



CITY OF WESTMINSTER

MINUTES

Pension Board

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Board** held on **Wednesday 21 July, 2021 at 5pm**, This meeting took place virtually.

Members Present: Terry Neville (Chairman and Scheme Member Representative), Councillor Guthrie Mckie (Vice-Chairman, Employer Representative), Marie Holmes (Employer Representative), Councillor Tim Mitchell (Employer Representative), Christopher Smith (Scheme Member Representative) and Chris Walker (Scheme Member Representative).

Officers Present: Mathew Dawson (Senior Finance Manager, Tri-Borough Treasury and Pensions), Sarah Hay (Senior Pensions and Payroll Officer), Billie Emery (FM Pensions) and Sarah Craddock (Committee and Councillor Liaison Officer).

1 ELECTION OF CHAIRMAN AND VICE-CHAIRMAN/MEMBERSHIP

1.1 There were no changes to the Membership.

1.2 **Resolved:** That Terry Neville and Councillor Guthrie Mckie be appointed as Chairman and Vice-Chairman respectively for the 2021-2022 municipal year.

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest, other than the standing declarations already made by Members

3. MINUTES

3.1 **RESOLVED:** That the minutes of the meeting held on the 31 March be approved as an accurate record of proceedings.

4 PENSION ADMINISTRATION UPDATE

4.1 Prior to the presentation of this item the Chairman expressed his concern at the size of the agenda pack which he said was mainly due to the addition of large appendices. This view was shared by Board Members who thought that the additional information should be accessible via online while the main

points, e.g., the “red” items in the Risk Register were highlighted in the body of the report.

- 4.2 The Board then received an update on the pension administration issues as Westminster works towards moving to Hampshire Pension Service in November 2021. The Board heard that the Key Performance Indicators were ok, although there had been a dip in March and April as the service transferred from East Sussex to Surrey. The Board noted the data work being carried out and the continued efforts being made with address tracing amongst the 45–49-year-olds and that this project would continue to the end of August when it would cease to limit data changes during the transfer project in September and then in late October.
- 4.3 The Board heard that the implementation of a module of Altair called Admin 2Pay had identified a range of potential data issues and that a new team had been created (from the existing team) to focus on Westminster’s administration and the data backlog work, whilst the existing team would focus on Surrey. The Board was disappointed that not all data issues would be resolved before the transfer, however, Westminster had instructed Surrey to take certain immediate action to chase certain death cases and review contacts where members over 75 in the fund had not drawn their pension.
- 4.4 The Board discussed the identification of the pension increase queries where the admin side of Altair and the payroll side of Altair had different values which meant that the member could be being under/overpaid. The Board noted that resources were being set up to review all these cases in detail and that officers were receiving bi-weekly updates on the over/underpayments.
- 4.5 The Board then noted the update on the McCloud project and the initial work being carried out to collect data for compliance. The Board noted that this was going to be a huge task for Westminster as the main fund employer to undertake, with data needing to be retrieved from three different HR systems. The Board noted that the Government had not given a deadline for this work so it could proceed and fit in with the move to Hampshire.
- 4.6 **RESOLVED:** That the Board looked forward to completion of the the move to Hampshire, and that the report be noted.

5. PENSION ADMINISTRATION SERVICE TRANSFER PROJECT

- 5.1 The Board received an update on the project to transfer the pension administration service from Surrey County Council (SCC) to Hampshire County Council’s Pension Service (HPS) on the 8 November 2021. The Board noted that the five main workstreams of the project: (Governance, Data Migration, Member Engagement and Communication, Employer Engagement and Communication and Finance) were all on track.
- 5.2 The Board heard that senior officers from Hampshire, Westminster and Surrey were attending monthly project board meetings to support the project

and that Westminster was having off-board meetings with Surrey to ensure a successful exit from their service. The Board discussed the cultural change this transfer would have on members and the benefits of the new pension portal and pension website where members would be able to go online and complete nomination and retirement forms as well as run their own estimates and access their own benefits.

5.3 The Board welcomed the improved emphasis on monitoring member's data and the positive move towards members being able to engage with the fund and update their status and data.

5.4 **ACTION:** The Board requested that they be sent a briefing note on the security of the new Pension Portal.

5.5 **RESOLVED:** That the report be noted.

6. QUARTERLY PERFORMANCE REPORT

6.1 The Board received a report on the performance of the Pension Fund's investments to 31 March 2021 which included an update of the funding position. The Board noted that the fund outperformed the benchmark net of fees by 0.2% over the quarter to 31 March 2021 and the notional funding level was 102.3% as of 31 March 2021.

