



CITY OF WESTMINSTER

# MINUTES

## Pension Fund Committee

### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Fund Committee** held on **Thursday 20th June, 2024** in Room 18.01, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

**Members Present:** Councillors Robert Eagleton (Chair), Ed Pitt Ford and Maggie Carman

#### 1 MEMBERSHIP

1.1 Apologies had been received from Councillor Ryan Jude.

#### 2 DECLARATIONS OF INTEREST

2.1 Councillor Ed Pitt Ford declared a pecuniary interest in agenda item 8.

#### 3 MINUTES

3.1 It was highlighted that there was an error in the final sentence of paragraph 7.4 in which it should be read as "...the key factor to focus on would be the level of certainty around the path of interest rates". The minutes were agreed subject to this amendment.

#### RESOLVED

**That the minutes of the meeting held on Thursday 07 March 2024 were approved as an accurate record, subject to the agreed amendment.**

#### 4 ADMITTED BODY REQUEST - INNOVATE LTD

4.1 Sarah Hay, Strategic Pension Lead, introduced the report requesting the Committee's consent to admit Innovate Services Limited into the City of Westminster Pension Fund. Officers summarised the background to the admission request highlighting that Harris Academy had given the Fund a guarantee to underwrite Innovate Services Ltd under a closed admission agreement.

4.2 The Committee thanked officers for their report and were in favour of admitting Innovate Services Ltd into the Fund. It was noted that Members

were not happy with the delayed provision of data from Harris Academy with regard to the outsourced catering contracts; the Committee requested that officers remind Harris Academy that a new Pension Administration Strategy had taken effect from April 2024 and any future instances of not informing officers about the outsourcing of staff prior to the date of transfer could incur potential charges.

## **RESOLVED**

**That the Pension Fund Committee gave consent for the City of Westminster Pension Fund to enter into an admission agreement with Innovate Services Limited, with Harris Academy as guarantor.**

## **5 PENSION ADMINISTRATION UPDATE**

- 5.1 Sarah Hay, Strategic Pension Lead, introduced the report highlighting that the performance of Hampshire Pension Services (HPS) as the pensions administrator remained strong and HPS continued to comply with 100% of the agreed key performance indicators between February and April 2024. The Committee were also updated with regard to online portal sign up and received a breakdown of portal signup by employer; it was mentioned that officers would be working in the coming months to bolster numbers with employers whose signup rates were below 40%.
- 5.2 Members' attention was also drawn to the work on hold, particularly the older cases on the workload where officers had carried out some quite intensive investigation. It was noted that work was ongoing with HPS to bring the total number of work on hold cases down and there were also a number of death grants that had not yet been claimed. The Committee queried the potential reasons for those not pursuing death grants or delays in people receiving death grants; it was highlighted that officers were very good at offering help and support to the relevant parties however there were numerous examples of people who were not responsive to officers chasing these cases. It was noted that all cases differed and not all were fully unresponsive, but it was a common issue encountered in the context of death grants.
- 5.3 Officers highlighted the good news that the backlog project, which originally consisted of 611 cases, was down to the final two cases. It was clarified that with regard to paragraph 3.4 of the officer's report, the total number of queries from 2023/24 was actually 255, which was higher than stated in the report due to an absence of reporting on new starters. However, on a positive note it was highlighted that, as of 14 June 2024, the number of queries was already down to 153 which was significantly down on previous years. This was attributed to a high level of engagement from officers with the employers, and the introduction of the new Pension Administration Strategy charges in April 2024.
- 5.4 With regard to the complaint received in February 2024 highlighted in paragraph 2.12 of the report, officers clarified that the standard contact letter had been updated to notify members of the option to transfer in lieu of claiming a refund. On the complaint highlighted in paragraph 2.11, officers confirmed that they had analysed what had happened and had ensured that

Hampshire Pension Services ran an exceptions report to ensure no other members were in a similar position.

