME AN ADMITTED BODY IN THE WESTMINSTER CITY COUNCIL PENSION FUND

- 5.1 Sarah Hay (Senior Payroll and Pensions Officer) introduced the report and advised that three employees providing IT end user support were due be outsourced to BT on 1 February. It was recommended that BT become an admitted body to the Pension Fund on a closed admission agreement basis to allow the three employees membership of the Fund.
- 5.2 Members noted that BT wanted the risk of them defaulting covered by a guarantee and confirmed that they were happy with this arrangement.

RESOLVED:

That it be agreed that the Fund enter into a closed admission agreement with BT to allow the three employees to remain in the Westminster City Council Pension Fund and that the risk of any default by BT be covered by a guarantee.

6 VOLUNTARY SCHEME PAYS REQUESTS FOR 2018-2019

- 6.1 The Committee considered and agreed the requests in the confidential report.

6.2 RESOLVED:

That the voluntary scheme pays requests for 2018-2019 as set out in the report be agreed.

7 VOLUNTARY SCHEME PAYS REQUEST 2017-2018

- 7.1 The Committee considered and agreed the requests in the confidential report.

7.2 RESOLVED:

That the voluntary scheme pays request for 2017-2018 as set out in the report be agreed.

8 FUND FINANCIAL MANAGEMENT

- 8.1 Billie Emery (Pension Fund Manager) presented the report and highlighted the top five risks on the Risk Register. This included the London Collective Investment Vehicle (LCIV) failing to produce proposals deemed sufficiently ambitious, in light of the recent resignations that had occurred at the LCIV.

With regards to cashflow monitoring, Billie Emery explained that the spike in June 2019 was attributable to a deficit recovery payment.

8.2 During discussions, the Committee noted the governance risk in respect of the LCIV and emphasised the importance of the LCIV to be making progress. Members remarked that cashflow monitoring should be mindful of proposals in respect of the Investment Strategy and asset allocation. In respect of Risk 3 on the Risk Register for Administration, it was commented that it was important to have a contingency plan if key staff from pension administration services left abruptly.

8.3 In reply, Lee Witham acknowledged that there were a relatively small number of staff in the pension administration team, and this was also the case with a number of other local authorities. However, in respect of Westminster, turnover was lower than the average for London local authorities. Sarah Hay added that recruitment for pension administration functions added more resilience to the service.

8.4 **RESOLVED:**

1. That the Risk Register for the Pension Fund be noted.
2. That the cashflow position, the rolling 12 month forecast and the three year forecast be noted.
3. That the Forward Plan for the Committee be noted.

9 **QUARTERLY PERFORMANCE REPORT**

9.1 Kevin Humpherson (Deloitte) provided an update on the quarterly performance of the Fund and advised that the LCIV was currently in the process of identifying a permanent replacement for the role of Chief Investment Officer. An appointment had been made in respect of a lead person to work on environmental, social and governance (ESG) issues and they were due shortly to take up post. Kevin Humpherson advised that he was due to meet the LCIV next week and he would update the Committee on matters at the next meeting.

9.2 Members sought an update regarding the transfer of funds from the Longview mandate and the situation concerning CQS. Comments were also sought in respect of the LGIM transition.

9.3 In reply, Kevin Humpherson advised that £50m of Longview assets were to be transferred to Pantheon, whilst discussions needed to take place concerning the allocation of a further £20m from Longview. Turning to CQS, Kevin Humpherson stated that the LCIV had placed CQS under review, however Deloitte's position was there had been no developments that would lead them to review CQS at present.

9.4 Phil Triggs stated that he was content with the process and timescale involved in respect of the LGIM transition and the associated costs were within

reasonable parameters. He added that the Fund was also benefitting from currency hedging.

9.5 RESOLVED:

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

10 FUNDING STRATEGY STATEMENT

10.1 Phil Triggs (Tri-Borough Director of Treasury and Pensions) presented the report and stated that the draft Funding Strategy Statement (FFS) had been put together with the assistance of the Fund's actuary. The FFS was now at consultation stage and the final version would be published following the actuary's final valuation and the responses to the consultation. The final version of the FFS would go before the Committee at the March meeting.

10.2 The Committee approved the draft FFS.

10.3 RESOLVED:

That the draft Funding Strategy Statement be approved, pending consultation with the employers, and that authority be delegated to the Tri-Borough Director of Treasury and Pensions in consultation with the Chairman to publish the final Funding Strategy Statement.

11 INVESTMENT STRATEGY STATEMENT AND INVESTMENT BELIEFS

11.1 Phil Triggs presented this item and stated that the Investment Strategy Statement (ISS) was a working document and the investment beliefs would underpin the ISS.

11.2 In noting that the ISS was a working document, the Committee agreed to an additional meeting being arranged to discuss the ISS and investment beliefs. Members were also requested to complete questionnaires on investment beliefs and that these be returned to Phil Triggs and Kevin Humpherson for analysis.

11.3 RESOLVED:

That an additional meeting of the Committee be arranged to consider the Investment Strategy Statement and investment beliefs.

12 RESPONSIBLE INVESTMENT AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

12.1 The Committee agreed that further consideration with regards to environmental, social and governance (ESG) policies take place after the ISS had been agreed. Phil Triggs added that ESG was an important area of work and the new document would be based on best practice and he welcomed feedback from Members on this report.

12.2 RESOLVED:

That environmental, social and governance policies be considered further following the agreement of the Investment Strategy Statement.

13 ASSET ALLOCATION REVIEW

13.1 The Committee agreed to reconsider asset allocation following agreement on investment beliefs and the ISS.

13.2 RESOLVED:

That the asset allocation be reconsidered following the agreement of the Investment Strategy Statement and investment beliefs.

14 ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT

14.1 Phil Triggs advised that the next Pensions Annual General Meeting was to take place on 26 May.

15 EXCLUSION OF PRESS AND PUBLIC

15.1 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:

Items 6, 7 and 16.

16 MINUTES

16.1 RESOLVED:

That the confidential minutes of the meeting held on 23 October 2019 be signed by the Chairman as a correct record of proceedings.

The Meeting ended at 8.26 pm.

CHAIRMAN: _____

DATE _____