6.2 The Board heard that the Pension Fund was in pretty good shape with the funding levels still very healthy and that there had been some personnel changes at the London CIV with leavers being replaced with new appointments made. The Board discussed the benefits of investing in housing associations and how the Local Authority could use the General Fund to invest in local projects, especially ones that highlighted to residents that Westminster was actively pushing the green agenda.

6.3 **ACTION:** That details of the London Fund (launched by the London CIV) be circulated to the Board.

6.4 **RESOLVED:** That the performance of the investments and the funding position be noted.

7. PENSION FULL COST ANALYSIS

7.1 The Board received a report detailing the previous years' cost analysis of the Pension Fund, alongside the budgeted costs for the current financial year 2021/22. The Board noted that the budget's pension fund costs for 2021/22 were £11.509m which was a 14% increase from the previous year's cost of £10.087m.

7.2 The Board heard that this was an analysis that had looked at the last few financial years, and the main council budgeting process which covered cost controls only. Officers advised that the increase in administration costs were

due to the transition to Hampshire and emphasised that these costs would stabilise. The Board further heard that the governance costs had remained stable. The Board noted that there would always be an increase in fees if investments did well and that it was easier to see the fund manager's fee breakdown now as cost transparency had been introduced which ensures the fund account includes fees and charges that were previously not included.

7.3 The Board discussed the increase in management fees, the substantial size of the Pension Fund's investment with the London CIV, and that the London CIV needed to demonstrate they were offering real value for money before further investment was made with them.

7.4 **ACTIONS:**

1. That a report on management fees be tabled at the next meeting.
2. That the London CIV savings and costs since Westminster's first investment with the CIV be included in that report.

7.5 **RESOLVED:**

1. That the actual costs to the Fund to 2020/21 and the budgeted expenditure for 2021/22 be noted.
2. That the Board's concern regarding the significant increase in fees be forwarded to the Pension Investment Committee for consideration to ensure that members/the Pension Fund were receiving real value for money.

8. RESPONSIBLE INVESTMENT STATEMENT

8.1 The Board received the Responsible Investment Statement that had now been approved by the Committee for publication on the Council's website. The Board noted that this statement usually formed part of the annual investment strategy and its purpose was to make clear the Pension Fund's approach to investing responsibly.

8.2 The Board welcomed the Statement and the direction in which the Pension Fund was moving in terms of responsible investment, decarbonisation/climate change and governance (ESG) and how the Committee had reduced its carbon portfolio. The Board suggested inviting the Local Authority Pension Fund Forum (LAPFF) to City Hall to ask them how specifically Westminster and other neighbouring Local Authorities could further reduce their carbon equity holding/footprint.

8.3 The Board discussed the importance of getting the investment balance right in order to get the best possible return for Fund members balanced with responsible investment and were concerned about the lack of transparency of the Statement. The Board suggested that a line or two needed to be added to the Statement regarding investment balance to show a balanced view before it was made available to the public.

8.4. **RESOLVED:**

1. That the Board's concerns regarding the transparency of the R Responsible Investment Statement be forwarded to the Pension Investment Committee.
2. That subject to the above the Responsible Investment Statement be noted.

9. TRI-BOROUGH SECTION 113 AGREEMENT REVIEW

9.1 The Board received the Tri-Borough Section (S113) Agreement review of the Tri-Borough and Pensions and Treasury Services, as undertaken by an independent consultant during August 2020.

9.2 The Board welcomed and noted the Key Performance Indicators and recommendations that had been suggested during the review.

9.3 **ACTION:** That confirmation that Westminster would not be expected to cover any redundancy costs regarding the transfer of the pension service from Surrey to Hampshire be sent to Board members

9.4 **RESOLVED:** That the S113 Tri-Borough Treasury and Pensions Agreement Review and Recommendations be noted.

10. ANY OTHER BUSINESS

10.1 **ACTIONS:**

1. That a date for the next meeting be arranged for late October/ early November 2021.
 2. Following the discussion at the start of the meeting that officers work to reduce the length of agenda papers particularly the appendices and provide an online link to the appendices.
 3. That the Board members be asked if they wish to receive hard copies of the Agenda Pack.
-

11. TERMINATION OF MEETING

11 .1 The meeting ended at 6.48pm.

CHAIRMAN: _____

DATE _____
