



City of Westminster

Committee Agenda

Title:

Pension Board

Meeting Date:

Thursday 21st September, 2023

Time:

6.30 pm

Venue:

Rooms 18.06, 18.07 and 18.08 - 18th Floor, 64 Victoria Street, London, SW1E 6QP

Members:

Members of the Board:

Christopher Smith (Chair)
Matt Noble (Vice-Chair)
Terry Neville, OBE

Barbara Arzymanow
Marie Holmes



Members of the public are welcome to attend the meeting and listen to the discussion Part 1 of the Agenda

Admission to the public gallery is by ticket, issued from the ground floor reception at City Hall from 6.00pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.



An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Sarah Craddock, Committee and Councillor Co-ordinator.

scraddock@westminster.gov.uk

Corporate Website: www.westminster.gov.uk

Note for Members: Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Head of Legal & Democratic Services in advance of the meeting please.

AGENDA

PART 1 (IN PUBLIC)

1. MEMBERSHIP

To note any changes to the membership.

2. DECLARATIONS OF INTEREST

To receive declarations of interest by Members and Officers of any pecuniary interest or any significant interest in matters on this agenda.

3. MINUTES

To approve the minutes of the Pension Board meeting held on 6 July 2023.

(Pages 5 - 10)

4. PENSION ADMINISTRATION UPDATE

Report of the Director of People Services.

(Pages 11 - 14)

5. LGPS PROJECTS AND GOVERNANCE UPDATE

Report of the Director of People Services.

(Pages 15 - 58)

6. FUND FINANCIAL MANAGEMENT

Report of the Tri-Borough Director of Treasury and Pensions.

(Pages 59 - 64)

7. PERFORMANCE OF THE COUNCIL'S PENSION FUND

Report of the Tri-Borough Director of Treasury and Pensions.

(Pages 65 - 68)

8. LGPS CONSULTATION

Report of the Tri-Borough Director of Treasury and Pensions.

(Pages 69 - 76)

**9. UPDATE ON CYBER SECURITY FOR PENSION
ADMINISTRATION**

Assistant Director; Pensions, Hampshire County Council

(Pages 77 -
108)

**10. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS
URGENT**

**Stuart Love
Chief Executive
13 September 2023**

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CITY OF WESTMINSTER

MINUTES

Pension Board MINUTES OF PROCEEDINGS

Minutes of a hybrid meeting of the **Pension Board** held on **Thursday the 6th of July 2023**, Room 18.07 - 18.08, 18th Floor, 64 Victoria Street, London, SW1E 6QP and via Microsoft Teams.

Members Present: Councillors Matt Noble, Barbara Arzymanow

Also Present: Mathew Dawson (Strategic Investment Manager), Billie Emery (FM Pensions), Sarah Hay (Strategic Pension Lead), Diana McDonnell-Pascoe (Pension Project and Governance Lead), Terry Neville OBE (Scheme Member Representative) Jack Robinson-Young (Cabinet and Councillor Coordinator), Christopher Smith (Scheme Member Representative) Phil Triggs (Tri-Borough Director of Treasury and Pensions)

1 MEMBERSHIP

- 1.1 There were no changes to the membership.
- 1.2 Christopher Smith was elected as Chair of the Board, with Terry Neville elected as Vice Chair.
- 1.3 Apologies were received from Marie Holmes.

2 DECLARATIONS OF INTEREST

- 2.1 There were no declarations of interest.

3 MINUTES

- 3.1 The Board approved the minutes of its meeting on the 1st of February 2023.

3.2 RESOLVED

That the minutes of the meeting held on Wednesday the 1st of February be signed as a correct record of proceedings.

4 PENSIONS ADMINISTRATION UPDATE

- 4.1 The Pensions Officer People Services, Sarah Hay, introduced her report outlining the performance of Hampshire Pension Services (HPS). This covered KPI data for the period January 2023 to May 2023 which she informed the Board was 100% within target.
- 4.2 The Board were updated on the complaints received during the period, two relating to transfers out of the Fund and one has progressed to an IDR stage 1. The Pensions Officer People Services is working with HPS to ensure the other transferred is resolved, with the remaining complaint now resolved.
- 4.3 The Board were updated on the positive news of the annual returns for the year having been submitted and queries seem to be lower than last year. The PAS changes in relation to absent data will be reviewed to ensure we do not regress after the progress made in the last 18 months.
- 4.4 The Pensions Officer People Services informed the Board that the number of deferred member statements was high, at 99.38%, produced already for 2022/23. The aim is to produce active member statements by the statutory deadline of 31st August 2023.
- 4.5 The Board were informed that membership numbers now exceed 20% of the original OBC numbers, and this has increased administration cost to an additional £25,000 per annum.
- 4.6 The Board were informed that the Council will discuss cyber security issues with HPS and undertake penetration testing by a third party. Alongside HPS the Fund will then review the implementation of Umbraco 10 to our UPM software and ask for assurance that this has resolved known risks.
- 4.7 The Board commended the Pension Project & Governance Lead on the data work done saying that this was a huge leap forward with significant progress made. The Board also commended the work of Sarah Hay, with a special note made to the positive KPI performance.
- 4.8 The Board asked that when working with Surrey previously, the percentage of KPI's was found out to be incorrect and asked the Strategic Pension Lead how she could be confident this was not happening with Hampshire. In reply, the Board was informed that there has been constant communication with Hampshire and the data being input is accurate, leading to good quality data coming out.
- 4.9 The Board asked on the £25,000 figure being based on 20% and how this was generated, in reply, the Board were informed that HPS have their own formula for coming to this amount.

5 LOCAL GOVERNMENT PENSION SCHEME PROJECTS & GOVERNANCE UPDATE

- 5.1 The Pension Project & Governance Lead, Diana McDonnell-Pascoe, presented her report outlining the current position of the Guaranteed Minimum Pension (GMP), McCloud, Pensions Dashboard, Pension Website Review and the Internal and External Audit.
- 5.2 The GMP has had full engagement from all parties and Ms McDonnell-Pascoe foresaw future governance running smoothly. As of the end of May this year all post-PI data had been sent from Hampshire Pension Services to Mercer who were processing this in line with the project plan.
- 5.3 The McCloud data sets are still being compiled to be sent on to Hampshire and the Pension Project & Governance Lead reported that they had successfully engaged with Oracle and a third-party supplier, Claremont, to access the final part of data. HPS are drafting a proposal based on the Scheme Advisory Board guidance on how to apply the remedy to poor data sets, or instances of no data sets, from employers.
- 5.4 The Pensions Dashboard programme deadline has now been extended to the 31st of October 2023 and HPS have engaged Civica to be the integrated service provider for the project.
- 5.5 The Pension Project & Governance Lead informed the Board that the External Audit is expected in July, and that she expects greater collaboration with the auditors, Grant Thornton.
- 5.6 The Internal Audit has been completed for the fourth of the four quarters in FY2022 / 23 and the governance piece is still being developed, the Pension Project & Governance Lead informed the Committee that she is happy with the progress to date.
- 5.7 The Board asked the Pension Project & Governance Lead if she was still working on the BT / Agresso data, and she informed the Board this was still with McCloud and was a very slow-moving project due to the nature of the analysis.
- 5.8 The Vice Chair of the Board, Terry Neville OBE, commented that the purpose of the Board was to scrutinise the Pension Fund Committee and that gaps between these dates make it harder for proper scrutiny to be done. The Chair, Christopher Smith, agreed that going forward they would ensure any Board meetings that are cancelled are swiftly rearranged.

6 PERFORMANCE OF THE COUNCIL'S PENSION FUND

- 6.1 The Board were updated on the performance of the Fund by the Tri-Borough Director of Treasury and Pensions and that the current target asset allocation for the fund is 60% in equities, 19% in fixed income, 6% in renewable infrastructure, 5% in infrastructure, 5% in property, and 5% in affordable and socially supported housing.
- 6.2 During the quarter ending March 31, 2023, capital calls had been made for the Quinbrook Renewables Impact mandate, Man Group Community Housing fund, and CVC Credit Private Debt fund. Sales were executed within the NT Ultra Short Bond fund and LCIV Absolute Return mandate to fund these capital calls.
- 6.3 Turning to the London CIV, the Tri-Borough Director of Pensions and Treasury informed the Board that as of March 31 this year, the Fund had £872 million (of which, 49% were investment assets) directly managed by the London CIV. An additional £408 million continues to benefit from reduced management fees due to Legal and General matching the fees available through the London CIV. The London CIV had £26.8 billion of assets under management as of March with £14.3 billion directly managed by the London CIV. All funds in which Westminster is invested were under normal monitoring at the end of the quarter. During the quarter, the London CIV held 76 meetings/ engagements with Client Funds.
- 6.4 Board members asked the Tri-Borough Director of Pensions and Treasury to confirm if the fund had underperformed the benchmark and why this had happened. In reply, the Tri-Borough Director of Pensions and Treasury confirmed it had underperformed by -0.9% compared with a negative benchmark.
- 6.5 The Board asked how the monitoring of active funds was going and was informed that there was some concern post pandemic when previously positive stocks during lockdown then fell in value when restrictions lifted. Since this time, there has been some stabilising in performance.
- 6.6 The Board asked what contingencies would be enacted should there be a recession combined with high interest rates. The Tri-Borough Director of Pensions and Treasury replied that regular rebalancing to asset allocation policy for the overweight asset classes was an effective mitigator for risk. Other suggestions were put to the Committee to move 5% from equities to fixed income but the Committee opted to move it into the Quinbrook renewable infrastructure energy fund.

6.7 The Board asked the Tri-Borough Director of Pensions and Treasury to give a general comment on inflation and the affect on liabilities of the Fund. In reply, Members were informed that CPI inflation was proving difficult to shift, despite the continued rise in interest rates.

6.8 The Board asked what affect geopolitical events may have on the Fund and were informed that for this reason the Fund had a diverse spread of different assets to counter shocks in the current investment backdrop.

6.9 **RESOLVED**

That the Board noted the performance of the investments and the updated funding level as at 31 March 2023.

7 RESPONSIBLE INVESTMENT STATEMENT

7.1 Phil Triggs, the Tri-Borough Director of Treasury and Pensions, introduced the paper which outlined the Fund's Responsible Investment Statement for 2023. The purpose of this statement is to make clear the Funds approach to responsible investment and demonstrate the direction in which the Pension Fund is moving in terms of decarbonisation and other ESG related issues. With the Fund's weighted average carbon emissions falling by 75% since June 2019.

7.2 The Board commended Billie Emery (FM Pensions) on the report as it was deemed very easy to comprehend, despite being a complex subject area and that it was extremely informative.

7.3 The Board asked what major changes there had been in investments, and if this was a changing picture and if we were still funding tobacco and oil. In reply, the Tri-Borough Director of Treasury and Pensions said that the external fund managers select the stocks, but are cognisant of the reputational risk to the fund of various stock categories. Turning to the nature of the investments, the Tri-Borough Director of Treasury and Pensions said it was possible some tobacco and oil stocks were invested as the Fund has no exclusion list. The Tri-Borough Director of Treasury and Pensions informed the Board that the Fund does invest in specific oil stocks that are committed to research in alternative energy sources.

7.4 The Board asked if we held investments in water companies. The Tri-Borough Director of Treasury and Pensions promised to research and revert back to the committee.

7.5 **ACTION**

For officers to establish investments with water companies.

