



CITY OF WESTMINSTER

MINUTES

Pension Board

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Board** held on **Thursday 30 November 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 Barbara Arzymanow (Employer Representative) and Marie Holmes (Employer Representative).

Officers Present: Patrick Rowe (Strategic 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).

Apologies: Councillor Matt Noble (Vice-Chair and Employer Representative) and Mr Terry Neville OBE (Scheme Member Representative).

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 21 September 2023 be approved as an accurate record of proceedings.

4. UPDATE ON PENSION ADMINISTRATION STRATEGY (Agenda Item 4 on the Agenda Pack)

4.1 The Board received a report summarising the proposal to update the City of Westminster Pension Fund (COWPF) Pension Administration Strategy (PAS) with effect from April 2024. The Board noted that the PAS set out the roles and responsibilities of both the Administering Authority and the Fund

employers and had helped eliminate the backlog of over 611 cases down to six cases that came from the prior administration partner to Hampshire Pension Services (HPS).

4.2 The Board discussed the work that had been carried (and continues to be carried out) out to reduce the number of future queries particularly in relation to missing new starters and leavers. The Board noted that with the Pension Fund's data much improved it was a sensible time to revise the PAS to increase the scope of potential PAS changes as an added incentive for employers to continue to build on their progress made in the past year.

4.3 The Board heard about the proposals to increase the PAS charge for all late submission data and discussed the advantages and disadvantages of the increase in the PAS charge for submission of starters and leavers data per case from £50 to £100. The Board noted that the increase would hopefully encourage employers to submit their data in a timely manner for the sake of members, to prevent another backlog and to ensure data was not lost.

4.4 The Board congratulated officers on the elimination of the backlog of cases and the overall quality of data that was now held by the Pension Fund.

4.5 **ACTION:** That an AGM be held in March 2024 and/or in the near future.

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

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

5.1 The Board received an update on the Guaranteed Minimum Pension (GMP) Project with respect to the rectification calculation result, the financial impacts of rectification on the Fund and Pension recipients and to explain the options for consideration by the Pension Fund Committee. The Board heard how work was conducted to understand how members and the Fund were both individually affected by the changes and noted that this was a statutory project affecting all LGPS schemes in England and Wales.

5.2 The Board heard how all GMP errors were an administrative error dating back many years and not a member error and that the member would have had no knowledge that they were being overpaid their pension. The Board noted how collection of the historic overpayments was not going to be pursued because of this and how members receiving less of a pension were impacted the most. The Board further noted how this highlighted the importance of improving the quality of data held by the Fund so that the Fund did not knowingly pay incorrect pensions.

5.3 The Board discussed the options for consideration by the Pension Fund Committee:

- a) To not make any changes and knowingly pay incorrect pensions.
- b) Correct the member records but put in place a balancing shortfall payment.

- c) Correct the member records but keep the current pension amount in payment. Calculate Pensions Increases (PI) each year as normal but retain the PI amount until the shortfall is made up.
- d) Correct the member records and do not mitigate any impact on the pensioner because that was the Pension Fund Committee's duty to the Fund.

The Board considered how the decision taken may be received by the Pensions Ombudsman and the reaction by the Media should there be widespread coverage of the project and negative impacts to people in receipt of their pensions.

- 5.4 The Board discussed how the Fund was currently overpaying approximately circa £100,000 per year which would only increase if the members' records were not corrected and updated. The Board noted that there were also still four hundred cases that needed manual rectification due to missing data.
- 5.5 The Board considered that the Pension Fund should not be reducing these member's pensions especially because the overpayments were due to an administrative error and they had no way of knowing that they were being paid incorrectly. The Board concluded therefore the situation these members found themselves in was in no way their fault.
- 5.6 **ACTIONS:**
 - 1. To provide an analysis of the members affected by the GMP Project.
 - 2. To provide details of how other Funds were rectifying their overpayments.
- 5.7 **RESOLVED:** That the Pension Board's comments contained at paragraph 5.5 be sent to the Pension Fund Committee for them to take into consideration when they make their final decision.

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

- 6.1 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.
- 6.2 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, the situation with Israel and Gaza 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.
- 6.3 **ACTION:** That the performance of other LGPS funds for the year to 31 March 2023 be sent to members of the Board.

6.4 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.

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

- 7.1 The Board received a report setting out the performance of the Pension Fund's investments to 30 September 2023, together with an update on the London CIV. The Board discussed and noted that the Fund returned -1.5 % net of fees to 30 September, underperforming the benchmark by 1.9%
- 7.2 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 noted the decision to diversify into renewable infrastructure had been beneficial for the Pension Fund.
- 7.3 **RESOLVED:** That the performance of the investments and the updated funding levels to 30 September 2023 be noted.

8. ANY OTHER BUSINESS

8.1 ACTIONS:

1. That the next Pension Board Members will be held on Wednesday 28 February 2024.
2. That the Chair contact a software company to provide the Board with a detailed report of the sustainable truth of all their Fund's investments.

9. TERMINATION OF MEETING

- 9.1 The meeting ended at 8.02pm.

Chair _____ **Date** _____