- 5.5 The Committee sought clarification on reasons for people not pursuing death grants or delays in the receipt of death grants. Officers confirmed that they were very proactive at offering help and support for individuals claiming death grants and that all cases were different; however, occasionally people would not take them up on the support offered. There were examples of people who were initially responsive but fail to get back to officers following this, and there were cases whereby people were fully unresponsive in claiming death grants.

## **RESOLVED**

**That the Pension Fund Committee noted the content of the report.**

## **6 LGPS PROJECTS & GOVERNANCE UPDATE**

- 6.1 The Committee had resolved to hear item 6 as a confidential matter in private session for the reasons as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972. The item was heard following item 8.
- 6.2 The Committee received a report from Diana McDonnell-Pascoe, Pension Project and Governance Lead, updating Members 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 LGPS. The Committee received an update and agreed a way forward on the Guaranteed Minimum Pension (GMP) project. Members also received updates on the McCloud project, the Pension Dashboard Programme, the Pension Website project, and the upcoming internal and external audits.

## **RESOLVED:**

**That the Pension Fund Committee noted the content of the report and agreed a way forward with regard to the GMP project.**

## **7 FUND FINANCIAL MANAGEMENT**

- 7.1 Phil Triggs, Tri-Borough Director of Treasury and Pensions, introduced the report highlighting the various risks pertaining to the pension fund. It was noted that only one risk trend had moved in terms of the top risks, this was a slight trend downwards on Liability Risk. An overview was also given with regard to the cashflow forecast; it was noted that the cashflow position continued to be stable.
- 7.2 It was noted that discussions had been taking place from central government regarding fund managers. They were looking at the collective entity of the LGPS paying around two billion pounds in investment manager fees. It had been highlighted that there were 86 individual pension funds within the LGPS and central government were asking the question of whether that was too many in the light of a general push for pooling being seen as successful. It was noted that this could emerge as a new risk to the fund going forward.

Officers highlighted the forthcoming general election and the possibility of a change in national leadership; however it was felt that a future Labour led administration would still have an interest in analysis of the LGPS. The Committee noted that officers were still waiting on the provision of pooling guidance and the good governance guide.

**RESOLVED:**

**That the Pension Fund Committee:**

- 1. Noted the top five risks for the Pension Fund, and;**
- 2. Noted the cashflow position for the Pension Fund bank account and cash held at custody, the rolling 12-month forecast and the 3-year forecast.**

**8 QUARTERLY PERFORMANCE REPORT**

- 8.1 Phil Triggs, Tri-Borough Director of Treasury and Pensions, introduced the report highlighting that the Fund's performance had been good over the previous 12 months despite there being a very slight underperformance in terms of the comparison to benchmark. The Committee were notified that Westminster's position was within the top 7% of funds.
- 8.2 In terms of the funding level, it was highlighted that Westminster had just crossed the £2 billion threshold. Jonny Moore of Isio, the Fund's investment advisor, addressed the Committee noting that to the end of March 2024, the Westminster Fund had performed well with a positive return on an absolute basis of 5.4% over the previous quarter. This largely attributed to the Fund's equity exposure where it was noted that global equity markets had continued their recovery which had been driven in part by the performance of US technology stocks. It was also noted that towards the end of 2023 there were some overly optimistic predictions around future reductions in the Bank of England base rate which resulted in a drop in gilt yields; as those predictions were then scaled back, gilt yields had risen meaning government bond based investments had fallen in value over that period.
- 8.3 Overall, it was noted that investments had outperformed over the previous quarter and the overall estimated funding level had increased from 156% to 163%. The Committee thanked officers for their report and noted the performance of the Fund's investments.

**RESOLVED:**

**That the Pension Fund Committee:**

- 1. Noted the performance of the investments and the updated funding level as at 31 March 2024; and,**
- 2. Approved that appendices 2, 4 and 5 to the report are not for publication on the basis that they contain information relating to the**

**financial or business affairs of any particular persons including the authority holding that information.**

The Meeting ended at 7.32 pm

**CHAIRMAN:** \_\_\_\_\_

**DATE** \_\_\_\_\_