7.6 **RESOLVED**

That the Board noted and commented on the Responsible Investment Statement for 2023.s

8 **ANY OTHER BUSINESS**

8.1 The Board asked that the papers for the Pension Fund Committee also be sent to those sitting on the Pension Board.

8.2 **ACTION**

For the Committee Clerk to include the papers for Pension Fund Committee to all members of the Pension Board.

The meeting ended at 20:08

CHAIR: _____

DATE: _____



Pension Fund Board

Date:	21st September 2023
Classification:	General Release
Title:	Pension Administration Update
Report of:	Sarah Hay, Pensions Officer People Services
Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	£

1. Introduction

1.2 This report provides a summary of the performance of Hampshire Pension Services (HPS) with the Key Performance Indicators (KPIs) for the month of June 2023 through to August 2023. In section 3 I give an update on the ongoing data projects and a small update on member engagement in section 4.

2.1 KPI Performance

2.2 The scope of the KPIs in this report have been agreed between WCC and HPS in our agreement.

2.3 This paper covers the period of June 2023 to August 2023.

2.4 KPI performance for each month is within each partnership report. HPS report 100% compliance within the agreed KPI in each month. The majority of our KPIs require cases to be completed within 15 days. HPS do provide a breakdown for each category that shows the number of cases processed in each 5-day block.

2.5 Below I have summarised the cases completed in each category in the month.

KPI	Target	Jun-23	Jul-23	Aug-23
	Days			
Active Retirement	15 days	5	9	6
Deferred Retirement	15 days	19	18	31
Estimates	15 days	27	74	24
Deferred Benefits	30 days	44	26	29
Transfers In & Out	15 days	1	1	16
Divorce	15 days	5	1	2
Refunds	15 days	10	14	13
Rejoiners	20 days	4	0	3
Interfunds	15 days	22	24	0
Death Benefits	15 days	9	12	15
Grand Total		146	179	139
		100%	100%	100%

2.6 I am pleased to say that BAU work progresses well, and I have no general concerns. There are currently 200 business as usual cases pending action at the end of August.

2.7 The fund strategy working with HPS is to increase the interaction the fund has with members via the member portal. In the last Board report I updated that at the end of May 2023 we had 35.50% of members signed up to the member portal. This has now increased to 38.82% as at the end of August 2023 as broken down below. I am very pleased that we continue to see increased portal membership take up across all areas of the membership.

Portal	Opted IN
Active	46.00%
Deferred	30.00%
Pensioner	43.09%
TOTAL	38.82%

2.8 HPS received two compliments in June, one in July and two in August from our members as below.

“Everything was perfect, and Carla was very friendly and professional and very good at explaining all.”

"Thank you so much for your email and the news that Utmost has now released my AVC fund. As I've said to a few of your colleagues over the past few months, if I had my time again, I'd remember to transfer my AVC when I transferred my main pension! Thanks also for your apology. However, I do realise that an awful lot of the delay has been down to Utmost and please accept my thanks to whoever kept chipping away at them! Could you please also pass on my thanks to everyone in the Hampshire team who has helped me - along with my apologies for having mithered them so much over the past few months. Everyone I've dealt with has been extremely polite and prompt in dealing with all my phone calls and emails."

"Answered questions clearly".

"Prompt Response"

"It was explained to me that the login system changed in June."

2.9 There were no complaints received within the period.

3. Data Work

3.1 Progress on the backlog project continues but more slowly now as many of the remaining cases employers are struggling to provide information. Of the 611 cases in scope, HPS have completed 577 with 34 remaining as of the 6th of September 2023. Of the 34 cases remaining 8 are currently subject to action by HPS and I would hope can be completed quickly. Of the remaining cases officers will have to work with employers on an individual case by case basis to determine action best in each case.

3.2 The 2022/2023 Annual returns generated a total of 469 member queries., we are left now with a total of 29 queries. I am very pleased that our employers have engaged with the fund to reduce their queries and much quicker than we had last year. The good response has resulted in the high number of annual statements we managed to send out in time this year as detailed below. We still need to make sure that the number of queries we have in the future reduces further in particular in relation to missing new starters and leavers.

3.3 Hampshire Pension Services (HPS) employers' team are going to shortly provide us with the first Employer Performance Scores. Those scores will effectively measure each employer in three key areas following the annual returns for 22/23. The three areas are timeliness, financial control and data quality, each area will be graded into a traffic light colour in line with the score so green will represent pass, amber warning to improve and red will be a fail in that area with a warning to improve.

3.4 Timeliness will be reviewing if the employers sent in their annual return by the 30th April 2023 deadline and the time it takes them to reply to queries. If

employers send their returns in on time and reply to queries without the need to chase, they will pass in this area. Financial Control will be measuring that the correct contributions are being deducted and paid to the fund and that the annual return matches the payments made to the fund by the employer. Data quality will be measuring the number of queries that an employer has in relation to their membership. Once the scores are discussed we will be writing to all the fund employers with their scores and outlining steps that employers with failures and warnings in any of the categories need to take next year to ensure that they improve. Longer term we will look to add the requirement to meet a certain level of employer performance scores into our Pension Administration Strategy (PAS).

- 3.5 The production of Annual Benefit Statements (ABS) has continued with 99.38% Active member benefit statements produced by the 31st of August deadline. There are 30 active statements outstanding that relate to queries with the members employer. Of the 44 preserved benefit statements that had previously not been provided to members only 5 remain outstanding with 99.93% of statements sent by the 31st of August 2023. This is excellent production rates and does indicate the overall quality of our member data.
- 3.6 Pension Saving Statements (PSS) for those who have exceeded the annual allowance in 22/23 are on track to be published by the 5th of October 2023.

4 Member Engagement

- 4.1 The Internal team have attended a couple of events in 2023, organised by the Westminster Women's network to support members to understand their pension. The first was on the 18th of May 2023 on the Pensions Journey. The second was a follow up event on the 5th of September 2023 to help members understand their annual benefit statements and to answer questions members had in relation to a range of issues in relation to the Local Government Pension Scheme. I would hope that with the delivery of key projects in the coming months we will be able to provide more individual support to members of the fund across all employers.

5. Summary

- 5.1 In Section 2, I covered the KPI data for the period June 2023 through to August 2023 is 100% within the agreed target.
- 5.2 In section 3, I update the Pension Board on the continuing data work projects.
- 5.3 I also update the Board on the high percentage member statements produced for 22/23.
- 5.4 I update the Pension Board on member engagement the internal team are supporting.



Pension Fund Board

Date:	21st September 2023
Classification:	GENERAL RELEASE
Title:	LGPS Projects & Governance Update
Report of:	Diana McDonnell-Pascoe Pension Project and Governance Lead, People Services
Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	None

1. Introduction

The purpose of this paper is to update the Pension Board on the various projects and governance activities being undertaken by the Pensions and Payroll Team to improve the administration of the City of Westminster Pension Fund (COWPF) Local Government Pension Scheme (LGPS).

2. Current Projects

2.1. Statutory Projects

2.1.1. Guaranteed Minimum Pension (GMP)

I am pleased to tell the Board that the project is currently running to plan. We have hit all milestones to date, and we have also received the relevant signed off milestone certificates. We have successfully tied the remaining

contract payments to the milestone achievements and Mercer have complied with our requirements which has allowed us to track spend against progress.

We are currently in the queries stage of the calculation phase of the project and Mercer, Hampshire Pensions Service and ourselves are meeting regularly to go through each set of queries. There is a slight increased risk to the project delivery being delayed as the queries are requiring a more in-depth review than was expected. Mercer is requesting Westminster descope some member records from the general project as their tool cannot rectify them due to additional factors. These will need manual review. This may involve us working with Hampshire Pensions Services and their software provider, Intellica to review these separately. However, this aspect of the project is still under review and once we have completed the query phase, we will look to update the Committee and Board on necessary next steps.

Nevertheless, I remain confident that the GMP Project with Mercer will be achieved in good time as we have excellent and timely engagement from Mercer with Hampshire Pensions Service supporting. Our current date for completion is scheduled for 8th October and currently, we are on track to achieve that, however if there is slight slippage against that date due to this query phase, we can accept that delay as it is more important to get decisions on how to process our member records correct.

The next phase we are planning for is the Comms phase which is between Westminster and Hampshire and starts on 11th September 2023. We will be co-creating a Comms strategy to tailor the type and timing of our communications to each category of member and their situation.

2.1.2. **McCloud**

Westminster City Council as an Employer in the COWPF LGPS

I am pleased to tell the Board that Westminster City Council has submitted the majority of its McCloud employer data.

As I previously advised the Board, we were having concerns about our ability to obtain our historic HR data from the legacy Oracle Software. The Board may remember that I had been engaging with Oracle directly but unsuccessfully for many months however, our collaboration with the appointed third-party provider, Claremont, was fruitful and we managed to obtain all the necessary Oracle data quickly and easily. The quality of the data provided was so good we completed our data check review with Hampshire Pensions Services within thirty minutes which was an outstanding achievement considering some of the other reviews took hours and needed repeated corrections and additional reviews. I would like to thank David Liu, Head of IT Infrastructure for WCC and Ceri Morgan, HCM Consultant from Claremont for their excellent collaboration and expertise in getting this resolved quickly and inexpensively.

I would also like to commend the Payroll and Pensions team, namely Sarah Hay, Zuzana Fernandes, and Tracey Fuller for working so hard for many months manually reviewing, collating, and checking the IBC, Agresso and CityWest Homes data sets. It was a mammoth task requiring an enhanced attention to detail and due to their hard work, we have submitted all the main WCC HR data within the final deadline. There are outliers that need final verification, but these are in the minority and will be completed soon.

City of Westminster Pension Fund LGPS Employers (All)

The current statistics on data set submission to Hampshire Pensions Services for the employers in the Fund LGPS are for August and will be slightly out of date with many submissions happening in September.

Nevertheless, August data shows that of the 37 returns expected, 24 employers had submitted their data. This is a return rate of 64.86%. We expect this figure to be improved on come September's data.

However, and despite this, Hampshire Pensions Services will use official guidance to complete the returns where gaps remain. Due to the complexity of the project and the availability of historic data after many payroll provider changes during the data requirement period, we had expected there to be some gaps which would need rectifying through guidance, so this is as per expectations.

2.1.3. Pensions Dashboards Programme (PDP)

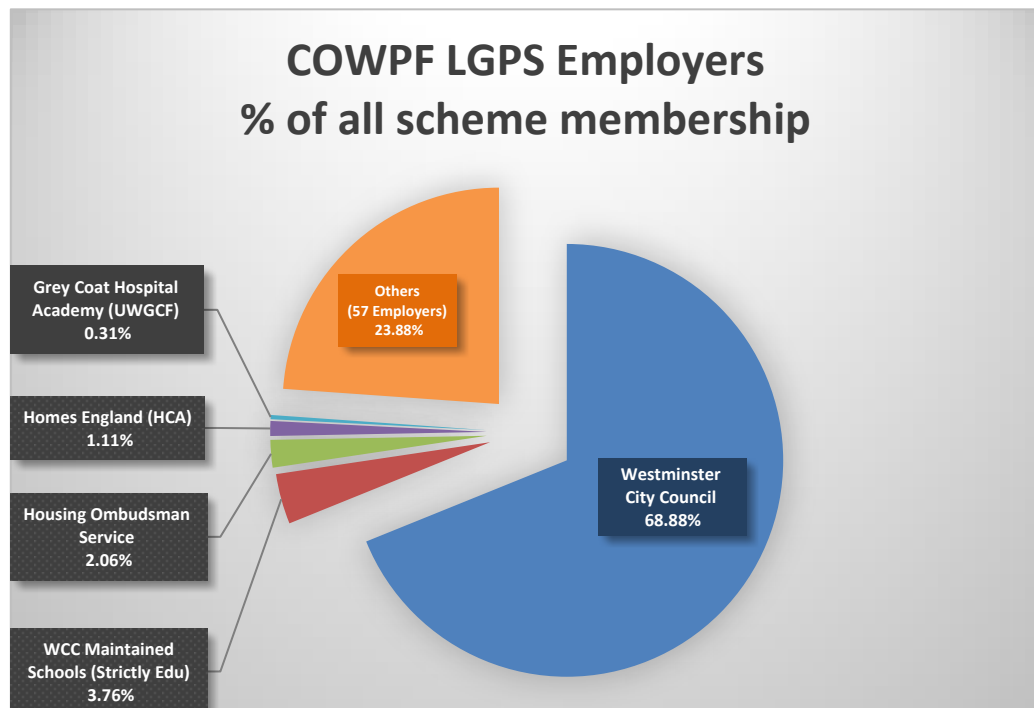
There has been no material update in respect of the PDP, however HPS have been working through the dashboard readiness checklist and will be sharing a copy of this with an updated PDP report, alongside September's partnership report.

