



CITY OF WESTMINSTER

MINUTES

Pension Board

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Board** held on **Thursday 21 September 2023** at **6.30pm** in **Room 18.07 -18.08, 18th Floor, 64 Victoria Street, SW1E 6QP** and via **Microsoft Teams**

Members Present: Mr Chris Smith (Chair and Scheme Member Representative), Councillor Matt Noble (Vice- Chair and Employer Representative), Mr Terry Neville OBE (Scheme Member Representative), Councillor Barbara Arzymanow (Employer Representative) and Marie Holmes (Employer Representative).

Officers Present: Phil Triggs (Tri-Borough Director of Treasury and Pensions), Andrew Lowe (Assistant Director, Pensions, Hampshire Country Council), Patrick Rowe (Senior Finance Manager, Tri-Borough Treasury and Pensions), Billie Emery (FM Pensions), Sarah Hay (Senior Pensions and Payroll Officer), Diana McDonnell-Pascoe (Project Manager), and Sarah Craddock (Committee and Councillor Co-ordinator).

1. MEMBERSHIP

1.1 There were no changes to the Membership.

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 6 July be approved as an accurate record of proceedings with the following amendments:

- All Members of the Board be listed under Members Present.
- Paragraph 1.2: Amend to read: Councillor Matt Noble was elected as Vice-Chair and not Terry Neville.
- Paragraph 4.5: Add the words Outline Business Case before (OBC).
- Paragraph 5.2: Add the words Guaranteed Minimum Person before (GMP).
- Paragraph 5.4: Change 2023 to 2024.
- Paragraph 5.8: Remove the words 'The Vice Chair of the Board'.
- Paragraph 6.8: Change affect to effect.

- 3.2 In response to questions, Sarah Hay (Senior Pensions and Payroll Officer) advised that under paragraph 4.2 the second transfer out of the Fund had been made and the Internal Dispute Resolution Procedure (IDRP) was settled at stage 2.

**4. UPDATE ON CYBER SECURITY FOR PENSION ADMINISTRATION
(Agenda Item 9 on the Agenda Pack)**

- 4.1 The Board received a report that provided an update on cyber security relating to Hampshire Pension Services (HPS) who provide LGPS administration for the City of Westminster Pension Fund (COW).
- 4.2 The Board heard how Hampshire Pension Services (HPS) were committed to cyber security and considered the robust cyber security processes, different types of data leaks (human error and criminal activity) and the statement of controls in place and monthly reporting to partners.
- 4.3 The Board discussed HPS's Business Continuity Plan detailing the actions which would be taken in the event of an incident and how it had been further strengthened to build greater resilience to help mitigate the impact of a successful cyber-attack.
- 4.4 **RESOLVED:** That the report be noted.

**5. PENSION ADMINISTRATION UPATE
(Agenda Item 4 on the Agenda Pack)**

- 5.1 The Board received an update on the Key Performance Indicator (KPI) data from Hampshire Pension Services (HPS) from June 2023 to August 2023 and the compliments and complaints received by HPS. The Board heard that the KPIs data provided showed 100% compliance with the agreed KPI standards and that there had been an increase in members signing up to the Members Portal to 38.82% which included take up across all areas of the membership.
- 5.2 The Board heard that the backlog project continued to make progress and how out of the 611 cases in scope, HPS had now completed 577, with 34 remaining as of 6 September 2023. The Board were pleased to hear that there were only 18 queries (down from 469 member queries) remaining from the 2022/2023 Annual Returns and that work was being carried out to reduce the number of future queries particularly in relation to missing new starters and leavers.
- 5.3 The Board noted that the first Employer Performance Scores had been received (measured using three areas: timeliness; financial control and data quality and graded using a traffic light colour) and these would be shared with the Board shortly. The Board further noted the excellent production rate (99.38%) of Annual Benefit Statements (ABS) that had been produced by the deadline which indicated the overall quality of the member data.

5.4 The Board discussed how the internal team had attended a number of events to support members to understand their pensions and encouraged them to provide more individual support across all employers because of the importance of improving people's knowledge of their pension early in their careers instead of just at the time of their retirement. The Board noted the benefits of the future Pension Dashboards which would alert members to all their pensions held in different places.

5.5 **ACTION:** That an AGM be held in December 2023 and/or in the near future.

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

**6. LGPS PROJECTS AND GOVERNANCE UPDATE Projects
(Agenda Item 5 on the Agenda Pack)**

6.1 The Board received an update on the various projects and governance activities being undertaken by the Pension and Payroll Team to improve the administration of the COWPF LGPS.

