



CITY OF WESTMINSTER

MINUTES

Pension Board

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Board** held on **Wednesday 5th September, 2018**, Room 3.9, 3rd Floor, 5 Strand, London, WC2 5HR.

Members Present: Councillor Angela Harvey (Chairman and Employer Representative), Terry Neville (Vice-Chairman and Scheme Member Representative), Councillor Guthrie McKie (Employer Side Representative), Marie Holmes (Employer Side Representative), Christopher Smith (Scheme Member Representative) and Chris Walker (Scheme Member Representative). Martin Colwell (Deputy Scheme Member Representative) was also in attendance.

Officers Present: Phil Triggs (Tri-Borough Director of Treasury and Pensions), Miriam Adams (Strategic Finance Manager - Treasury and Pensions), Joanne Meagher (Head of Operational People Services), Sarah Hay (Pensions and Payroll Officer) and Toby Howes (Senior Committee and Governance Officer).

1 ELECTION OF CHAIRMAN AND VICE-CHAIRMAN/MEMBERSHIP

1.1 There were no changes to the membership.

1.2 RESOLVED:

That Councillor Angela Harvey and Terry Neville be appointed as Chairman and Vice-Chairman respectively for the 2018-2019 municipal year.

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 MINUTES

3.1 RESOLVED:

That the Minutes of the meeting held on 29 January 2018 be signed by the Chairman as a correct record of proceedings.

4 PENSION ADMINISTRATION UPDATE

- 4.1 Miriam Adams (Strategic Finance Manager - Treasury and Pensions) provided an overview of training for Board Members since the membership changes that had taken place after the last meeting. The first event had been a Data Challenge session that had taken place on 15 June. Members had also attended the Local Government Pension Scheme (LGPS) Annual Conference on 27 June. There had subsequently been a session led by Investec on 9 July where Investec's Head of Environmental, Social and Governance (ESG) Investment had given a presentation.
- 4.2 Miriam Adams advised that the next training event would take place on 17 September and would focus on what the Board's roles, powers and expectations should be. There would also be a presentation from a representative of The Pensions Regulator. Most Members had confirmed their attendance for this event and Miriam Adams stated that notes of the event could be provided. Additional training sessions were due to be scheduled and information and invitations to future conferences would also be sent to Members. Miriam Adams welcomed any views on how much detail Members would like in respect of investment training.
- 4.3 The Chairman requested that a training survey to identify Members' training needs to be sent to her and the Vice Chairman after the 17 September event for review, before subsequently being circulated to all Members. In reply to a Member's query, the Chairman advised that Board Members were invited to Pension Fund Committee meetings and there had been suggestions of holding a joint meeting of the Committee and the Board. Members concurred that it was important for the Board and the Pension Fund Committee to work together going forward. The Chairman added that she would be meeting with the Pension Fund Committee Chairman to discuss ways of future working between the two bodies.
- 4.4 Joanne Meagher (Head of Operational People Services) then presented the Pension Administration Update report that monitored the Pension Administration performance undertaken on behalf of the Council by Surrey County Council (SCC) and BT. Joanne Meagher advised that there had been some performance issues in the past, however over time things had much improved and most key performance indicators (KPIs) were now on target. She was pleased with the progress that had been made which had required a lot of work from officers, SCC and BT. The Board was advised that Hampshire County Council (HCC) was due to take over from BT as the payroll provider on 1 December 2018.
- 4.5 During discussions, the Chairman acknowledged the initial problems encountered and the subsequent big improvements that had been made, following the efforts of officers. She enquired what steps were being taken to ensure there were no problems when payroll services were transferred from BT and SCC and how had this change had been communicated to pension scheme members. She also asked if admitted bodies would be affected by the change. The Chairman requested that information be provided on outlining the

future Pensions Communications Strategy at a subsequent Board meeting. She also asked whether new Board Members had been sent induction packs.