2.2. Non-Statutory Projects

2.2.1. Pension Website Review

There have been further very positive developments since the last Board meeting, and I am pleased to tell the Board that, in addition to participants from Westminster City Council, we have successfully engaged with several Scheme Employers in the Fund to take part in the website user research which is excellent because, as part of our commitment to developing the website to be accessible, easy to understand and user friendly, we had sought a diverse and substantial range of views so that we could understand what our users need to be able to use the site with confidence.

We chose Scheme Employers that made up the biggest percentages of the scheme after Westminster which were the Housing Ombudsman, Homes England (formerly HCA), Greycoat Academy and Hallfield School*.



**Hallfield School is one of several schools with Strictly Education which makes up the 3.76%.*

In terms of overall research participation, we sent out invites to 25-30 WCC and Scheme Employer staff and had 14 participants which is an excellent result as we had an objective to achieve 10-12 participants. We had a ratio of approx. 70:30 WCC to Scheme Employer participants which was a good representation of both scheme segments.

What we learned was that there were several main themes that appeared across all the participants' interviews which has allowed us to create a coherent plan to design the website with user requirements in mind. As you will see from the User Research report, there has been a significant amount of work completed on the user research aspect of the project and I would like to thank Rhea Ebanks-Simpson, our user researcher, for her time and expertise in bringing our user stories to life. Her report is in Appendix 2 for your review.

In terms of next steps and project delivery, we will be moving into the User Design and Testing phase. This is slightly later than originally planned due to a decision I made to extend the timeframe of the user research to include more Scheme Employers. I made this decision to ensure that there was balance in our approach and that the website was not accidentally biased towards Westminster staff to the exclusion of our Scheme Employers.

Additionally, another user specialist (Alex Kulup - Content and Interaction Designer) has joined the project team so we are adding a dedicated Content Management review phase to the project to run simultaneously with the User Design and Testing phase.

As this project has developed quite considerably during the summer, there has also been a significant review of the timeline for project delivery on this project to redistribute the work more evenly between the various user teams (user research, user content and user design) and the website development team.

Thankfully, because the website licence will be extended for a further year, we have had the scope to do this without causing a critical delay or project over-run and the redistribution of work has made the project more balanced and considered and has allowed more time for content redesign which had been identified as an area for development. I have written a more substantial project update, including detailed timeline, which is in Appendix 1 for your review.

3. Governance

3.1. External Audit

Grant Thornton (GT) commenced the Pension Fund audit in August and are expected to complete in September. We will update further post the audit.

3.2. Internal Audit

We had our second of the four quarterly Internal Audit meetings with Moira Mackie of the Internal Audit Team in August. Moira is broadly pleased with our increased governance and the performance of Hampshire Pension Services and is now starting to pick specific areas to audit further. At our third Audit meeting in October, our specific audit topic will be contract management processes and controls and at our fourth and final Audit meeting in Q4 of FY23/24 our specific audit topic will be our project management process and controls.

4. Summary

4.1. The Guaranteed Minimum Pension project is running to planned project time.

Mercer have indicated data they want descoped from the project which we are reviewing and answering queries on with Hampshire Pension Services. The Comms planning phase will commence on 11th September 2023.

4.2. The McCloud data sets from Westminster City Council have been submitted to

HPS on time with a minor set having further review before submission. August data shows a return rate of ~64% of all data sets from all employers and we expect this to improve in September's data. Nevertheless, all data sets will be reviewed by HPS for data quality, and they will use Scheme guidance to manage poor data sets in order to complete the project.

4.3. The Pensions Dashboard programme deadline has been extended to 31st

October 2023. HPS have engaged Civica to be their integrated service provider for the project. This is the same update as last month and there are no material changes. We expect some further information from HPS in September's partnership report.

4.4. The Pension Website is still in the user research / early design phase. The

decision was made to extend the UX phases to be more inclusive of employers in the COWPF LGPS and to also allow time for disabled members to be heard

and their experiences and wants to be included. This extension of the research and design phase will not materially impact the project.

4.5. The External Audit started in August and is due to complete in September 2023.

4.6. Internal Audit have completed their second of four quarterly audits with us in August. Specific audit areas have been chosen for the remaining two audit meetings. Q3 – Contract Management processes and controls and Q4 – Project Management processes and controls.

PAYROLL AND PENSIONS

Appendix 1 - Pension Fund Website update for Pension Board

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11th September, 2023

Presented by:

Diana McDonnell-Pascoe



User Research

Progress to date

- As part of our commitment to developing the website to be accessible, easy to understand and user friendly, we sought a diverse and substantial range of views so that we could understand what our users need to be able to use the site with confidence.
- We sent out invites to 25-30 people based on our stakeholder identification. We invited people from the following groups:
 - **Westminster City Council:** *Staff Networks, GMB and Unison Unions, HR Senior Leadership Team, Sayers Croft, WAES, Media Team & Press Office, Strategy & Intelligence, Finance & Resources, Pension Fund Committee and Pension Fund Board*.*
 - **Scheme Employers:** *Greycoat School*, Hallfield School, Homes England (formerly HCA) and the Housing Ombudsman*
- Each research session comprised of an interview with the interviewee and a card sort of their priorities in terms of content and website structure and we had the following statistics of participation:
 - **12 session participants and 2 consultations = 14 people** (WCC: 10 / Scheme Employer: 4)
 - **Women:** *2 x late career, 4 x mid-career, 1 x early career / Men: 7 x mid-career*
 - **Diversity:** *White, Asian, Black, Muslim, Jewish, Christian*
- What we learned was that there were several main themes that appeared across all participants (details on following slide) which has allowed us to create a coherent plan to design the website with user requirements in mind.

User Research

Main Themes discovered

- There is a requirement for **different demographic and audience “pathways”** to information e.g., Member information versus Employer information etc. and there is a wish for different career stage “lanes” for those starting their career, early career, mid-career and late career
- **Focus on language and content:** Make content unambiguous and also consider changing pensioner to “member in receipt of pension” given the rise of flexi-retirement and post-retirement careers and focus on more examples with clear workings out to help members do calculations and there is a wish for additional functionality with respect to rough estimating pension i.e., create a calculator that allows them to play with numbers and life variables such as maternity, paternity and top ups like AVCs. *(We would caveat this heavily)*
- **Feeling of solidarity to Westminster** and the preference was to have Westminster pages rather than go to Hampshire Pension Services. Have a link to HPS/Member Portal/ Employer Hub at the end of information
- **Confusion and conflation between City of Westminster Pension Fund and Westminster City Council and Hampshire IBC and Hampshire Pension Services** because it’s not clear that the PF and HPS are separate entities from the Council and Hampshire IBC and what that means in practice.
- URL is www.wccpensionfund.co.uk yet it is COW Pension Fund, and **all branding is City of Westminster branding that is used as WCC branding**. Neither is there content that explains the setup of the PF and LGPS and the Administering Authority arrangement with WCC.
- **Site talks about the LGPS, yet actual PF information is on main WCC Site as it needs to be there statutorily – obvious disconnect.**
- There is **no content explaining the difference between the IBC and HPS Member Portal for WCC Employees** *(this may need to be on The Wire)*
- There is **no media friendly content on the current promoting the Fund** – all media is managed by WCC

New Website

Plans for moving forward

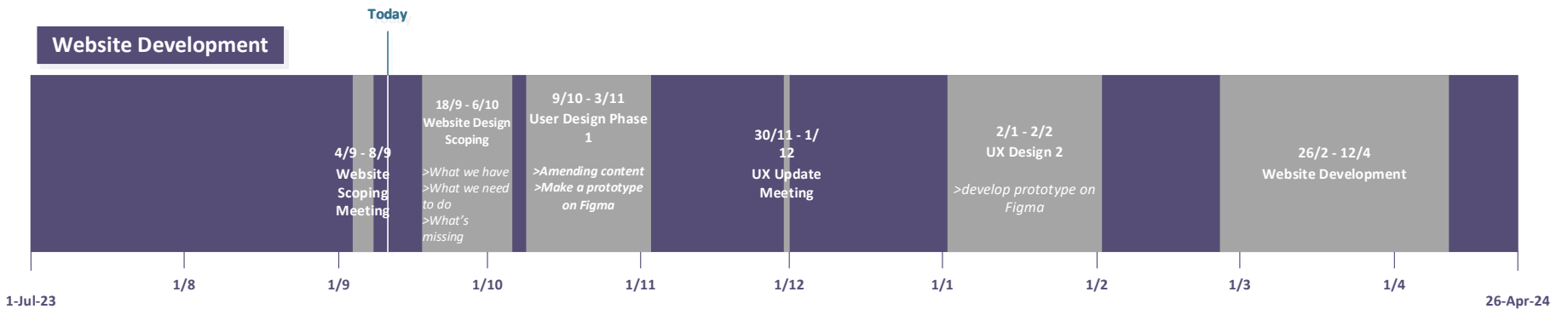
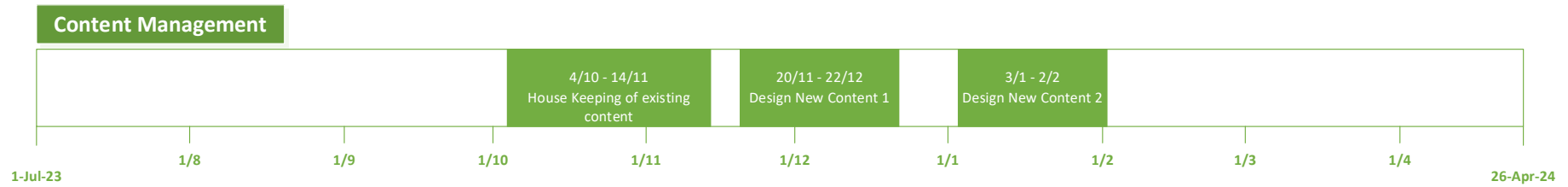
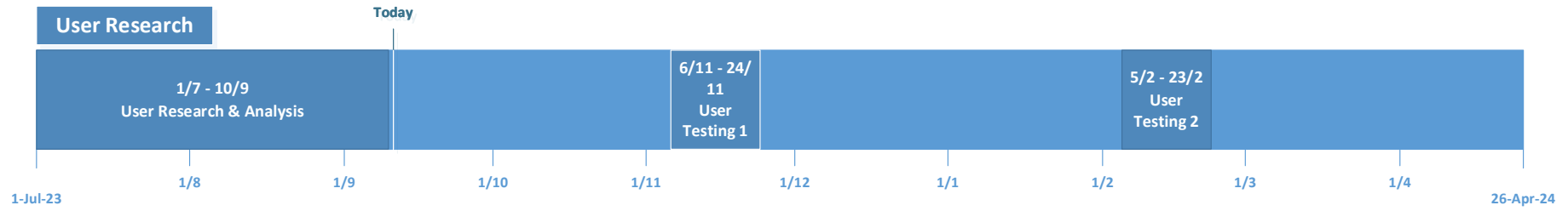
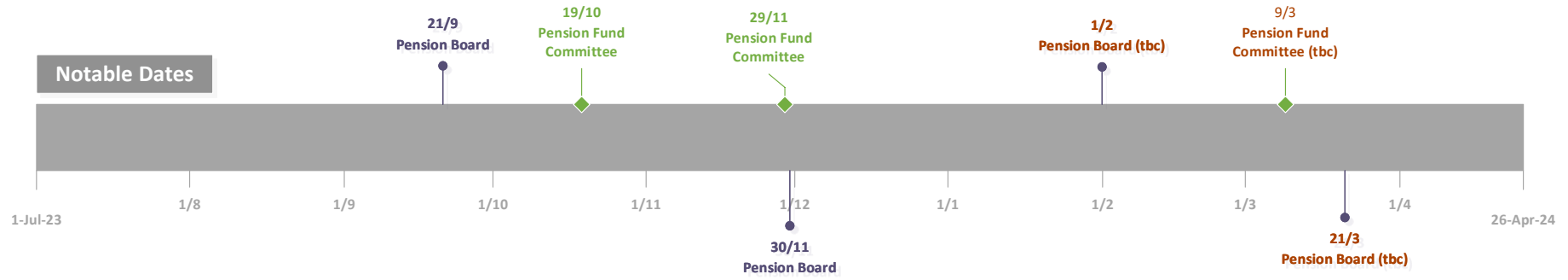
- **User design and then User Testing (additional research) – 2 iterations**
 - Pensions Calculator – **this is new functionality**
 - Improve existing content with more examples and integrate existing PF page on WCC site into combined PF and LGPS site.
 - Need new structure on the site based on creating different user pathways – **this is new site infrastructure**
 - Create City of Westminster Pension Fund branding – need to delineate between WCC and COWPF – **this is new design**
 - Create area promoting PF, LGPS as a positive option and “Good News” stories. – **this is new content**
 - Provide annual and triennial timetables including Annual Statements, Auto Enrolment etc. – **this is new functionality**
 - Link the website to The Wire for WCC Staff – **this is new functionality**
- **Communications and Logistics**
 - Create Comms Strategy to promote new site - each group of users will need to be considered for messaging and message delivery.
 - Run old and new sites in parallel – monitor analytics and obtain current URL and maintain it until concern of appropriation by potential scammers has minimised.

