



CITY OF WESTMINSTER

# MINUTES

## Pension Fund Committee

### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Fund Committee** held on **Monday 10th December, 2018**, Room 3.4, 3rd Floor, 5 Strand, London, WC2 5HR.

**Members Present:** Councillors Antonia Cox (Chairman), Melvyn Caplan, Patricia McAllister and Eoghain Murphy

**Officers Present:** Phil Triggs (Tri-Borough Director of Treasury and Pensions), Billie Emery (Pension Fund Manager), Matthew Hopson (Strategic Investment Manager, Tri-Borough Director of Treasury and Pensions), Joanne Meagher (Head of Operational People Services), Sarah Hay (Pensions and Payroll Officer) and Toby Howes (Senior Committee and Governance Officer).

**Also Present:** Kevin Humpherson (Deloitte).

#### 1 MEMBERSHIP

1.1 There were no changes to the membership.

#### 2 DECLARATIONS

2.1 There were no declarations of interest.

#### 3 MINUTES

##### 3.1 RESOLVED:

That the minutes of the meeting held on 18 October 2018 be signed by the Chairman as a correct record of proceedings.

#### 4 PENSION ADMINISTRATION UPDATE

4.1 Joanne Meagher (Head of Operational People Services) presented the report and advised that the pension administration performance remained stable. Most of the key performance indicators were rated green. Joanne Meagher advised that Hampshire County Council (HCC) was taking over payroll responsibilities and that this would go live on 1 December. She added that testing of the new payroll system had taken place and feedback had been positive.

- 4.2 The Chairman welcomed the positive pension administration performance of Surrey County Council (SCC).

## **5 ADMINISTERING AUTHORITY DISCRETIONS**

- 5.1 The Committee considered the discretionary policies and queried whether the one relating to TUPE transfers stating that staff should remain in the Fund providing at least 50% of their work remains connected to the service outsourced by the original employer was an appropriate proportion. In reply, Sarah Hay (Senior Pensions and Payroll Officer) advised that 50% was considered reasonable and organisations would not be financially motivated to keep their employees in the Fund because of the costs involved.
- 5.2 The Chairman requested that an extra column be added to the table stating the degree of impact, including financial factors, on individuals and that this item be reported at a future meeting for consideration.

## **6 FUND FINANCIAL MANAGEMENT**

- 6.1 Matthew Hopson (Strategic Investment Manager) advised that there were no particular concerns and the Risk Register had been further redesigned.
- 6.2 Members requested that the Risk Register show where a risk's classification had changed and asked why miscellaneous payments in the three year cashflow forecast were rising. In reply, Phil Triggs (Tri-Borough Director of Treasury and Pensions) advised that assumptions allowed for increases and pessimism was deliberately built into forecasts.
- 6.3 **RESOLVED:**
1. That the Risk Register for the Pension Fund be noted.
  2. That the cashflow position and three year forecast be noted.
  3. That the forward plan be noted.

## **7 INFRASTRUCTURE MANAGER SELECTION**

- 7.1 Kevin Humpherson (Deloitte) presented this item and advised that there was no new information to report since the drawing up of a shortlist as set out in the confidential appendix and resulting candidate interviews.
- 7.2 The Committee agreed to appoint one of the interviewed fund managers to invest in the Fund's infrastructure allocation as detailed in the confidential appendix of the report.
- 7.3 **RESOLVED:**
- That one of the managers interviews be selected to invest the Fund's 5% / £70m infrastructure allocation.

## **8 QUARTERLY PERFORMANCE REPORT**

- 8.1 Kevin Humpherson advised that the Fund had performed strongly overall in the last quarter, although it had underperformed to its benchmark by 0.2%. This was principally due to Majedie's relatively poor performance. However, overall the Fund was above the benchmark by 0.7% over the year.
- 8.2 The Chairman acknowledged that Majedie's performance continued to suffer due to market conditions and enquired what the outlook was like for this fund manager. She also asked whether Majedie's exposure to UK financials was a cause for concern.
- 8.3 In reply, Kevin Humpherson advised that Majedie tended to perform more strongly during economically turbulent times, however it was encouraging that they had not felt the need to change their asset allocation. Members concurred with Kevin Humpherson's advice to remain with Majedie because of their strong reputation in equities.
- 8.4 **RESOLVED:**
- That the performance of the investments and funding position be noted.

## **9 INTEGRATED BUSINESS CENTRE IMPACT CHANGES TO EMPLOYEE CONTRIBUTIONS BANDINGS**

- 9.1 Phil Triggs presented the report and advised that HCC's Integrated Business Centre (IBC) used different methods for calculating pension payments to the present provider, however he felt that IBC's was more accurate.
- 9.2 Members welcomed the move to IBC and asked what would happen if staff were unhappy with their experiences. In reply, Phil Triggs advised that such matters could be taken up with the payroll providers, HCC.
- 9.3 **RESOLVED:**
- That the update be noted.

## **10 REPORT OF THE GOVERNMENT ACTUARIES DEPARTMENT**

- 10.1 Phil Triggs presented this item and advised that the Government Actuaries Department's (GAD) report on the Fund's 2016 triennial evaluation had awarded a number of green flags.
- 10.2 Members sought further observations in respect of the Council's actuary assuming better asset performances than other actuaries. In reply, Phil Triggs commented that it could sometimes be counter-productive to be too pessimistic and Matthew Hopson added that the Council's actuary had shown a lot of prudence in other areas, such as mortality rates.
- 10.3 The Chairman welcomed GAD's suggestion that a dashboard be used in valuation reports and requested that this be included in future reports.

**10.4 RESOLVED:**

That the update be noted.

**11 ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT**

11.1 There was no other business.

**12 EXCLUSION OF PRESS AND PUBLIC**

**12 RESOLVED:**

12.1 That under Section 100 (A) (4) and Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), the public and press be excluded from the meeting for the following items of business because they involve the likely disclosure of exempt information on the grounds shown below and it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**13 VOLUNTARY SCHEME PAYS**

13.1 The Committee considered a confidential report on Voluntary Scheme payments.

**14 FUND COSTS SUMMARY**

14.1 The Committee considered a confidential report on Fund costs.

The Meeting ended at 8.57 pm.

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

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