



CITY OF WESTMINSTER

MINUTES

Pension Fund Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Fund Committee** held on **Thursday 8th March, 2018**, Room 3.4, 3rd Floor, 5 Strand, London WC2 5HR.

Members Present: Councillors Suhail Rahuja (Chairman), Peter Cuthbertson, Patricia McAllister and Ian Rowley.

Officers Present: Phil Triggs (Tri-Borough Director of Treasury and Pensions), Matthew Hopson (Senior Finance Manager – Treasury), Yvonne Thompson-Hoyte (Senior Finance Manager – Pensions), Lee Witham (Director of 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 Councillor Suhail Rahuja declared that he was employed by fund managers who have amongst their clients Hermes. However, he was not involved in any element of the work which relates to the Westminster Pension Fund and accordingly he did not regard this as a prejudicial interest.

3 MINUTES

3.1 RESOLVED:

That the Minutes of the meeting held on 23 January 2018 be signed by the Chairman as a correct record of proceedings.

4 PENSION ADMINISTRATION UPDATE

4.1 Lee Witham (Director of People Services) presented the report that included performance data for January 2018. He referred to the survey of retirees between October and December 2017 in the report that showed a 91.3%

positive response rate from 23 respondents. Lee Witham stated that although most respondents found the letters and forms easy to follow, there were some who had thought less so and they would be contacted to see if these could be made clearer. In respect of the key performance indicators for January, the figures were encouraging and Lee Witham felt that this reflected a solid and consistent service that was being provided.

- 4.2 During Members' discussions, the Chairman sought further details as to what would be discussed at the meeting with Surrey County Council. He also asked whether a date for the Pensions Annual General Meeting had now been confirmed.
- 4.3 In reply to Members' questions, Sarah Hay (Pensions and Payroll Officer) advised that the originally proposed meeting with Surrey County Council had been postponed due to adverse weather conditions. The re-arranged meeting would include discussions regarding what information was required from BT prior to the handover of payroll details being managed by Hampshire County Council and the Pensions Annual General Meeting. Sarah Hay advised that there were no particular service issues of concern. Members noted that the Pensions Annual General Meeting would take place on 12 April and it would be publicised to both pensioners and existing staff and there would be internal communication to both the Committee and Pension Board members.
- 4.4 The Chairman welcomed Members to attend the Pensions Annual General Meeting and added that the previous meeting had been a useful exercise.

5 QUARTERLY PERFORMANCE REPORT

- 5.1 Kevin Humpherson (Deloitte) presented this item and advised that performance was 0.5% below the benchmark this quarter, which was attributable to the over performance of Hermes and Aberdeen Standard being offset by the underperformance of Majedie and Longview. However, more recent data had shown an improvement in performance for Majedie.
- 5.2 Kevin Humpherson advised Members that the Chief Investment Officer of Longview was stepping down at the end of the year and this position would be filled by Alistair Graham who was currently Head of Research. Kevin Humpherson informed Members that Deloitte had held a meeting with Longview about the change to the Chief Investment Officer post, and although Longview had stated that there would be no impact, Deloitte wanted further discussions to seek reassurances and a further update on the matter would be provided to the Committee.
- 5.3 During Members' discussions, concerns were expressed about the present Chief Investment Officer leaving Longview. The Chairman requested that he discuss this issue with Phil Triggs ((Tri-Borough Director of Treasury and Pensions) and Deloitte and also that a meeting be arranged with Longview to consider the matter further.
- 5.4 The Chairman sought an update in respect of the London Collective Investment Vehicle (CIV) governance review consultation. In reply, Kevin

Humpherson advised that there was no news to report in terms of the vacant Chief Investment Officer position. Phil Triggs advised that the review consultation had been extended to 5 March, with 25 of 33 London boroughs responding to date, of which with two thirds had indicated that they were against the proposals. The Chairman added that he would be meeting representatives of the London CIV with Phil Triggs on 13 March.

5.5 Kevin Humpherson advised Members that Standard Life Aberdeen had lost its Lloyds Mandate and the insurance business had been sold to Phoenix. Deloitte was planning to meet Standard Life Aberdeen to discuss the implications of this.

5.6 **RESOLVED:**

That the performance of the investments and funding position be noted.

6 **FUND FINANCIAL MANAGEMENT**

6.1 Yvonne Thompson-Hoyte (Senior Finance Manager – Pensions) presented the report and advised that the London CIV governance and resourcing arrangements risk had been upgraded from low to medium on the Risk Register. She drew Members' attention to the cashflow position as set out in the report and advised that this remained on track with the 3 year forecast.

6.2 **RESOLVED:**

1. That the Risk Register for the Pension Fund be noted.
2. That the cash flow position and 3 year forecast be noted.
3. That the Forward Plan for the Committee be noted.

7 **PENSION FUND COSTS**

7.1 Phil Triggs presented the report and referred to the confidential detailed costs for the Pension Fund. He advised that the emphasis on funds to provide transparency on costs when the Chartered Institute of Public Finance and Accountancy's Code of Practice comes into effect would have consequences in respect of pooling.

7.2 The Chairman requested further details of costs, including software costs, prior to the agreement with Surrey County Council to administer the pension scheme.

7.3 **RESOLVED:**

That the Pension Fund costs be noted.

8 FIXED INCOME MANAGER SELECTION

8.1 Phil Triggs introduced the report and advised that the transition process to Insight Investment Management for the fixed income mandate was now underway. Matthew Hopson (Senior Finance Manager – Treasury) added that there had been a delay to proceedings due to a potential conflict of interest being raised, however this had now been resolved.

8.2 In reply to Members' queries about the timing of the transition to Insight, Phil Triggs advised that the transition could be complete before the end of the financial year and Insight would produce a report to be made available at the next meeting.

8.3 RESOLVED:

That the progress on the transition to Insight Investment Management to run the Fund's fixed income mandate be noted.

9 ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT

9.1 On behalf of Members, Councillor Ian Rowley, in noting that it was the Chairman's last Pension Fund Committee meeting, thanked him for his chairing of the Committee and his contribution to its work.

The Meeting ended at 7.50 pm.

CHAIRMAN: _____

DATE _____