New Website

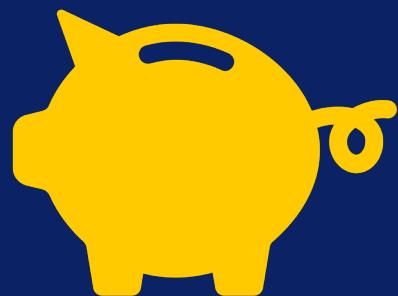
Project Delivery Timeline

With respect to delivering this project, the new timeline is in summary:

- **August 2023 to April 2024** – website design and development including further user research as needed and user testing.
 - User Research Results to Pension Board on 21st September and Pension Fund Committee on 19th October 2023.
 - First look demo to Pension Fund Committee on 29th November and Pension Board on 30th November 2023.
 - Second look (penultimate draft) demo to Pension Fund Committee and Pension Board in Q4 FY23-24.
- **April to October 2024** – soft launch of new website, comms to members and pensioners, formal launch and landing page change on old website.
 - April 2024 – Website finalised and signed off ready to launch.
 - April 2024 – Soft launch of website, start of Comms campaign, start of Google Analytics (or equivalent)
 - April 2024 – HPS aid Comms with website info on Pension Payslips
 - May/June 2024 – Launch website demo at Pension Committee and Pension Board, update on campaign / analytics since launch.
 - May – September 2024 – review of website traffic to both sites – ideally reduced traffic to old website.
 - October 2024 – old website turned off; URL redirected to new site.



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– Appendix 2 –
Research for the City of
Westminster's Pension Fund

User research report – Discovery



Agenda

Background

Objectives

High level findings

Detailed findings

Jobs to be done on the pension fund website

Recommendations

Research Background



Currently information about the City of Westminster Pension Fund sits across three websites. One of the sites costs £5,000 PA to host, which could be migrated to our corporate website and provide better value for money.



We conducted 1-2-1 interviews with Westminster-affiliated and non-Westminster users, lasting 45 minutes.



Participants included: Fund board members, Heads of service, finance and investment, delivery specialists and Councillors

Objectives

1. To understand key informational and transactional needs
2. To understand common pension queries so these can be addressed with a new website
3. To provide recommendations about the look and feel, tone, content and navigation of a new pensions site

High level findings

1. The participants typically **disliked links sending them to Hampshire's pension** website because they expected transactions to be completed on the COWPF site. There was **confusion around the differences between the City of Westminster Pension Fund and Hampshire sites**.
2. Similarly, there was also **confusion from some Westminster City Council staff about the ownership of the COWPF**. They assumed that the fund was a WCC product, rather than its own entity. In turn, they became confused when the website displayed content that advised them to speak to their employer.
3. The participants expected to see a **calculator on the site that allows them to get an estimate of their pension at retirement**. Participants that were new to pensions were typically less interested in information-based content and more interested in their pension details.
4. Some participants expected to see more content that explains where their pension is being invested and more guidance on pensions.
5. The participants had an **'audience' based mental model** when it came to the website structure. They typically expected sitewide navigation and content to be organised by users' needs at different stages of their pension journey (early career, retiree etc.).
6. The participants generally **liked the look and feel of the website** and praised its 'clean' design which reminded them of WCC. They also praised the layout of the content and examples, which they said was easy for beginners to understand.

Detailed findings

Being sent to Hampshire is disorientating

The participants felt disoriented when clicking a link that sent them to Hampshire because they expected to complete most transactional tasks on the COWPF website.

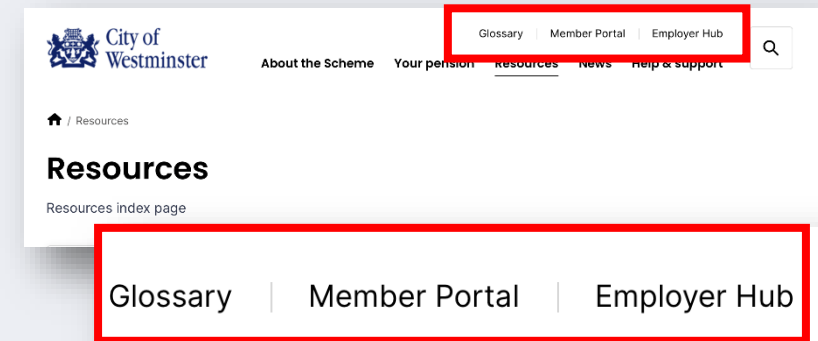
- The most important tasks on the COWPF website were updating their pension details in some way.
- The participants assumed there would be a way to log into their pension account on the COWPF site.

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"I would use [the COWPF site] to update the nominations form for the death benefit and keep it updated. I'd use it to change my address."

- However, when they clicked on the member portal link it directed them to Hampshire to update their details, causing the participants to become disappointed and frustrated.

"The top link is a bit disappointing [member portal login]; it took me to a completely different website and that's a complete interruption of my experience. It looks clunky on Hampshire"



Member portal link

Being sent to Hampshire is disorientating

Others were confused because they assumed the COWPF website was the same as Hampshire's and became disoriented when they saw the Hampshire logo and a different interface.

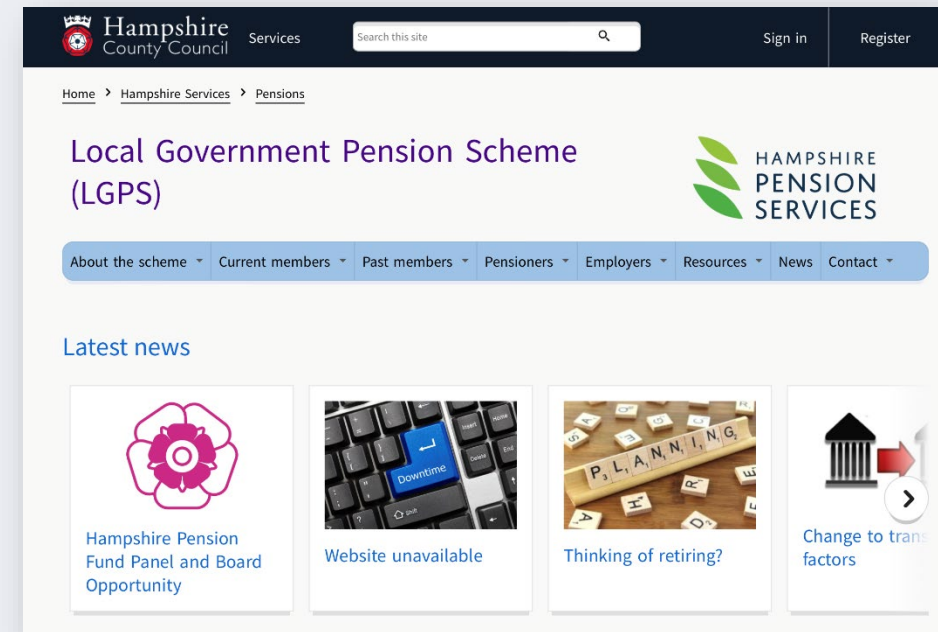
- The disappointment could be due to a general confusion around the difference between COWPF and Hampshire.

"Confusing that you have the LGPS website and then the member portal that takes you to Hampshire; they seem separate but confusing"

Similarly, there was confusion around the differences between Westminster City Council and COWPF. Some Westminster-affiliated participants assumed that COWPF is a Westminster City Council-specific scheme.

Opportunity: users would benefit from an explanation on the landing page when migrated to WCC, that explains the relationship between COWPF, WCC, and Hampshire.

Risk: migrating the COWPF to WCC may further the assumption that COWPF is a Westminster product.



Hampshire

Users want to calculate their pensions.

Participants wanted a function that allows them to get an estimate of their pension at retirement.

One participant said that they would expect to see: "A forecast of what it may look like when you are retired"

Participants expected to see how their pension benefits would be calculated and the impact of lump sums.

They just want to quickly find what it is that they are expecting at the point of retirement, particularly mid/early-career lay users who are less interested in the informational content on the website.

Risk: There is also no reference to a pension calculator on the COWPF website. Without linking to Hampshire's calculator, we risk users taking circular journeys attempting to find it, which could cause them to become frustrated.

Users would benefit from being signposted to the LGPS Pension account modeller.

The screenshot shows a web interface titled "Pension account modeller". At the top, there is a progress bar that is 50% complete. Below this, the section "Personal details" is displayed. A note indicates that an asterisk (*) denotes a required field. There are three input fields, each with a slider and a text box:

- Yearly pensionable pay*:** The slider ranges from £1000 to £150000. The text box contains "£1,000".
- Cost of living increases*:** The slider ranges from 0% to 5%. The text box contains "0%".
- Pay increases*:** The slider ranges from 0% to 5%. The text box contains "0%".