- 4.6 A Member commented that he was impressed with the improvements that had been achieved with pension administration performance. In respect of staff who were approaching retirement, he emphasised the importance of ensuring that they were fully informed of what they needed to do at least two months before their retirement.
- 4.7 Members asked if there was any risk of scheme members not receiving their pension payments over Christmas because of the change of payroll provider. It was suggested that those who were about to retire may be at greatest risk in respect of this. A Member welcomed the circulation of the Pensions News newsletter which she had found helpful. It was asked whether the number of City Council staff who were part of the pension scheme could be provided. Members asked if it was possible for People Services to be given additional resources in view of the heavy workload involved. It was asked whether surveys captured relevant data in respect of complaints and was data quality an issue.
- 4.8 In reply to issues raised by Board, Joanne Meagher advised that the Project Team was working closely with HCC to ensure that the payroll provider transition from BT would run smoothly. She informed Members that HCC worked with a number of other local authorities and so had extensive experience of running payroll services. She had also been impressed when she had met with their staff. Joanne Meagher advised that the testing undertaken to date had gone positively. Every effort was being made to ensure that the HCC payroll system went live on 1 December, and any delay would be very undesirable as it would mean diverting resources to continue with BT in the meantime. Joanne Meagher advised that active consideration was being given to different ways of engaging with pension scheme members and that a report on this could be presented at a future meeting. She added that People Services were looking at getting additional resources for pension administration.
- 4.9 Sarah Hay (Pensions and Payroll Officer) advised that an induction pack containing additional details would be sent before the next training event on 17 September. She also stated that the number of City Council staff who were pension scheme members could be provided by then, although it may take longer to compile member numbers from admitted bodies to the scheme. In respect of HCC taking over payroll responsibilities, Sarah Hay advised that pension scheme members would shortly be advised of when this goes live. Admitted body members would be unaffected as they did not use the current BT payroll system, whilst SCC administered the pension payments. The Pensions Regulator required the administering bodies to report on data quality and the City Council's actuary, Barnett Waddingham, were working with officers in putting together a data improvement plan.
- 4.10 The Chairman welcomed the Board receiving information on a Communication Strategy and ways in which to engage scheme members and it would also be beneficial to receive feedback from admitted bodies. She

requested that all communication on pensions should be sent to scheduled bodies and admitted bodies at the same time. The Chairman also requested that training materials from all sessions undertaken to date be circulated to the Board, which Phil Triggs (Tri-Borough Director of Treasury and Pensions) agreed to circulate.

5 LONDON COLLECTIVE INVESTMENT VEHICLE GOVERNANCE REVIEW

- 5.1 Phil Triggs (Tri-Borough Director of Treasury and Pensions) presented the report and advised Members that the London Collective Investment Vehicle (LCIV) was the first to be nationally established in 2014. To date, there had been some success and good fund managers were being appointed, whilst fund manager fee savings had also been achieved. However, the LCIV had a membership of 32 London boroughs, and this hampered activity because of the number of different views and approaches contained within the LCIV. Other pooling groups by comparison were much more tightly run and as a result were making better progress. In order to address this, the LCIV had undertaken a governance review to streamline the governance process and there had been considerable improvements since December 2017.
- 5.2 During discussions, Members commented that some London boroughs had expressed some dissatisfaction with the LCIV and there were concerns about administration costs and whether value for money was being achieved. It was commented that there needed to be tighter control over costs. Another Member commented that the emphasis should be on achieving the best performing pension fund and although driving costs down would also be desirable, this should not be the main priority. It was asked if scheme members received any information about the LCIV. Members sought comparisons about the LCIV's investment performance from previous years and how did this tie in with the City Council's Investment Strategy.
- 5.3 The Chairman acknowledged that the LCIV's governance had improved and there was cross party representation. She enquired upon the frequency of LCIV Board and Shareholder Committee meetings.
- 5.4 In reply to the issues raised, Phil Triggs advised that the LCIV had initially been comparatively slow in getting up and running, however this was now improving. The investment performance of the LCIV would need to be looked over at least a three year period in order to obtain a useful picture. Initially, the LCIV has been effective in reducing fund manager fees. Members noted that the London boroughs owned the LCIV and therefore covered costs and they needed to continue to keep a close eye on this.
- 5.5 Phil Triggs agreed to obtain information on the frequency of LCIV Board and Shareholder Committee meetings. It was noted that the LCIV was yet to appoint to the vacant Chief Investment Officer post, although there was a recruitment process underway. Phil Triggs stated that the City Council and other London boroughs were impressing upon the CIV of the need to appoint the best fund managers to help boost investment performance. He advised that the Pension Fund Annual Report provided information on the LCIV to scheme members, whilst the Investment Strategy Statement set out how the

City Council's Investment Strategy tied in with that of the LCIV's. Phil Triggs agreed to circulate the City Council's Pension Fund Annual Report and the Investment Strategy Statement to Members.

5.6 RESOLVED:

That the update on the London Collective Investment Vehicle be noted.

6 PENSION BOARD FORWARD PLAN

6.1 Members had before them the Pension Board Forward Plan and were invited to make any further suggestions. It was agreed that a report incorporating information on the Communications Strategy, promotion of scheme membership and engagement be considered at the January 2019 meeting. Reports on the Data Improvement Plan and the Investment Strategy/CIV were due to go to the November 2018 meeting. The Chairman welcomed any further suggestions to be sent to her and officers by 10 September.

6.2 The Chairman stated she would liaise with Toby Howes (Senior Committee Governance Officer) about future Pension Board dates, who would then circulate a list of possible dates for the November 2018 and January 2019 meetings for Members to agree on.

7 ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT

7.1 Marie Holmes (Employer Representative) advised that although she would be happy to remain on the Board, she would be ready to stand down if someone else wanted to be appointed to the Board on the Employer Representative side.

The Meeting ended at 8.05 pm.

CHAIRMAN: _____

DATE _____