6.2 The Board were pleased that the Guaranteed Minimum Person (GMP) Project with Mercer was on target and scheduled to be completed on 8 October and that the Comms phase was about to start to tailor the type and timing of the communication to each category of member and their situation. The Board were also pleased that the Council had submitted the majority of its McCloud employer data.

6.3 The Board were updated on the Pension Website Review and how several main themes had appeared across all the participants' interviews which had allowed the team to create a coherent plan to design the website with user requirements in mind. The Board noted that there had been a significant review of the timeline for project delivery in order to redistribute the work more evenly between the various user teams and the website development team.

6.4 The Board discussed how the opt out form was one of the most downloaded forms because everyone was automatically enrolled into the pension scheme and how many young people then left the scheme to spend their funds elsewhere. The Board considered the benefits of when the Pension Scheme was a statutory scheme and how young people could be made aware of the advantages of investing in the Fund. The Board suggested lobbying the government to have a phrased/low contribution rate for young people to encourage them to remain in the Pension Scheme.

6.5 The Board noted that the Pensions Dashboard had been extended to 31 October 2024.

6.6 **ACTION:** That the Pension Fund be discussed during a LOOP LIVE.

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

7. FUND FINANCIAL MANAGEMENT (Agenda Item 6 on the Agenda Pack)

- 7.1 The Board discussed the report which outlined the top five risks for the governance and pension administration fund which were set out in the report.
- 7.2 The Board had detailed discussions over the identified risks, that the significant price inflation was more than anticipated in the actuarial assumptions, the continuation of the global economic stability following Russia invading Ukraine and the implications of the proposed new regulations for Local Government Pension Scheme (LGPS) administration authorities in England and Wales to assess, manage and report on climate-related risks.
- 7.3 The Board discussed the successful transfer of the 5% equities into renewable infrastructure during July 2023, that being cash-flow negative was not a concern and how moving quickly within the marketplace was paramount to the investment and growth of the Pension Fund. The Board noted the valuable expert advice that had been received from Deloitte.
- 7.4 **RESOLVED:**
- 1) That the top five risks for the Pension Fund be noted.
 - 2) That the cashflow position for the pension fund bank account and cash held at custody, the rolling twelve-month forecast and the three-year forecast be noted.

8. PERFORMANCE OF THE COUNCIL'S PENSION FUND (Agenda Item 7 on the Agenda Pack)

- 8.1 The Board received a report setting out the performance of the Pension Fund's investments to 31 July 2023, together with an update on the London CIV. The Board discussed and noted that the Fund returned 3.34% net of fees to 31 July 2023, performing broadly in line with the benchmark.
- 8.2 The Board discussed the effects of the global economic stability on interest rates and inflation and hence the investments made on behalf of the Pension Fund. The Board discussed how renewables were important in the USA and how it was a good time to purchase high quality commercial properties (as there was high demand/low supply) in good locations in the UK for the rental market. The Board noted that this would have a huge impact on the investment and cash flow of Pension Funds.
- 8.3 **RESOLVED:** That the performance of the investments and the updated funding levels at July 2023 be noted.

**9. LGPS Consultation
(Agenda Item 8 on the Agenda Pack)**

- 9.1 The Board considered the Council's draft response to the Department for Levelling Up, Housing and Communities (DLUHC) who were seeking views on proposals relating to the investments of the Local Government Pension Scheme (LGPS). The Board noted that the consultation sought views in the following five key areas: Accelerate and expand pooling, Levelling up, Increase investments into high growth companies, amendments to the LGPS's regulations and technical changes.
- 9.2 The Board commented on how impressive the document was and appreciated the amount of work that had gone in to producing it. The Board considered it was a robust document and discussed how the Council did not currently invest in private equity and how people should be properly trained before being allowed to sit on Pension Boards/the Pension Fund Committee. The Board noted that the document would be submitted (including any further amendments) to DLUHC on the 2 October 2023.
- 9.3 **RESOVLED:** That the response to the DLUHC be noted.

10. ANY OTHER BUSINESS

10.1 ACTIONS:

1. That Pension Board Members be invited to all future Pension Fund Committees and be sent the Agenda Pack.
2. That recruitment for new Members to sit on the Board be arranged in the near future.
3. That consideration be given on how the Board can more effectively oversee and scrutinise the recommendations/decisions of the Pension Fund Committee.

11. TERMINATION OF MEETING

- 11.1 The meeting ended at 8.43pm.

Chair _____ **Date** _____