Each input field has a green question mark icon to its right.

Example calculator from LGPS

Where is the COWPF being invested?

Participants wanted more basic information explaining what the COWPF is and what it consists of.

- Some participants wanted more information that explains where the pension is being **invested** and **where the money goes**.

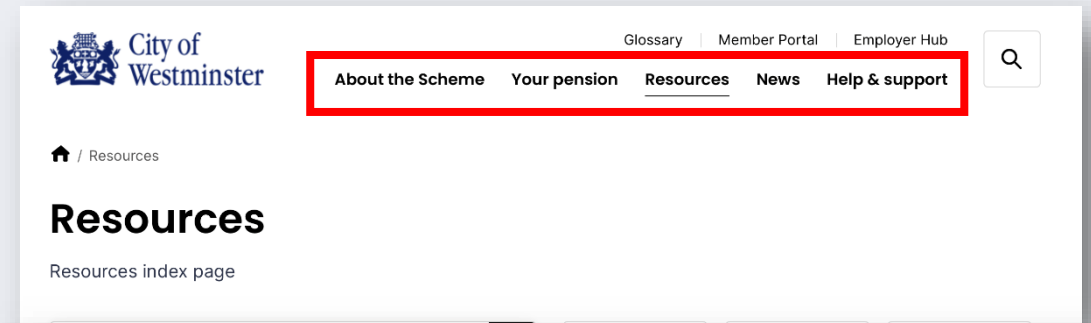
"Maybe we could have a page on the investment side, and what the fund invests in. [We could] Link to the investment fund finance page."

page 41 *"[I want] to be able to know where my money goes and know my pension in detail."*

The fund does have a section that explains "About the scheme", which indicates that the heading doesn't set expectations that they would find information about the detail of their pension.

Risk: COWPF does not say where pensions are invested, and the investment content on WCC is long and difficult to skim.

If we do not create content on WCC that explains where peoples' pensions are going in a simple, bullet-pointed way it could cause users to become confused.



About the Scheme **Your pension** **Resources** **News**

Content headings

Site structure (card sort)

We asked the participants to organise cards that represented the COWPF site structure in a way that made sense to them. They typically organised the site by needs at different stages of the pension journey.

- They organised groups of COWPF content and labelled them: "How it works now that I am beginning to think about retirement", "New to the pension world", and "When I have left WCC".

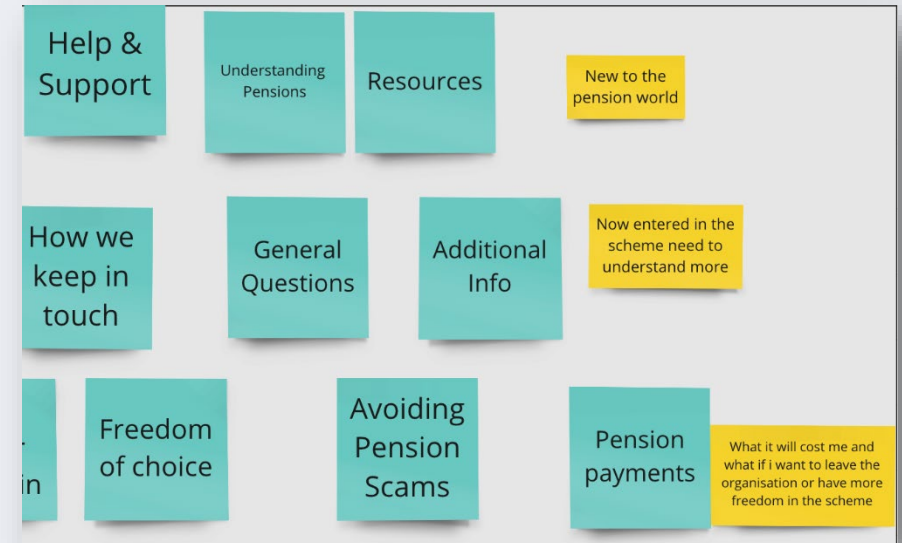
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Participants typically displayed an audience-based mental model, whereby they intuitively thought that the website should be navigated depending on a user's circumstance.

- Currently, the website is navigated by types of information such as paying in, not paying in, retirement, and auto-enrolment.

"[You want] to be able to learn about your pension depending on your situation"

Risk: If we do not structure the site by audience type, users who are unfamiliar with their pensions will struggle to identify themselves and find relevant content.

The current site structure assumes that the users have pension knowledge.



Card sort from one participant

Positive feedback about the design

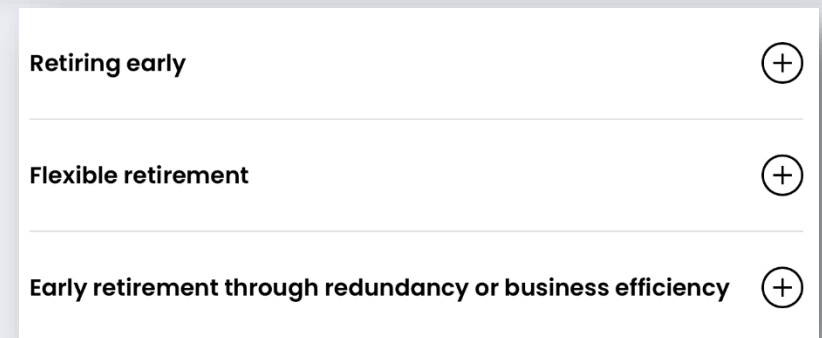
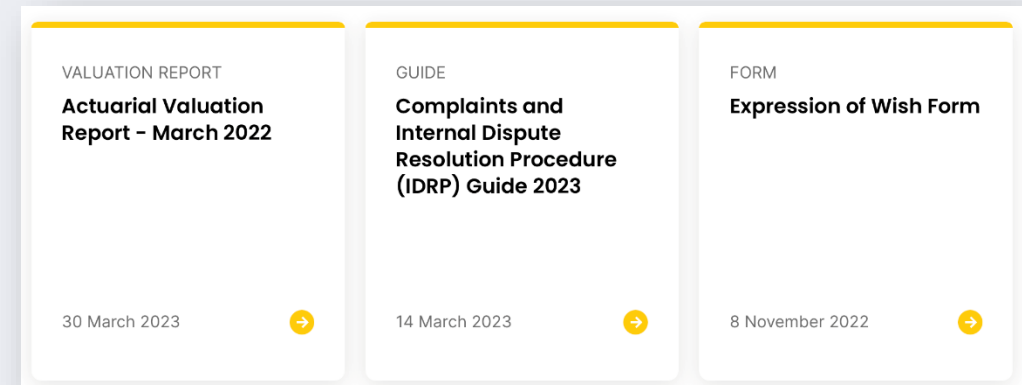
- Participants generally liked the look and feel of the website and praised its simplicity and 'clean' design.
- They specifically noted the **'tiles'** used on the resources page and the **accordions** used for more information.

Additionally, some WCC-affiliated participants appreciated that the website looked visually like WCC's.

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"The look and feel is very much Westminster, so it gives me confidence. It's straight-forward and has clean text "

Success: there may be minimal impact for Westminster City Council-affiliated employees if we migrate the COWPF to the main Westminster site because it looks visually similar.



Accordions and 'tiles'

Feedback about content layout

Participants found the layout of the content easy to follow. For instance, some participants said that the content signposted them to important information.

"It is easy to understand the stuff under the accordions – the example given is a nice simple example that demonstrates not paying tax"

- The participants like the design and being able to click open a heading to unfold more information. However, the lack of links to transactions within this information negatively impacted the user experience.

"There should be a link to get the form [in the accordions]"

- Similarly, while the content layout was praised by the participants, there were some headings that they said were confusing:
 - **Freedom of choice, auto-enrolment, and 50/50.** The term 'pensioner' also came up as a word that some participants did not like.

Risk: If we do not review terms such as 'pensioner' with the staff networks when migrating to WCC, some users may be offended by the language.

If we do not link to transactions mentioned in the accordions, it could cause users to become confused about their next steps and get lost on the site while looking for the transaction.

Flexible retirement

From age 55, if you reduce your hours or move to a less senior position, you may be able to start receiving some or all of the pension benefits you have built up even though you are still working - helping you to ease into retirement. You can still build up further pension in the Scheme.

You must have your employer's permission for flexible retirement.

Will my pension be reduced if I take flexible retirement?

If you take flexible retirement before your normal pension age, your benefits may be reduced just as if you were retiring early.

If you are interested in flexible retirement please ask your employer what options they offer.

Content layout

Findability of Opt out form

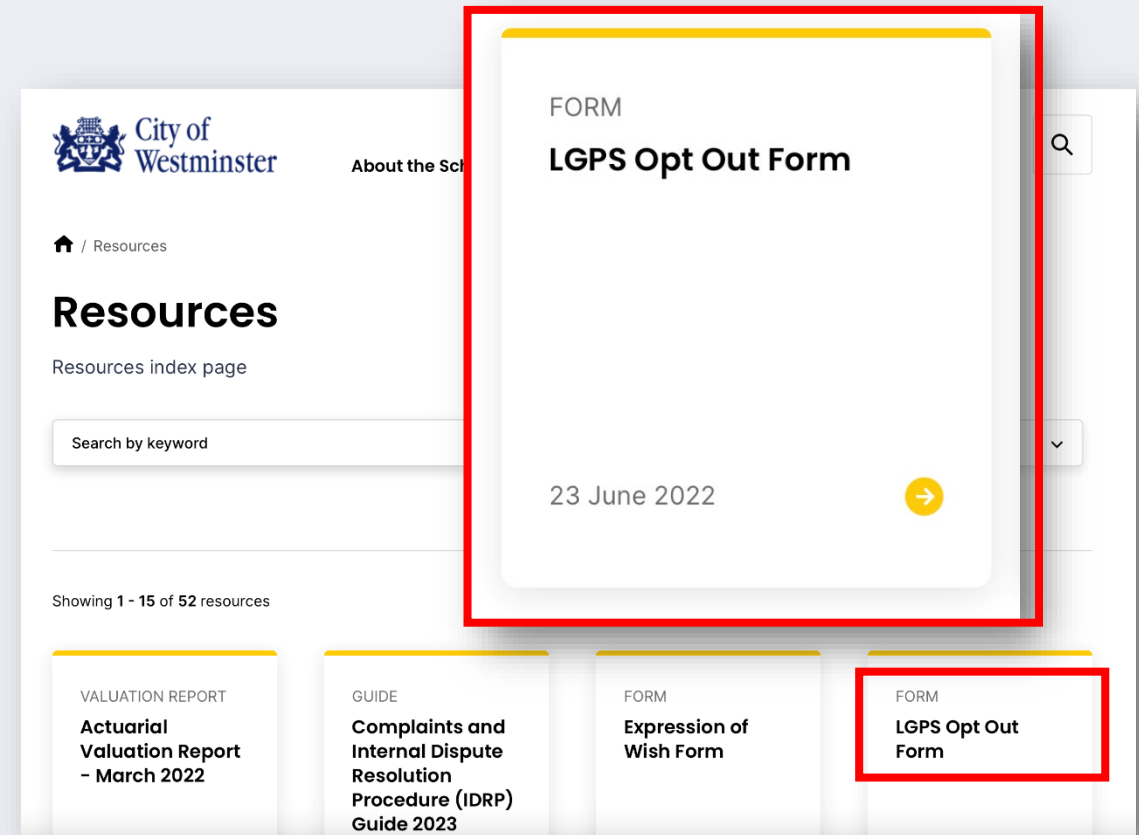
Analytics shows that the "Opt-out" form was the most downloaded PDF from Jan-June 2023 with around 40% of all downloads.

