



City of Westminster

Minutes

Meeting:

**Pension Fund Committee
(Public)**

Date of meeting:

Thursday 21st May at 7.00pm

Attendees:

Councillors:

Suhail Rahuja (Chairman)

Ian Rowley

Antonia Cox

Patricia McAllister

Officers:

Jonathan Hunt (Director of Corporate Finance & Investment)

Steve Mair (City Treasurer)

Trevor Webster (Senior HR Manager)

Nikki Parsons (Pension Fund Officer)

Joseph McBride (Committee & Governance Officer)

Also Present:

Alistair Sutherland (Deloitte)

Gary Wilkinson (Insight)

Andy Burges (Insight)

Apologies:

Contact:

**Joe McBride
Committee & Governance Officer**

Details:

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1. MEMBERSHIP OF THE COMMITTEE

- 1.1 No change

2. DECLARATIONS OF INTEREST

- 2.1 The Chairman made the following declaration:
'I am employed by Fund Managers who have amongst their clients Hermes. I am not involved in any element of the work which relates to the Westminster Fund and accordingly do not regard this as a prejudicial interest'.

3. MINUTES

- 3.1 The Minutes of the Superannuation Committee meetings held on 25 March 2015 were agreed as a correct record and signed by the Chairman.

4. ACCOUNTS AND ANNUAL REPORT APPROVAL

- 4.1 Jonathan Hunt (Director of Corporate Finance & Investment) presented the report which is a regulatory requirement and needs to be approved by 30 September following the year-end. He noted that the Council had completed the report by 21 May 2015 and that Westminster City Council was the first authority in the UK to publish their report. Members congratulated officers for their work in delivering the accounts so quickly.
- 4.2 The Chairman asked how Surrey had been performing in as performance indicators in the annual report ranged from 100% to 93%. Trevor Webster (Senior HR Manager) replied that because of the change in managed services the Council has had to match data which has slowed the process down. Whilst 98% has been recorded, IT issues such as the change in MPS contract have contributed to the performance results. This is not a reflection on Surrey's performance but the change in internal systems.
- 4.4 Nikki Parsons (Pension Fund Officer) noted that some of the data included legacy cases from the LPFA. Officers will meet with Surrey to discuss what performance indicators are to be reported on next year. **ACTION:** The Chairman requested that officers from Surrey be invited to the next meeting in order to discuss and scrutinise performance.
- 4.5 The Chairman noted that the number of deferred members is increasing and wanted to confirm that these members have left the Council. Jonathan Hunt explained that deferred members are not yet eligible for their pensions or those members who are retirement age but are still working. Deferred members are neither contributing nor withdrawing from the fund.
- 4.6 Councillor Patricia McAllister asked what information would be provided to members of the scheme in non-technical language. Trevor Webster replied

that a summary could be included on the website and the pensioner's newsletter as well as the internal intranet.

Nikki Parsons noted the requirement to review annually the Communications policy. **ACTION:** The Chairman for this to be presented at the next meeting. Councillor McAllister reiterated her desire for the information to be greatly condensed for the benefit of members of the scheme. Steve Mair (City Treasurer) also noted that from next year a short summary of the annual report would be provided as a matter of course.

- 4.7 Councillor Antonia Cox asked, in relation to the training facility times and expenses section of the report, whether the Council had a clear policy on the training facility time and reimbursement of expenses in respect of Members involved in the decision process. Nikki Parsons replied that the information provided is the most current governance compliance statement available but noted that this is in the process of being rewritten with Tri-borough partners. **ACTION:** The Chairman requested that this be followed up at the next meeting.
- 4.8 Jonathan Hunt thanked Members for their contributions and would work through amendments suggested. Jonathan Hunt asked Members to delegate approval of the final document to him and the City Treasurer in consultation with the Chairman. Members were happy to agree to this
- 4.9 **RESOLVED:** The Committee noted the annual accounts and delegated approval of the final document to the City Treasurer and the Director of Corporate Finance and Investment.

5. PERFORMANCE REPORT

- 5.1 Jonathan Hunt introduced the report that presents a summary of the Superannuation Fund's performance and estimated funding level to 31 March 2015 and invited Alistair Sutherland (Deloitte) to expand upon the performance.
- 5.2 Alistair Sutherland highlighted the Standard Life performance and asked Members to bear in mind that it is a property fund and their benchmark is gilts. He also emphasised the continued strong performance of Majedie.
- 5.3 Alistair Sutherland raised the issue of Supermarkets that has been in the press recently and assured Members that he has been in communication with Standard Life and the other long lease managers to discuss the potential impacts from the sale of supermarkets. Councillor Ian Rowley noted the need for discussions to be asset specific. Alistair Sutherland felt reasonably confident with the supermarkets that asset managers have and reminded Members that they are a long-term investment. **ACTION:** Deloitte to report more analysis on property at the next meeting.

- 5.4 Jonathan Hunt noted that on page 19 of the report in Appendix 1 the allocation for the fund generally is the target allocation giving some benchmark ideas.
- 5.5 Councillor Antonia Cox asked if Council's fund will be prepared should we see an increase in interest rates by the next meeting. Alistair Sutherland replied that further diversification of the fund should be progressed in order to provide a secure income.
- 5.6 **RESOLVED:** The Committee noted the contents of the performance report

6. FUND ADMINISTRATION AND OPERATIONS

- 6.1 Jonathan Hunt introduced the report, which presents a variety of information that has been requested from previous meetings, is relevant to the working of the Committee and Pension Fund, or relates to current contractual arrangements.
- 6.2 Jonathan Hunt explained that the Fund has for over five years employed Amaces to keep under review certain transactions and performance by the Custodian – in particular the FX transactions carried out by the Custodian. In recent years, the Fund has moved to more pooled investments, with just the current Insight mandate remaining on a segregated basis. The Committee approved that Amaces service would be terminated.
- 6.3 Jonathan Hunt noted that the Fund manages the relevant class actions through IPS. This is for relevant holdings that the Fund may have had, and for where there is now a class action in which the Fund can participate. Given the move to pooled investments, the numbers of class actions the Fund will participate in will decline – as such, matters move to be managed more directly by the Fund Managers.
- 6.4 Jonathan Hunt explained that, in relation to the Statement of Investment Principles, as at 31 March 2015, the Fund was fully compliant. In particular, the fund had no self-investments (regulatory maximum of 5%), it had no single segregated holding great than 10% (as shown in the table above) and its largest investment in a single vehicle was 23.4% with Majedie (the LGIM holding is split between two vehicles).
- 6.5 **RESOLVED:** The Committee noted the contents of the report and approved the Risk Register contained in Appendix 4.

7. CLOSE OF MEETING

- 7.1 The meeting closed at 8.02 pm.

CHAIRMAN: DATE:

