



City of Westminster

Title:

Pension Board

Meeting Date:

Thursday 18th November, 2021

Time:

6.30 pm

Venue:

Rooms 18.01 & 18.03, 18th Floor, 64 Victoria Street, London, SW1E 6QP

Members:

Councillors:

Tim Mitchell
Guthrie McKie (Vice-Chairman)

Employer Representative:
Marie Holmes

Scheme Member Representatives:
Terry Neville (Chairman)
Christopher Smith
Chris Walker

Members of the public are welcome to attend the meeting and listen to the discussion Part 1 of the Agenda

Admission to the public gallery is by ticket, issued from the ground floor reception at City Hall from 6.00pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.



An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Sarah Craddock, Committee and Councillor Co-ordinator.

**Email: scraddock@westminster.gov.uk Tel: 0779098018
Corporate Website: www.westminster.gov.uk**

Note for Members: Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Head of Legal & Democratic Services in advance of the meeting please.

AGENDA

PART 1 (IN PUBLIC)

1. MEMBERSHIP

To note any changes to the membership.

2. DECLARATIONS OF INTEREST

To receive declarations of interest by Members and Officers of any pecuniary interest or any other significant interest in matters on this agenda.

3. MINUTES

(Pages 5 - 10)

- a) To approve the Minutes of the Pension Board meeting held on 21 July 2021.
- b) To approve dates for future Pension Board meetings.

4. PENSION ADMINISTRATION UPDATE

(Pages 11 - 18)

Report of the Director of People Services.

5. PENSION FUND CMP REPORT

(Pages 19 - 22)

Report of the Director of People Services.

6. PENSION ADMINISTRATIVE STRATEGY - PAS

(Pages 23 - 26)

Report of the Director of People Services.

7. PENSION ADMINISTRATION SERVICE TRANSFER PROJECT

(Pages 27 - 32)

Report of the Director of People Services.

8. FUND FINANCIAL MANAGEMENT

(Pages 33 - 38)

Report of the Tri-Borough Director of Treasury and Pensions.

9. PERFORMANCE OF THE COUNCIL'S PENSION FUND

(Pages 39 - 42)

Report of the Tri-Borough Director of Treasury and Pensions.

10. VALUE FOR MONEY ANALYSIS

(Pages 43 - 52)

Report of the Tri-Borough Director of Treasury and Pensions.

11. ANY OTHER BUSINESS

**Stuart Love
Chief Executive
10 November 2021**

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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 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** _____



Date:	18th November 2021
Classification:	General Release
Title:	Pension Administration Update
Report of:	Sarah Hay, Pensions Officer People Services
Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	Limited

1. Executive Summary

1.1. This report gives an update on general pension administration issues the fund has had with Surrey since the last update in July 2021. In section 2, the report sets out a summary of our KPI data for the period June 2021 to September 2021. Section 3, covers data work and specifically our continued efforts with address tracing. There is a general admin update in section 4, detailing work issues we are concentrating on with Surrey. In section 5 there is an update on the McCloud project and our initial work to collect data for compliance.

2. KPI Performance

- 2.1 The scope of the KPIs in this report have been agreed between WCC and SCC based on the section 101 agreement, however they will continue to be reviewed on feedback from all parties, including board members.
- 2.2 This report provides a look at the KPI performance between June 2021 and September 2021. October 2021 data is not available at the time of writing this report.
- 2.3 KPI performance in appendix 1 is summarised below:

- 2.4 Overall the KPI data in the period is poor. The transfer from East Sussex back to Surrey in April and then the set up of the new hub 5 team to manage the work of exiting boroughs by Surrey in July did not help as new teams had to get to know WCC work. August was particularly poor with annual leave impacting performance where the new hub 5 team had a number of staff taking annual leave together. Additionally, Hillingdon exited Surrey at the end of September so Surrey concentrated their available resource on completing some outstanding work for Hillingdon until they closed down.
- 2.5 At the time of writing this report on Monday the 8th of November. I am pleased to say that we have completed our move to our new pension administration service HPS. At this time no one has escalated any complaint directly to Westminster regarding any of the delays identified in these KPI results. Generally, the delays appear to be a few days outside of the target KPI but there are some cases where delay has been longer. I will review complaints going forward to see if any do relate to the poor KPI data.
- 2.6 The KPI with HPS will be different to those reported by Surrey, for example most urgent cases have a 15 working days maximum turn around going forward rather than 5 working days. I will show the new KPI from November 2021 separately at the next board meeting. I am expecting HPS to meet their KPI targets 100% of the time.

3. Data Work

- 3.1 I have previously updated the committee on the address tracing project we have been running with Target. Below I have set out the different batches of people we sent for tracing and the percentage of successful traces we have had in each batch to date.

FROZEN REFUND TRACE

Percentage addressed located = 75%

55 AND OVER TRACE

Percentage addressed located = 70%

54 to 50 TRACE

Percentage addressed located = 80%

49 to 45 TRACE

Percentage addresses located = 93%

44 to 35 TRACE

Percentage addresses located = 63%

34 – 0 TRACE

Percentage = 24%

3.2 The last batches listed have been running for the least time. We have not proceeded with full trace options either as yet for the last batch pending transfer to HPS and to ensure we did not exceed the agreed PO amount agreed last year. At the date of writing this report there is still £6012.40 net in the PO with Target but traces are still coming in. There is plenty of scope to continue to work with Target particularly on the later batches however before extending work further we will ask the Hampshire Pension Service (HPS) to do some basic data checks

4. Surrey General Admin update

- 4.1 I am pleased to confirm that following the exit of Hillingdon ahead of us to HPS, Surrey did then concentrate available resource on resolving as many City of Westminster Pension Fund (COWPF) outstanding queries as possible. This included 60 admin to pay queries where admin and payroll differed. 2 admin to pay queries have gone to HPS to resolve, one is an overpayment of £33 a month where Surrey have written to the member to notify them in October with HPS actioning the reduction in November so that the member could prepare for the change. The remaining case is a complicated anti franking case where we think the member is being underpaid but the case needs to be investigated further.
- 4.2 The above 2 cases are included on a work tracker list that has gone from Surrey to HPS with all ongoing active cases including any pending retirements, transfers or estimate cases. There are a couple of retirements pending in the first week of the new administration contract but nothing that I would consider urgent at the point of transfer.
- 4.3 There remains a number of data issues that need to be reviewed by HPS and at some point, possibly a decision made on. These include reviewing any outstanding pension increase queries, although a number were resolved by Surrey prior to the transfer HPS need to assure the fund that that cases are resolved to their satisfaction.
- 4.4 Additionally I advise you that Surrey have updated me that there are potential overpayments on a number of children's pensions. These pensions are paid where a member of the scheme dies with an eligible child at the date of death. Childs pensions are paid until the age of 18 or until age 23 if the child remains in full time education. Surrey failed in a number of cases to cease pensions when children reached 18 years of age or where they then ceased full time education. The position as at the time of writing this report is that there is possible overpayment of approximately £50,282, over nine different members. Surrey were requesting repayment prior to the transfer to HPS. We will review the position with HPS once we have settled into the new service and Business As Usual (BAU).
- 4.5 There is also one additional overpayment now identified where a one off trivial commutation sum appears to have been set up as a recurring payment on the pension payroll. HPS have been advised to cease the payment from November. Further investigation is required but at the time of writing this

report to confirm the sum of the overpayment. Initial contact has been made with the member involved.

- 4.6 Also as part of the data work we did as part of the transfer from Surrey to HPS we have become aware that there are at least 300 members who are recorded as active on the Altair system who are probably fund leavers as they have an exit date on their record. This is not an insignificant number considering the fund has about 4000 active members approximately. This is also disappointing given the fund spent funds to clear a large status two backlog working with ITM just last year. After we have settled into BAU we will review with HPS how to deal with these identified cases and plan on clearing them up.
- 4.7 The fund has been doing a lot of engagement comms work ahead of the move to HPS. This includes engagement with both members and employers with the aim of helping to ensure better data quality going forward. There have been a number of employer workshops ran with HPS employer team and our fund employers. We aim to build strong relationships between our employers and our administrators and the core pension fund team going forward to ensure a better experience for everyone.

5. McCloud

- 5.1 Briefly we have commenced some work on the McCloud project and sent data capture spreadsheets to employers requesting that they return data to us by the end of January 2022.

6. Summary

- 6.1 The KPI data is disappointing and confirms the decision that the fund took to exit the current arrangement with Surrey was in the interest of our fund. Our focus now is ensuring that our working relationship with HPS is positive going forward and that we work together to address any legacy issues.
- 6.2 Address tracing remains positive with member details being updated. We will review with HPS once we have settled into BAU.
- 6.3 Data issues continued to surface as we moved towards our exit with Surrey. HPS know about the possible issues with unprocessed leavers and are confident that they will be able to deal with those cases. Surrey have identified overpayments in Childs pensions and an additional overpayment as well. T
- 6.4 McCloud work has commenced but the focus in the last quarter has been primarily on supporting the exit work with Surrey and towards creating a new positive relationship with HPS.

Westminster County Council - June 2021 to September 2021 Results on KPI Reporting

Description	Target time/date as per Partnership Agreement	Target	Actual Score June 2021	Comments	Quantity July 2021	Actual Score July 2021	Comments	Quantity August 2021	Actual Score August 2021	Quantity September 2021	Actual Score September 2021	Comments	Comments	Trend	People services Comments	
Pension Administration																
Death Benefits Notify potential beneficiary of lump sum death grant	5 days	100%	91%	1 case missed the SLA target	3	100%		12	83%	21	57%	9 cases missed the SLA target				
Write to dependant and provide relevant claim form	5 days	100%														
Set up any dependants benefits and confirm payments due	14 days	100%	75%	1 death grant case missed the SLA target this was due to delay in response to death correspondence to chasers sent by Lewes team, required additional authorisation given then time lapse from death of member. 1 survivor pension set up missed the SLA target by 8 days.	1	0%	Only 1 death grant, which missed the SLA target.	0	100%	11	82%	2 survivor pensions missed the SLA target.				Poor performance across the reporting months of May, June and July which followed previous poor performance.
Retirements Retirement options issued to members	5 days	100%	83%	1 case missed the SLA target by 3 days	8	50%	4 missed the SLA target	11	9%	15	47%	7 cases missed the SLA target				Again poor performance across the months of May, June, July and August. August is particularly disappointing with 10 out of 11 cases processed outside of the KPI target of 5 days.

New retirement benefits processed for payment following receipt of all necessary documents	5 days	100%	100%		5	80%	1 missed the SLA target	2	0%	7	28%	5 missed the SLA target				July and August are again poor.
Pension Payment, member to paid on the next available pension payroll following receipt of all necessary documentation	Next available pay run		100%		5	100%		2	100%	7	100%					As above KPI are poor, it's pleasing to note that members were at least added to the next available pension payroll in line with KPI requirements. This maybe why despite slow response documented above no complaints have been received to the strategic pension lead.
Refunds of Contributions Refund paid following receipt of claim form	14 days	100%	100%		28	96%	I missed the SAL target	27	96%	34	79%	7 cases missed the SLA target				Though I am pleased to note the relatively positive KPI for refunds in June, July and August. September was again disappointing.
Deferred Benefits Statements sent to member following receipt of leaver notification	30 days	100%	100%		28	100%		9	78%	20	95%	1 missed the SLA target				Dissapointing in August.
Notification to members 2 months before payments due	2 months		100%		27	100%		31	93%	38	100%					Again August was disappointing though in this case only 2 out of 31 cases were processed outside of KPI. Increase in September

Any changes to data which materially affect actual or potential benefits to be processed within 30 days of receiving all necessary data	30 days		90%	2 cases missed SLA target.	9	100%		11	72%	17	88%	2 missed the SLA target		
<hr/>														
Members notified of terms of purchasing additional pension	15 days		N/A	The case missed the SLA target - it was a historic case dating back to 2016 and clarificaiton required that member had purchased additional pension in the correct financial year.	0	N/A		0	N/A	0	N/A			
<hr/>														
Monthly Pensioner Payroll	Last day of month		100%			100%			100%		100%			
Issue of monthly payslips	3 days before pay day		100%			100%			100%		100%			
RTI file submitted to HMRC	3 days before pay day		100%			100%			100%		100%			
BACS File submitted for payment	3 days before pay day		100%			100%			100%		100%			
P35	EOY		31-Mar-21			31-Mar-21			31-Mar-21		31-Mar-21			
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Annual Exercises														
Annual Benefit Statements														
Issued to Active members	31 August each year		Annual			Annual	2,572 active statements produced by 31st July 2021.		Annual		Annual			
Annual Benefit Statements														
Issued to Deferred members	31 August each year		Annual			Annual			Annual		Annual			
P60s issued to Pensioners														
Non LGPS transfers-in quotations processed within 20 days	31 May each year			Issued April 2021			Issued April 2021					Issued April 2021		
Apply Pensions Increase to Pensioners														
	April each year			Pension Increase applied for 21/22			Pension Increase applied for 21/22					Pension Increase applied for 21/22		
Pensioner Newsletter														
Customer service	April each year			Pensioner newsletter sent in April 2021			Pensioner newsletter sent in April 2021					Pensioner newsletter sent in April 2021		
Correspondence														
Response	10 days		81%	9 cases missed the SLA target.	35	91%	3 cases missed the SLA target.	20	75%	17	76%	4 cases missed the SLA target		
Helpdesk Enquiries														
			92%	92% of calls in June 2021 were dealt with at first point of contact	413	92%	92% of calls in July 2021 were dealt with at first point of contact	479	91%	588	90%	90% of calls in September 2021 were dealt with at first point of contact		

