



CITY OF WESTMINSTER

MINUTES

Pension Board

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Board** held on **Thursday 6th July, 2017**, Rooms 3.6 and 3.7, 3rd Floor, 5 Strand, London WC2 5HR.

Members Present: Dr Norman Perry (Chairman and Scheme Member Representative), Marie Holmes (Employer Representative), Susan Manning (Scheme Member Representative) and Christopher Smith (Scheme Member Representative).

Officers Present: Peter Carpenter (Interim Tri-Borough Director of Treasury and Pensions), Yvonne Thompson-Hoyte (Senior Finance Manager – Pensions), Peter Worth (Technical Advisor - Pensions and Treasury), Joanne Meagher (Head of Operational People Services), Sarah Hay (Pensions and Payroll Adviser), Doruntina Shkreli (Payroll, Pensions and Establishment Support Officer) and Toby Howes (Senior Committee and Governance Officer).

Apologies for Absence: Councillor Angela Harvey (Vice-Chairman and Employer Representative) and Councillor Angela Harvey and Councillor Adnan Mohammed (Employer Representative).

1 MEMBERSHIP

1.1 There were no changes to the membership.

2 DECLARATIONS OF INTEREST

2.1 Dr Norman Perry (Chairman and Scheme Member Representative) declared that he held shares in Standard Life Aberdeen, however these were not in property. He did not consider this a prejudicial interest and remained present to consider all items on the agenda.

2.2 Christopher Smith (Scheme Member Representative) declared that he was the Branch Secretary of Unison and had the interests of staff as a whole, however he did not consider this a prejudicial interest and remained present to consider all items on the agenda.

3 MINUTES

3.1 RESOLVED:

That the Minutes of the last meeting held on 6 July 2017 be signed by the Chairman as a correct record of proceedings.

- 3.2 Peter Carpenter (Interim Tri-Borough Director of Treasury and Pensions) updated Members on some matters referred to in the minutes. He confirmed that the £178m transfer of assets from the Fund to the London Collective Investment Vehicle (CIV) was undertaken in June 2016. The issue of voting at the London CIV would be looked at further so that the Board could be provided with more information on this. Peter Carpenter advised that all the amendments to the Investment Strategy Statement suggested by the Board had been made. With regard to the Pensions Annual General meeting, Peter Carpenter stated that this was likely to take place in October 2017 after the Annual Benefit Statements had been sent out and there would be further discussions with Lee Witham (Director of People Services) and the Chairman of the Pension Fund Committee before a date and venue was confirmed.

4 SCHEME ADVISORY BOARD SURVEY ON LOCAL PENSION BOARDS

- 4.1 The Chairman introduced the item and advised that he and officers had provided answers to the Scheme Advisory Board's (SAB) survey about the Board and he sought further comments from Members before the survey was submitted.
- 4.2 The Board then went through each question and amended the answers to some of these accordingly, including:
- Question 17: Peter Carpenter confirmed that a Conflict of Interest Register would be created in future.
 - Question 21: The following three examples where the Board is working well would be submitted:
 1. Relations with officers are very productive
 2. Members are provided with all the information they request and are well informed
 3. Members are given a number of training opportunities
 - Question 22: The following two examples would be given concerning where the Board could improve:
 1. All Members should attend meetings regularly.
 2. Greater clarity was needed on what areas the Board should focus on.
 - Question 31: In respect of targets, there should be discussion on whether the Board should be set some SMART targets.
 - Question 37: In respect of improving the working relationship between the administering authority, the Pension Fund Committee and the Board, it was suggested that there should be greater articulation of responsibilities.

- 4.3 Peter Carpenter advised that he would show the Chairman of the Pension Fund Committee the Pension Board's response to the survey before it was submitted to the SAB.

5 WEBSITE REVIEW

- 5.1 Peter Carpenter presented the report and began by stating that the Pension Fund website was reasonably functional but lacked the modern features compared to other such websites. He drew Members' attention to statistics on usage of the site in paragraph 3.6 of the report and it was noted that there had been 276 hits in May, however the figures did not reveal much in the way of wider information. Peter Carpenter advised that the Pension Fund's Communications Strategy sought to ensure that scheme members could undertake pension related matters primarily through electronic means. However, it was a considerable task in keeping the website up to date and further consideration needed to be given as to how to engage pension scheme members more. Peter Carpenter felt that it was important to modernise the website and to increase engagement with scheme members. He emphasised the importance of controlling the content and accuracy of the website and steps should be taken to address this at the earliest opportunity. Peter Worth (Technical Advisor - Pensions and Treasury) added that it was important that the website improved scheme members' ability to use the pension administration service and to allow them the opportunity to provide instant feedback.
- 5.2 Sarah Hay (Pensions and Payroll Adviser) added that although the website was useful in providing a number of forms electronically, the survey would provide the opportunity for scheme members to suggest other ideas. She stated that a number of other local authorities' pension fund websites were similar to the Council's, and although the website could be updated, this would involve higher costs.
- 5.3 During Members' discussion, Christopher Smith stated that Unison used Facebook and Twitter and that consideration could be given to the Pension Fund using these sites and other appropriate social media to promote communication with scheme members.
- 5.4 Peter Carpenter suggested that Capita and Norfolk County Council representatives could be invited to attend a Board meeting to describe the reasons why they had been successful in engaging scheme members through their pension fund websites and what actions they had taken. The Board agreed to this suggestion and concurred that this be added to the work programme for the 29 January 2018 meeting.