- When we tested the page in user research, the participants were generally able to get to the page with the form, however, they typically found it difficult to find and it took them a while to locate it.
- Currently, users must go to the resources section to find the opt-out form. The 'No longer paying in' section in the menu bar does not direct users to the opt-out information.

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"I didn't expect [Opt-out] to be in resources, I'd expect updates and strategy. The fact [Opt-out] is dated on the form... I don't think it naturally intuitive to go on resources to get forms like that"

Opportunity: Given that it is a top task on the site, users would benefit from us making the Opt-out section more prominent in the menu bar and higher up in the site hierarchy, so it is easier to navigate.



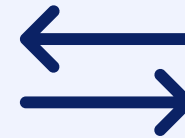
Opt-out

Jobs to be done when visiting the Pension Fund website

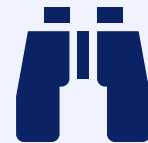
Jobs that people do on the pension fund website:

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1. Respond to a change in situation



2. Looking for guidance



Users that respond to a change in situation

E.g., receiving their annual pension statement or increased contributions on their payslip



The responder, aged 45

The responder is a busy mid-career colleague who works in finance and is employed with Westminster City Council.

They never really look for information about their pension because it doesn't tend to interest them; they only know how much they contribute because they can see it on their payslip.

They normally visit the Hampshire website to look for their pension contributions, which has made them confused about the difference between Hampshire and COWPF. They believe that COWPF is a Westminster City Council owned product.

For the responder, pensions are at the back of their mind, and they have only been on the COWPF website a handful of times but can't remember what they did on there.

When they do visit the site, they expect to be able to log into an account and access their pension details. They tend to visit COWPF after receiving their annual statement.

Users that come to find guidance

E.g., finding information about lump sum payments and preparing for retirement



Guidance seeker, aged 59

The guidance seeker is a late-career colleague who is beginning to think about retirement. They are a deputy-head teacher based in a Westminster grammar school.

They've come to the COWPF site to look for guidance and to research specific parts of their pension. They have been on the site before a handful of times but now want to gather all the important resources.

They haven't kept up to date with information about their pension before, so they want to know what to expect when they come to retire.

Recommendations

Recommendation	Priority	Impact	Effort	MoSCoW
Clearly signpost users to Hampshire's calculator to meet expectations	High	High	High	Must have
Information architecture and site navigation based on the stage you're at with your pension. To allow users to quickly identify relevant content.	High	High	Medium	Must have
Make the relationship between WCC, COWPF and Hampshire clear on the COWPF landing page, once we have migrated.	High	High	Low	Must have
Get the URL so users can log into their account to change their details, directly from COWPF	Medium	High	Low	Must have
Reviewing the word 'pensioner' and changing it to 'pension recipient'. Reviewing the site for other potentially pejorative terms.	Low	Low	Low	Should have

Recommendation	Priority	Impact	Effort	MoSCoW
Accessibility review	Medium	High	Medium	Should have
More research with Non-WCC staff to shed light on how they will be affected by the migration to WCC.	Medium	Medium	Medium	Should have
Wider comms to educate younger people about pensions as many apprentices end up opting out, including a section on the site.	Low	Medium	Medium	Could have
A section on website based on how you may be impacted if you have children, different faiths, ethics	Low	Medium	Medium	Could have
Guidance on how to use the website/introduce information icons across the site	Low	Medium	Low	Could have

Next steps

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Update: Additional research with
non-Westminster City Council
employees

We spoke to an additional three participants from WAES, Homes England and a school to understand how they perceive COWPF

We also wanted to know before the Alpha (design) phase, what might be the impact of moving COWPF information onto the Westminster Corporate site for non-Westminster staff.

New insights

- Page 55 The participants had a correct understanding of what the COWPF is and correct expectations for what to find on the site.
- The 'Resources' section typically did not meet participants' expectations. They did not expect to find forms there and instead, expected to find them in the accordions that referred to a transaction. They also said that resources had too many pages because there was a lot of content. If the participants can't find the forms in transactions, they might get lost in circular journeys trying to find them and exit the site.
- When it came to moving the site to the WCC corporate site, the participants generally had mixed opinions. One participant from Homes England mentioned that it might confuse non-Westminster staff because they may assume the fund is not related to the Council. Overall, the participants felt that users would need a clear explanation of who the fund is for if we migrate the site.

Questions?

Thanks!



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City of Westminster

Pension Board

Date:	21 September 2023
Classification:	General Release
Title:	Fund Financial Management
Wards Affected:	All
Policy Context:	Effective control over council activities
Financial Summary:	There are no immediate financial implications arising from this report.
Report of:	Phil Triggs Tri-Borough Director of Treasury and Pensions pdriggs@westminster.gov.uk 020 7641 4136

1. Executive Summary






- 1.1 The risk register is divided into two sections: governance (investment and funding) and pensions administration. The top five risks are highlighted in the report below.
- 1.2 The cashflow forecast for the next three years has been updated, with actuals to 31 July 2023 for the Pension Fund bank account and cash held at custody (Northern Trust). The bank/cashflow position continues to be stable.

2. Recommendations

- 2.1 The Board is asked to note the top five risks for the Pension Fund.
- 2.2 The Board is asked to note the cashflow position for the Pension Fund bank account and cash held at custody, the rolling twelve-month forecast and the three-year forecast.

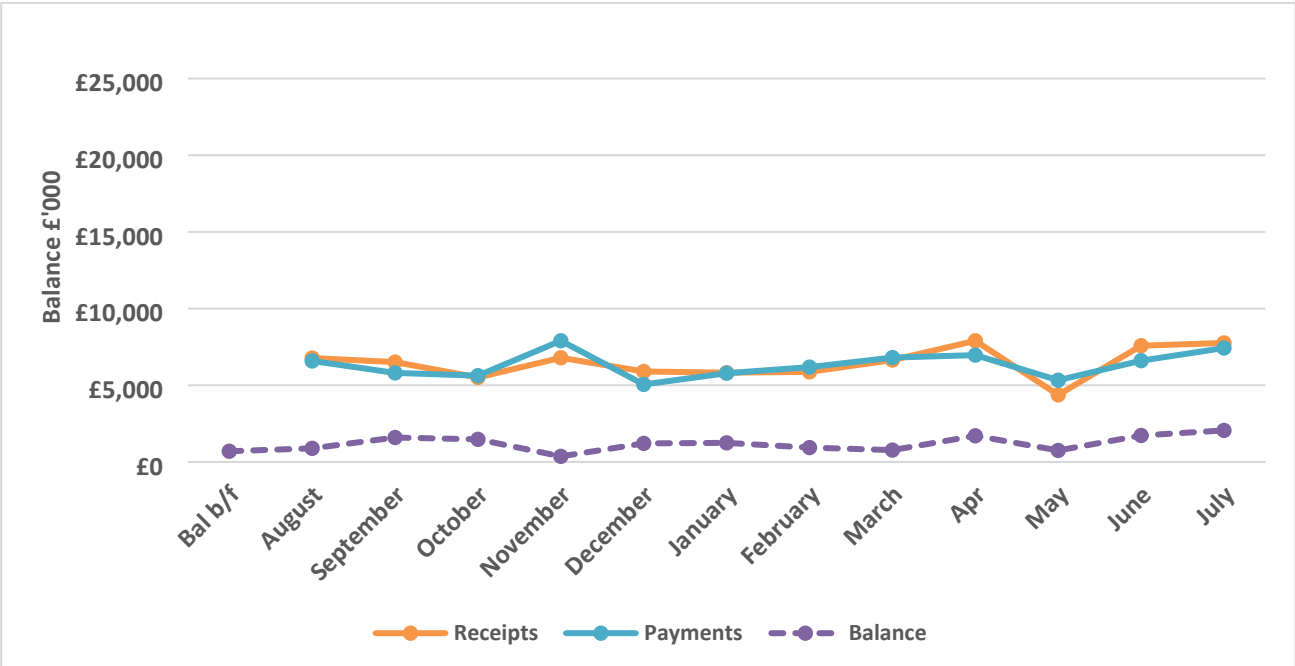
3. Risk Register Monitoring

3.1 The risk register is divided into two sections: investment and pensions administration. The risk groups have been updated to reflect the CIPFA guidance on risk categories. The current top five risks to the Pension Fund, as updated in August 2023, are highlighted in the table below:

CIPFA Risk Group	Risk Rank	Risk Description	Trending
Liability Risk	1 st /42	Price inflation is significantly more than anticipated in the actuarial assumptions. Inflation continues to remain high in the UK and globally due to labour shortages, supply chain issues, and the ongoing Russia-Ukraine conflict. CPI inflation was 6.8% as at July 2023, down from the peak of 11.1% in October 2022.	
Asset and Investment Risk	2 nd /42	Investment managers fail to achieve benchmark/outperformance targets over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of £1.8m. The Fund returned 3.17% net of fees in the year to 31 July 2023, underperforming the benchmark by -2.41% net of fees. Much of this underperformance can be attributed to the long lease property and fixed income mandates.	
Asset and Investment Risk	3 rd /42	Increased risk to global economic stability, with the collapse of a number of banks since March 2023. Outlook deteriorates in advanced economies because of heightened uncertainty and setbacks to growth and confidence, with volatility in oil and commodity prices, as well as the weakening of the pound. Leading to tightened financial conditions, reduced risk appetite and raised credit risks.	
Regulatory and Compliance Risk	4 th /42	The Department for Levelling Up, Housing and Communities (DLUHC) has proposed new regulations for Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate Related Financial Disclosures (TCFD). The first reporting year is now expected to be the financial year 2024/25, with the regulations now delayed. Therefore, the first reports will be required by December 2025.	
Liability Risk	5 th /42	Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others. Current economic conditions will cause strain on smaller employers.	

4. Cashflow Monitoring and Forecasted Cashflows

- 4.1 The balance on the Pension Fund’s Lloyds bank account as at 31 July 2023 was £2m. This account is the Fund’s main account for day-to-day transactions, including member contributions and pension payments. Payments from the bank account will continue to exceed receipts on an annual basis. During the year, withdrawals from cash at custody are expected to take place to maintain a positive cash balance.
- 4.2 The graph shows changes in the bank balance from 1 August 2022 to 31 July 2023.



- 4.3 Payments and receipts have remained stable over the last 12 months. Officers continue to keep the cash balance under review and take action to maintain necessary liquidity. During the quarter, the Fund withdrew £9m from cash at custody to maintain a positive cash balance.
- 4.4 The Pension Fund held £20.9m in cash with Northern Trust as at 31 July 2023. Fund manager distributions, proceeds/withdrawals from the sale of assets and purchases of assets, take place within the Fund’s custody account at Northern Trust. The following table shows the cash inflows and outflows within cash at custody for the three-month period from 1 May 2023 to 31 July 2023.

