MINUTES

CITY OF WESTMINSTER

Pension Board

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Board** Committee held on **Thursday 3rd November, 2022**, This is a Virtual TEAMS meeting.

Members Present: Councillors Matt Noble (Chair), Christopher Smith (Vice-Chair), Barbara Arzymanow, Marie Holmes and Terry Neville

1   MEMBERSHIP

1.1   There were no changes to the Membership.

2   DECLARATIONS OF INTEREST

2.1   There were no declarations of interest, other than the standing declarations already made by Members.

3   MINUTES

3.1   **RESOLVED:** That the minutes of the meeting held on 28 July 2022 be approved as an accurate record of proceedings.

4   PENSION ADMINISTRATION UPDATE

4.1   The Board received an update on the Key Performance Indicator (KPI) data from Hampshire Pension Services (HPS) from July 2022 to September 2022.

4.2   The Board considered the KPI data provided to Westminster in the July, August and September period and noted that the partnership reports by HPS showed a 100% KPI completion record. It was expected that overall cases processed by HPS would continue to be approximately 100% month which would maintain a healthy position with no backlogs. Details of three complaints submitted during this period by members were provided in addition to the compliments received.

4.3   An update was provided on the additional resource provided by HPS to complete approximately 536 cases of unprocessed leavers and the new tracing project with Target which would improve data quality and the data

scores that the Fund must report annually to the pension regulator. Members noted that 27.63% of the membership had already registered for the new member portal which was a steady increase from 23.66% at the last Pension Board.

4.4   Members heard that on the 24 September there had been a warning of suspicious activity on the UPM Member Portal which had resulted in the Member Portal and the Employer Hub being immediately blocked from access from the internet for a full investigation by the application provider (Civico). Members noted that no one had actually got access to the system and that HPS was looking at further security measures which would allow them to effectively remove Geo-blocking. Members further noted that HPS had now included a regular slot on cyber security in the partnership report.

4.5   Members discussed the difficulty in obtaining accurate historical data from fund employers and noted the need for robust engagement between Westminster City Council and schools. Members heard that historical data was particularly difficult to obtain due to the switching of payroll providers and data being destroyed because of the assumption that it was obsolete. The Board noted that going forward employer's responsibilities would be clearly set out and support would be provided by WCC/HPS so that contracts with payroll providers were written in favour of the schools.

4.6   **RESOLVED:** That the Board noted the report.

5   LGPS PROJECTS & GOVERNANCE UPDATE

5.1   The Board received an update on the various projects and governance activities being undertaken by the Pension and Payroll Team to improve the administration of the COWPF LGPS.

5.2   The Board heard that the Guaranteed Minimum Pension (GMP) project data analysis phase was underway and rectification calculations were due to start in mid-November and conclude in February ahead of Pension Increases in April 2023. The Board noted that a COMMS strategy was being prepared to ensure communications were accurate and timely.

5.3   The Board further heard about the McCloud Project and recognised that data collection (phase 1) and recalculation of benefits of eligible members (phase 2) was complex. The Board discussed that the McCloud data for Westminster City Council as an employer was currently being collated from the different legacy systems which was a highly intensive and manual process.

5.4   The Board discussed the reasons and benefits of decommissioning the existing Pension Website and moving the relevant content to the www.westminster.gov.uk. The Board were pleased that the new website would contain specific functionality targeted towards the neurodiverse and looked forward to receiving the full report at their next meeting.

5.5   The Board noted that the Pensions Dashboard would be a priority in the next financial year.

5.6   **RESOLVED:** That the report be noted.

6   FUND FINANCIAL MANAGEMENT

6.1   The Board discussed the report which outlined the top five risks for the governance and pension administration fund which were set out in the report.

6.2   The Board had detailed discussions over the identified risks, the significant global economic uncertainty following Russia invading Ukraine, gas/fuel prices, the UK price inflation now being significantly more than anticipated in the current actuarial assumptions and the possibility of global recession next year. The Board noted the increased scrutiny on environmental, social and governance issues and recognised the need to pay particular attention to future investments.

6.3   The Board was interested to note the anticipated future cash flow and that at the moment cash was paying a decent return. Further detailed discussions followed on the three-year cashflow forecast and the impact of inflation rate rises on the pension fund.

6.4   **ACTION:** That the top five geo-political risks be included for discussion in the next report to the Pension Board.

6.5   **RESOLVED:**

        1)   That the top five risks for the Pension Fund be noted.

        2)   That the cashflow position for the pension fund bank account and cash held at custody, the rolling twelve-month forecast and the three-year forecast be noted.

7   PERFORMANCE OF THE COUNCIL'S PENSION FUND

7.1   The Board received a report setting out the performance of the Pension Fund's investments to 30 September 2022, together with an update of the funding position at 30 September 2022. The Board discussed and noted that the Fund had returned -1.76% net of fees over the quarter to 30 September 2022, slightly underperforming the benchmark by -0.39%.

7.2   It was noted that there was currently a high level of volatility and uncertainty in markets following events in Ukraine and the strict lockdown measures in China. The Board discussed the performance of the Baillie Gifford Global Alpha (BG) mandate, the value of the City of Westminster Pension Fund investments directly managed by the London CIV and the pooling of resources and staff turnover at the London CIV.

7.3 The Board noted that the Pension Fund target asset allocation is 60% of assets within equities, 19% in fixed income, 6% in renewable infrastructure, 5% within infrastructure, 5% within property and 5% to affordable and social supported housing.

7.4 **RESOLVED:** That the performance of the investments and the funding position be noted.

8 ACTUARIAL VALUATION: INITIAL OUTCOME

8.1 The Board received a report outlining the initial results of the 2022 triennial actuarial valuation process and noted that the two significant assumptions made during the process was longevity projections and the discount rate used to value liabilities.

8.2 The Board discussed that the funding level had risen to 128% from the 99% level in 2019 which was broadly due to the excellent investment returns over the period and the Council's additional deficit recovery payments. The Board noted that the major changes to the 2022 actuarial financial assumptions were an increase in CPI inflation which was linked to pension payments and salary increases. The discount rate was expected to remain the same.

8.3 The Board discussed the importance of maintaining the level of contribution and how the City of Westminster Pension Fund was a premium product.

8.4 **RESOLVED:** That the report be noted.

9. TERMINATION OF MEETING

9.1 The meeting ended at 8.23pm.

CHAIRMAN: _____   **DATE** _____