6 MEMBERS' PERSPECTIVE OF THE PENSION FUND ADMINISTRATION

- 6.1 Joanne Meagher (Head of Operational People Services) introduced the item that followed a request by the Board at the last meeting for a survey to be produced to seek pension scheme members' views on the current administration of the scheme. A survey had been drafted and the Board was invited to make comments and suggestions.

- 6.2 Doruntina Shkreli (Payroll, Pensions and Establishment Support Officer) then gave a presentation on the draft survey that had been produced by People Services in consultation with Unison and Members.
- 6.3 During the Board's discussions, it was asked how it was intended to circulate the survey, as for example in some schools, some staff were not part of the Local Government Pension Scheme (LGPS). It was suggested that a question could be added asking the reasons for those who had decided to opt out of the pension scheme. It was also queried whether teachers in Adult Education were eligible to join the scheme. In order to promote the scheme member self-service portal, it was suggested that this could be promoted by highlighting it on payslips.
- 6.4 Members also made the following comments and suggestions to specific questions in the survey, including:
- Question 2: It should be emphasised that Surrey County Council (SCC) now administered the scheme in the narrative at the beginning of the survey.
 - Question 3: Replace the word "escalate" with "raise" in the question.
 - Question 4: It was appreciated that the text box allowed respondents the opportunity to elaborate on their experiences of the scheme administration and thus put into context the rating they had given. Providing a drop down menu highlighting the reason for the rating may also be beneficial.
- 6.5 In reply to Members' comments and suggestions, Sarah Hay advised that it would be explained in the narrative of the survey that it applied to the LGPS only. She informed the Board that People Services was working with SCC on improving communications to promote the pension website. In respect of teachers in Adult Education, Sarah Hay advised that they could join the LGPS if they were not eligible for any other pension scheme.
- 6.6 Joanne Meagher welcomed the suggestions made by Members and thanked Christopher Smith for his help whilst drafting the survey.
- 6.7 The Chairman thanked officers for the presentation and the work undertaken on the draft survey and he suggested that pension scheme members be given the opportunity to provide their email address after completing the survey so that they may be more easily contacted on pension related matters in future.

7 REVIEW OF THE FUNDING STRATEGY STATEMENT

- 7.1 Peter Carpenter presented the report and confirmed that the Pension Fund Committee had approved an updated Funding Strategy Statement (FSS) on 21 March 2017. He advised that the FFS set out the aims and purpose of the Fund and other matters such as the responsibility of key partners, target funding levels, valuation assumptions and the underlying funding model, risks and their counter measures and governance, monitoring and review

requirements. Members were informed that the asset allocation model needed to be included in the Investment Strategy Statement.

- 7.2 On behalf of the Board, the Chairman indicated that he was satisfied with the FSS.

8 RISK REGISTER AND FORWARD PLAN

- 8.1 Peter Carpenter confirmed that there had been no changes to the Risk Register over the last quarter. With regard to Risk 25, BT unable to provide monthly interface files, he advised that a recovery plan was now in place. Significant progress had been made over the last 5 months in addressing this issue, however efforts were being made to persuade BT to submit data for the Annual Benefit Statements before 17 August in order to provide SCC with sufficient time to provide the statement to scheme members by the 31 August deadline. In respect to Risk 9 concerning the introduction of European Directive Markets in Financial Instrument (MiFID) II, Peter Carpenter advised that this needed to be updated as the funding situation had now improved, however there were still treasury aspects to look into further.
- 8.2 Sarah Hay added that the interface for 2015-16 had been run successfully and 750 Annual Benefit Statement that were either missing or inaccurate were due to be posted by SCC on 6 July. People Services, SCC and BT were going through the data for 2016-17.
- 8.3 During Members' discussions, the Chairman asked whether data protection was another potential risk and he felt that the governance of the London CIV was also an issue that needed to be looked at. Members also suggested that internal audit reports were another possible area for consideration on the Risk Register.
- 8.3 In reply, Peter Carpenter concurred that the General Data Protection Requirement and governance of the London CIV be added to the Risk Register.
- 8.4 Members then discussed the Board's Forward Plan and it was requested that draft reports for the next meeting be circulated to Members early in order to provide opportunity to comment as the next meeting was not until 13 November. It was agreed that London CIV representatives attend the 13 November meeting and that the pension administration scheme survey results, the annual report on Pension Board activities, the Pensions Administration Review and the Risk Register and Forward Plan also be the items for discussion at this meeting.
- 8.5 Members agreed that items that had initially been listed for the 13 November meeting that would not be discussed on this date be included for the 29 January 2018 meeting, as well as representatives from Capita and Norfolk County Council attending in respect of their pension fund websites as agreed under item 5, Website Review.