Cash at Custody	May	Jun	Jul
	£000	£000	£000
	Actual	Actual	Actual
Balance b/f	(1,287)	16,630	11,541
Distributions	971	0	4,742
Sale of assets	0	32,078	90,000
Interest	54	66	(4,548)
Cash withdraw	(3,000)	(3,000)	(3,000)
Foreign Exchange Gains/Losses	(115)	98	(178)
Purchase of Assets	(7)	(34,338)	(75,349)
Miscellaneous	19,979	0	0
Management fees	35	7	(2,334)
Balance c/f	16,630	11,541	20,874

4.5 Over the period to 31 July 2023, capital calls relating to the Quinbrook Renewables Impact mandate and CVC Credit Private Debt fund took place. Sales of £30m took place within the Insight Buy and Maintain Bond fund and NT Ultra Short Bond fund, to fund these capital calls, and equalisations took place within the CVC Credit Debt fund. In addition to this, at the Committee meeting on 29 June 2023, the Committee elected to transition 5% from equities into renewable infrastructure. This transition took place during July 2023.

4.6 The total cash balance, including the Pension Fund Lloyds bank account and cash at custody, is shown below for the period from 1 May 2023 to 31 July 2023. The total cash balance as at 31 March 2023 was £22.9m.

Cash at custody & Bank account	May	Jun	Jul
	£000	£000	£000
	Actual	Actual	Actual
Balance b/f	420	17,380	13,266
Cash outflows	14,562	(40,838)	(85,112)
Cash inflows	2,398	36,724	94,775
(Withdraw)/Deposit from custody to bank account	(3,000)	(3,000)	(3,000)
Withdraw/(Deposit) from bank account to custody	3,000	3,000	3,000
Balance c/f	17,380	13,266	22,929

4.7 The following table illustrates the actual cashflows for the 12-month period from 1 April 2023 to 31 March 2024 for the Pension Fund Lloyds bank account.

Current Account Cashflows for period April 2022 - March 2023:

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Rolling Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Actual	Actual	Actual	Actual	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	
Balance b/f	774	1,707	751	1,726	2,056	2,474	1,892	2,310	1,728	2,145	2,563	1,981	£000s
Contributions	6,298	993	3,970	3,810	3,759	3,759	3,759	3,759	3,759	3,759	3,759	3,759	45,147
Various Receipts ¹	601	380	611	948	872	872	872	872	872	872	872	872	9,519
Pensions	(3,813)	(3,923)	(3,913)	(3,977)	(3,767)	(3,767)	(3,767)	(3,767)	(3,767)	(3,767)	(3,767)	(3,767)	(45,763)
HQRC Tax Payments	(744)	(795)	(916)	(890)	(681)	(681)	(681)	(681)	(681)	(681)	(681)	(681)	(8,790)
Transfers out, lump sums, death grants, refunds & misc. payments	(2,164)	(455)	(1,744)	(2,552)	(1,572)	(1,572)	(1,572)	(1,572)	(1,572)	(1,572)	(1,572)	(1,572)	(19,490)
Expenses	(245)	(157)	(32)	(9)	(194)	(194)	(194)	(194)	(194)	(194)	(194)	(194)	(1,997)
Net cash in/(out) in month	(67)	(3,956)	(2,024)	(2,670)	(1,582)	(1,582)	(1,582)	(1,582)	(1,582)	(1,582)	(1,582)	(1,582)	(21,375)
Withdrawal/(deposit) from custody	1,000	3,000	3,000	3,000	2,000	1,000	2,000	1,000	2,000	2,000	1,000	2,000	23,000
Special Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance c/f	1,707	751	1,726	2,056	2,474	1,892	2,310	1,728	2,145	2,563	1,981	2,399	

- 4.8 The three-year cashflow forecast for 2023/24 to 2025/26 for the Pension Fund's Lloyds bank account is shown below. The forecasts are calculated using the previous year's cashflows which are then inflated, with pensions payable linked to CPI-inflation.

Three Year Cashflow Forecast for 2023/24 to 2025/26

	2023/24	2024/25	2025/26
	£000	£000	£000
	F'cast	F'cast	F'cast
Balance b/f	774	812	1,298
Contributions	45,113	46,015	46,936
Transfers in, overpayments, VAT reclaim, recharges & misc. receipts	10,777	11,315	11,542
Pensions	(48,275)	(50,689)	(51,703)
HMRC Tax	(8,818)	(9,258)	(9,444)
Transfers out, lump sums, death grants, refunds & misc. payments	(20,361)	(21,379)	(21,806)
Expenses	(2,398)	(2,518)	(2,568)
Net cash in/(out) in year	(23,962)	(26,514)	(27,043)
Withdrawal/(deposit) from custody cash	24,000	27,000	27,000
Deficit Recovery Contributions	0	0	0
Balance c/f	812	1,298	1,255

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

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BACKGROUND PAPERS: None.

APPENDICES: None.



City of Westminster

Pension Board

Date:	21 September 2023
Classification:	General Release
Title:	Performance of the Council's Pension Fund
Wards Affected:	All
Policy Context:	Effective control over council activities
Financial Summary:	There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.
Report of:	Phil Triggs Tri-Borough Director of Treasury and Pensions ptriggs@westminster.gov.uk 020 7641 4136

1. EXECUTIVE SUMMARY

- 1.1 This report presents the performance of the Pension Fund's investments to 31 July 2023, together with an update on the London CIV and funding level.
- 1.2 The Fund returned 4.10% net of fees to 31 July 2023, performing broadly in line with the benchmark.

2. RECOMMENDATION

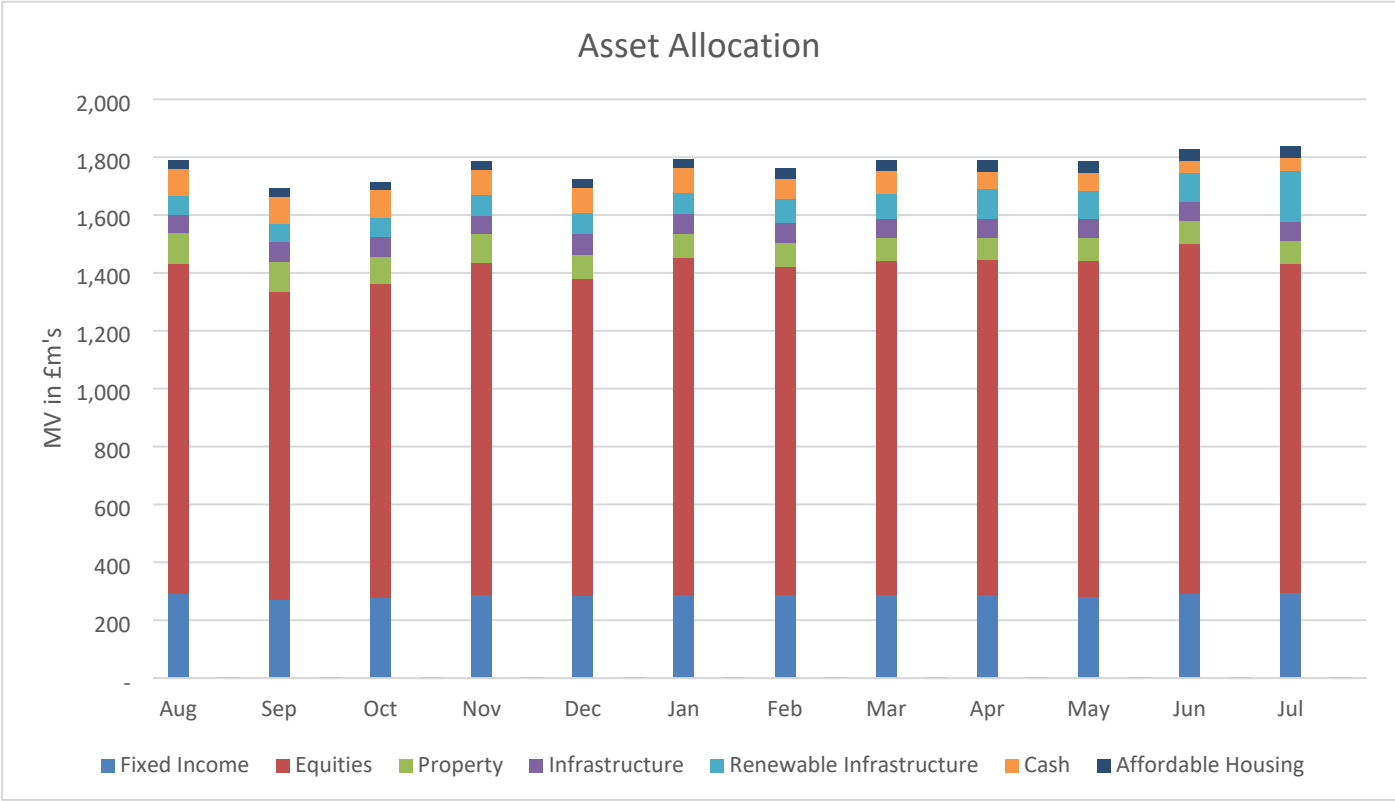
- 2.1 The Board is asked to:
 - Note the performance of the investments and the updated funding level as at 31 July 2023.

3. BACKGROUND

- 3.1 This report presents a summary of the Pension Fund's performance to 31 July 2023.
- 3.2 The market value of investments increased by £50m to £1.839bn over the period to 31 July 2023, with the Fund returning 3.34% net of fees. The Fund underperformed the benchmark by -0.95% net of fees, with underperformance across the fixed income and infrastructure mandates. The Fund's underperformance was partially offset by positive performance within the CVC Credit Direct Lending fund and the Baillie Gifford Paris Aligned Equity mandate.
- 3.3 Over the 12-month period to 31 July 2023, the Fund underperformed its benchmark net of fees by -2.41% returning 3.17%. This underperformance can be largely attributed to the LCIV Multi Asset Credit mandate, Morgan Stanley (LCIV) Global Equity mandate and Abrdn Long Lease Property. The CVC Credit Private Debt fund, Quinbrook Renewables and Macquarie Renewable Infrastructure mandates outperformed their benchmarks by 6.68%, 9.44% and 4.86% net of fees, respectively.
- 3.4 Over the longer three-year period to 31 July 2023, the Fund returned 5.15%.
- 3.5 It should be noted that the investment advisor, Isio, continues to rate the fund managers favourably.
- 3.6 The estimated funding level for the Westminster Pension Fund has increased to 161% at 31 July 2023 (149% at 31 March 2023). This is largely as a result of an increase in the expected discount rate, which is linked to Gilts.

4. ASSET ALLOCATION AND SUMMARY OF CHANGES

4.1 The chart shows the changes in asset allocation of the Fund from 1 August 2022 to 31 July 2023. Please note asset allocations may vary due to changes in market value.



*Fixed Income includes bonds, multi asset credit (MAC) and private debt
 **Cash includes the NT ESG Ultra Short Bond Fund and Ruffer (LCIV) Absolute Return Fund

4.2 The current Westminster Pension Fund target asset allocation is 55% of assets within equities, 19% in fixed income, 11% in renewable infrastructure, 5% within infrastructure, 5% within property and 5% to affordable and socially supported housing.

4.3 Over the quarter to 31 July 2023, capital calls relating to the Quinbrook Renewables Impact mandate and CVC Credit Private Debt fund took place.

4.4 During the quarter, sales took place within the Insight Buy and Maintain Bond fund and LCIV Absolute Return mandate, to fund these capital calls.

4.5 In addition to this, at the Committee meeting on 29 June 2023, the Committee elected to transition 5% from equities into renewable infrastructure. This transition took place during July 2023.