8.6 **RESOLVED:**

That the Risk Register and the changes to the Forward Plan be noted.

9 **PENSIONS ADMINISTRATION KEY PERFORMANCE INDICATORS**

9.1 Joanne Meagher presented the report and confirmed that the number of key performance indicators (KPIs) rated red had reduced from 5 to 3 and amber rated ones from 4 to 1 and there had been a steady improvement in KPIs overall in the last 6 months. In respect of deferred benefits sent to scheme members following receipt of leaver notification, this remained a serious concern and SCC had placed more resources in this area to address this, whilst the Council was also providing data where possible. However, as the BT interface was now up and running, it was anticipated that this issue would become less of a concern. With regard to transfers out of non LGPS schemes, Joanne Meagher advised that payments remained 100%, whilst the Council continued to work with SCC to improve performance in respect of responding to scheme members' correspondence. Members also noted that a number of internal audit tests intended to provide assurance on the accuracy and completeness of the pension administration system could not be undertaken due to issues regarding the accuracy of reporting from BT. However, a meeting between People Services and SCC on 15 June had been positive and Joanne Meagher felt that things were moving in the right direction.

9.2 During Members' discussions, Christopher Smith commented that he was receiving fewer complaints on pension scheme administration related matters in his capacity as the Unison representative. The Chairman noted the progress made to date and thanked officers for their efforts in trying to resolve issues, however he asked at what point was it anticipated that there would no longer be any red rated KPIs.

9.3 In reply, Sarah Hay advised that definite progress had been made and although she could state with certainty at what point there would be no red rated KPIs, things were certainly moving in the right direction.

10 **TPR CODE COMPLIANCE**

10.1 Yvonne Thompson-Hoyte (Senior Finance Manager – Pensions) presented the report and advised that Code of Practice no. 14 TPR had been issued by the Pensions Regulator in April 2015 to set out best practice in terms providing practical guidance setting out the standards of conduct and practice expected from administering authorities to manage their public service pension schemes. The TPR included a compliance checklist that considered each section of the TPR and focused on four broad headings, these being:

- Governing your scheme
- Managing risks
- Administration
- Resolving issues

- 10.2 Peter Carpenter then referred to the detailed areas of work set out in the report that were included under each heading and welcomed any comments from Members.
- 10.3 Members noted that the Council was compliant in most areas, apart from conflicts of interest and providing information to Members and Officers which were partially compliant and remedial action was being taken to address this. Peter Carpenter added that he would circulate the “Governing Your Scheme” survey to Members for them to provide their views.

10.4 **RESOLVED:**

That the report and summary TPR compliance checklist be noted.

11 ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT

- 11.1 The Chairman provided feedback from a recent training event he had attended called “Local Pension Boards – Two Years On” run by Barnett Waddingham. He informed Members that The Pensions Regulator expected Pension Boards to focus on governance, data quality and security, internal controls and communications. The Chairman stated that consideration should be given as to whether Members required secure email accounts. It was usual for the Chairmen of Boards to be independent and to neither represent employer or scheme members. The Chairman requested that Members receive SAB documentation and Sarah Hay replied that People Services would be happy to distribute these. The Chairman added that the Board’s annual report should also be sent to the SAB.
- 11.2 The Chairman also raised the issue of succession planning in respect of Board membership, including the appointment of Deputies and he emphasised the need for all Members to be up to date with their training. Consideration should also be given as to whether other large organisations that were part of the Fund, such as CityWest Homes and the Homes and Communities Agency should be invited onto the membership of the Board. In noting that Members’ three year terms were coming to an end, Members commented that although it was possible some Members may continue, consideration should be given with regard to promoting membership both in terms of potentially replacing existing members and also in extending the membership of the Board.
- 11.3 In reply, Peter Carpenter stated that he would check whether Board membership could be extended. Joanne Meagher suggested that promoting membership could be also be undertaken at the Pensions Annual General Meeting.
- 11.4 On behalf of the Board, the Chairman in noting that Peter Carpenter was leaving the Council, thanked him for all his support to the Board and wished him well for the future.

The Meeting ended at 8.52 pm.

CHAIRMAN: _____

DATE _____