5. LONDON CIV UPDATE

5.1 The value of Westminster Pension Fund investments directly managed by the London CIV as at 31 July 2023 was £813m, representing 44% of

Westminster's investment assets. A further £447m continues to benefit from reduced management fees, through Legal and General having reduced its fees to match those available through the LCIV.

- 5.2 As at 30 June 2023, the London CIV had £27.8bn of assets under management of which £15.1bn are directly managed by the London CIV. All London CIV funds, that Westminster are invested, were on normal monitoring at quarter end.
- 5.3 During the quarter, the London CIV undertook 54 meetings/engagements with Client Funds, including CEO introductions, meet the manager sessions and monthly business updates.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

Billie Emery pensionfund@westminster.gov.uk

Background Papers:

None.

Appendices:

None.



City of Westminster

Pension Board

Date:	21 September 2023
Classification:	General Release
Title:	LGPS Consultation
Wards Affected:	All
Policy Context:	Effective control over council activities
Financial Summary:	There are no immediate financial implications arising from this report.
Report of:	Phil Triggs Tri-Borough Director of Treasury and Pensions ptriggs@westminster.gov.uk 020 7641 4136

1. Executive Summary

1.1 The LGPS Consultation was released by the Department for Levelling Up, Housing and Communities (DLUHC) seeking views on proposals relating to the investments of the Local Government Pension Scheme (LGPS). It covers the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.

2. Recommendations

- 2.1 Comment on the consultation and the draft response
- 2.2 Agree to the draft response and its submission once changes (if any) are included.

3. Consultation

- 3.1 DLUHC released their consultation relating to investments of the LGPS and can be found in its entirety below.

3.2 The consultation seeks views on proposals in five key areas:

Accelerate and expand pooling. The government has proposed a deadline for asset transition by 31 March 2025, noting that it will consider action if progress is not seen, including making use of existing powers to direct funds. Going forward, it wants to see a transition towards fewer pools to maximise benefits of scale.

Levelling up. Have a plan to invest up to 5% of assets to support levelling up in the UK.

Increase investment into high growth companies via unlisted equity, including venture capital and growth equity.

Amendments to the LGPS's regulations to implement requirements on pension funds that use investment consultants.

Technical change to the definition of investments within LGPS regulations.

3.3 Funds have been asked to respond to 15 questions which have been highlighted below:

1. Do you consider that there are alternative approaches, opportunities, or barriers within LGPS administering authorities' or investment pools' structures that should be considered to support the delivery of excellent value for money and outstanding net performance?
2. Do you agree with the proposal to set a deadline in guidance requiring administering authorities to transition listed assets to their LGPS pool by March 2025?
3. Should government revise guidance to set out fully how funds and pools should interact, and promote a model of pooling which includes the characteristics described above?
4. Should guidance include a requirement for administering authorities to have a training policy for pensions committee members and to report against the policy?
5. Do you agree with the proposals regarding reporting? Should there be an additional requirement for funds to report net returns for each asset class against a consistent benchmark, and if so how should this requirement operate?
6. Do you agree with the proposals for the Scheme Annual Report?

7. Do you agree with the proposed definition of levelling up investments?
 8. Do you agree that funds should be able to invest through their own pool in another pool's investment vehicle?
 9. Do you agree with the proposed requirements for the levelling up plan to be published by funds?
 10. Do you agree with the proposed reporting requirements on levelling up investments?
 11. Do you agree that funds should have an ambition to invest 10% of their funds into private equity as part of a diversified but ambitious investment portfolio? Are there barriers to investment in growth equity and venture capital for the LGPS which could be removed?
 12. Do you agree that LGPS should be supported to collaborate with the British Business Bank and to capitalise on the Bank's expertise?
 13. Do you agree with the proposed implementation of the Order through amendments to the 2016 Regulations and guidance?
 14. Do you agree with the proposed amendment to the definition of investments?
 15. Do you consider that there are groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so, please provide relevant data or evidence.
- 3.4 Officers have worked to produce a response from the fund in Appendix 1 and will submit this response (including any further amendments) to DLUHC on 2 October 2023.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

Billie Emery pensionfund@westminster.gov.uk

BACKGROUND PAPERS: None.

APPENDICES: Appendix 1 - Local Government Pension Scheme (England and Wales): Next Steps on Investments Consultation, City of Westminster Pension Fund Response

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Appendix 1

Local Government Pension Scheme (England and Wales): Next Steps on Investments Consultation

City of Westminster Pension Fund Response

The Westminster City Council Pension Fund welcomes central government's further guidance on the next steps on investment within the public sector. The Westminster Pension Fund is one of the largest supporters of the London CIV asset pool, with over 70% of assets pooled. Therefore, to have increased clarity on the relationship between clients and asset pools would be of significance. However, this should be approached with caution. Westminster City Council Pension Fund is supportive of the government's approach to levelling up investments, and already has more than 5% committed to various initiatives. The Fund is however very cautious of the 10% target to private equity, alongside the government's ambition for 5% within infrastructure and 5% to levelling up.

Question 1: Do you consider that there are alternative approaches, opportunities or barriers within LGPS administering authorities' or investment pools' structures that should be considered to support the delivery of excellent value for money and outstanding net performance?

The Westminster Pension Fund agrees that pooling is an appropriate strategy to achieve economies of scale and value for money. There is also further scope for increased pooling of assets, collaboration between pools and sharing of skills and knowledge.

In addition, it should be noted that there are challenges within pooling that impact LGPS's ability to fully transition assets into the pool companies. LGPS Funds invest in a wide variety of assets, some of which are very specialised and long term focused. Thus, pool companies may not always offer suitable or viable investment solutions. While it is noted that the government is keen to focus on fee reduction, the Fund believes that the focus should be on investment outperformance against a relevant benchmark net of fees. Focusing on the absolute fees may provide some assistance but the value added to Funds should be considered as more relevant and useful information. In some cases, the costs of an asset class/manager may be greater, but these may be justified by the higher returns. Therefore, it would seem counterintuitive to transition those assets into pools at the expense of performance.

The Fund acknowledges that some pools may have fallen short of the government's pooling targets. However, in the case of illiquid long term assets, this may not always be possible or practical to transition. Since the introduction of pooling, many Funds have made great strides towards transitioning of assets, and this is evident in the cost savings made.

Question 2: Do you agree with the proposal to set a deadline in guidance requiring administering authorities to transition listed assets to their LGPS pool by March 2025?

Not agreed - March 2026 is a more reasonable deadline for transitioning listed assets into pool companies, where possible.

Question 3: Should government revise guidance so as to set out fully how funds and pools should interact, and promote a model of pooling which includes the characteristics described above?

The Westminster Fund believes the strengthening of relationships between pool companies and clients is key to successful pooling. With funds responsible for setting their own strategic asset allocations, the pool companies may not always have suitable strategies/sub-funds on offer on their platforms, or the time taken to source these strategies. There is concern that the increased demand on the pool companies may be significant, especially those with a large number of clients.

Scheme Funds have their own investment advisors so consequently there is potential for conflict between advice received from a consultant and a pool. Effective collaboration between a fund and a pool companies should be possible, but we do not see the need for guidance on how interaction should take place.

Question 4: Should guidance include a requirement for administering authorities to have a training policy for pensions committee members and to report against the policy?

Agree - Westminster believes it essential that Committee members have the required skills and knowledge required to make investment decisions, with a mandatory framework in place to achieve this. Pension Fund Committee members are not currently mandated by legislation to undertake training and new legislation to enforce it would improve the level of expertise and knowledge across committees.

Question 5: Do you agree with the proposals regarding reporting? Should there be an additional requirement for funds to report net returns for each asset class against a consistent benchmark, and if so how should this requirement operate?

Disagree - LGPS Pension Funds are already under considerable pressure with current reporting requirements, and this is expected to increase further with the introduction of climate risk reporting in 2024/25. Current reporting requirements within the pension fund annual reports include a section on pool companies which incorporates performance, returns, costs and net savings. It should be acknowledged that there are already significant time constraints in this area and additional reporting requirements may lead to a delay in external audit signing off of the pension fund annual pension fund report and accounts.

If this reporting requirement were to be implemented, any guidance from the SAB would be welcomed.

Question 6: Do you agree with the proposals for the Scheme Annual Report?

Agreed - this is sensible. If the changes to reporting in question 5 were to be implemented, it would be reasonable to have a uniform set of statistics, so comparability is achievable.

Question 7: Do you agree with the proposed definition of levelling up investments?

The current definition makes it unclear whether the investments must be direct or whether the UK as whole is classed as local. It is also important to consider the size of individual Pension Funds and their scope to access these types of investment.

Question 8: Do you agree that funds should be able to invest through their own pool in another pool's investment vehicle?

Agree - some asset pools do not have the size or expertise to invest within all asset classes, particularly private markets. Therefore, it would make sense for pools to collaborate with other asset pools to offer those broader asset ranges to clients. Although client assets should be unitised and held within their respective asset pools.

Question 9: Do you agree with the proposed requirements for the levelling up plan to be published by funds?

Disagree - it should be acknowledged that LGPS Pension Funds are already under considerable pressure with current reporting requirements and additional reporting requirements may not be practical for all Funds.

Question 10: Do you agree with the proposed reporting requirements on levelling up investments?

Disagree – as per answer to question 9 above.

Question 11: Do you agree that funds should have an ambition to invest 10% of their funds into private equity as part of a diversified but ambitious investment portfolio? Are there barriers to investment in growth equity and venture capital for the LGPS which could be removed?

Disagree – a 10% allocation to private equity, alongside the government's ambition of 5% within infrastructure and 5% in levelling up investments, undermines the LGPS schemes autonomy to make their own investment decisions. While a 10% allocation to private equity may be appropriate for some funds, it will not fit all investment strategies and future funding and pensions outflow requirements. It is important to emphasise that the LGPS's overriding duty is to pay pensions in full and on time, and ulterior agendas should not be pursued at this expense. The Westminster Fund believes the following factors bring challenges to investment within this asset class:

- Complexity and specialism: private equity investments, particularly venture capital, is an asset class where the Pension Fund may not have specialism. LGPS funds may incur significant cost reference the use of external advisors.
- Cost: typically the cost of managing private asset classes is more than listed asset classes, and there would need to be appropriate returns to justify it.

- Liquidity: private equity assets are illiquid and if funds lock too much of their portfolio into these asset classes, liquidity issues may arise in the future.
- Risk/returns: private equity assets hold significantly more risk than traditional asset classes, and the return must justify the level of risk taken. The majority of LGPS schemes are now fully funded and this seems a sensible time to de-risk rather than to increase.
- Interest rates: current high interest rates make less risky asset classes more viable and appropriate.

Question 12: Do you agree that LGPS should be supported to collaborate with the British Business Bank and to capitalise on the Bank's expertise?

Westminster would assess this opportunity, alongside other investment opportunities, although we do not believe this collaboration would be feasible on an individual fund level. This would be a more appropriate discussion for the pool companies.

Question 13: Do you agree with the proposed implementation of the Order through amendments to the 2016 Regulations and guidance?

Agree - Funds should already be setting these objectives, as per the requirements of the Competition and Markets Authority (CMA).

Question 14: Do you agree with the proposed amendment to the definition of investments?

Agree.

Question 15: Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so please provide relevant data or evidence.

The levelling up initiatives should have a positive impact on the whole, although we are conscious that it should not be too prescriptive as to exclude any individuals. In addition, appropriate reporting should be designed in such a way in that they will be accessible for all users: this follows accessibility regulations in Public Sector Bodies (Websites and Mobile Applications) (No. 2) which came into force during September 2018.

By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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