Agenda Item 5

By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 6

By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Pension Fund Board

Date:	18 th November 2021
Classification:	General
Title:	Pension Administration Transfer Project
Report of:	Diana McDonnell-Pascoe, Pensions Project Manager, People Services
Policy Context:	Service Delivery
Financial Summary:	General

1. Introduction

- 1.1. This report is to update the board on the progress of the project to transfer the Pension Administration Service from Surrey County Council (SCC) to Hampshire Pension Services (HPS) of Hampshire County Council.

2. Project Delivery update – Transfer of service to Hampshire Pension Services

- 2.1. The Pension Administration Transfer Project has a RAG status of GREEN on both delivery and risk and is progressing to timetable.

2.2. Cessation of active administration at SCC

- i. The final date of full-service delivery from SCC was 20th October 2021.
- ii. On 21st October, the final data cut (Go-Live Data Cut) took place with data and document images archived by SCC extracted by Aquila Heywood and sent to HPS via secure data transfer and encrypted hard-drive respectively. This was completed in line with WCC GDPR protocols and with Data Protection Officer approval.
- iii. WCC Pension data will remain on SCC servers and in a read-only state on Altair until the end of January 2022, when WCC data will be deleted from SCC Servers in line with GDPR. Between 8th of November and 31st January SCC will be aiding HPS with casework queries, where required, as per our exit agreement with SCC.

2.3. Transition Period

- i. The formal transition period started at end of business hours on 20th October 2021 and completed on 7th November 2021.
- ii. During the transition period, SCC maintained continuity of service for members and pensioners through query management via their contact centre. The contact centre retained read-only access of Altair (the pension software at SCC) and during the transfer period answered any queries that did not require amending details. Casework was managed offline using HPS templates so that HPS could input the casework easily into UPM (the pension software at HPS) when commencing delivery of service.
- iii. The commencement of service delivery with Hampshire Pension Service on 8th November 2021 was confirmed to proceed at a go/no-go meeting on 1st November and we received a milestone certificate from HPS / Civica (the software provider) to evidence that they were happy to proceed to go-live. The decision to proceed followed a successful parallel payroll run exercise with HPS and SCC that reconciled to the penny. This gave HPS assurance in the data quality they received and meant that they were confident in commencing delivery of service. In addition, and following regular check-ins between WCC, HPS and SCC during transition, HPS were confident they had sufficient knowledge of outstanding casework and queries to take over resolution of same upon commencement of delivery of service.
- iv. From 8th of November 2021, Civica will retain the unconverted data and images extracted from SCC servers on their own servers for a period of six months after go-live. This is in line with their GDPR agreement with HPS and allows for further interrogation of the raw data in the very unlikely event that it is required post go-live.

2.4. Commencement of pension administration service with HPS

- i. From 8th November 2021, HPS commence active administration and a business-as-usual service on behalf of City of Westminster Pension Fund.
- ii. HPS will send a welcome pack by email and letter to members and pensioners welcoming them to the new administration service throughout November 2021. This pack will outline the new service and provide HPS contact details to members and pensioners as well as encouraging them to use the online Member Portal to raise queries and self-service their accounts.
- iii. From 15th November 2021, Members and Pensioners will have the facility to self-service their accounts by registering online at the new Member Portal. Those that wish to opt-out of digital engagement can do so by writing to HPS and the relevant contact details will be in the welcome pack.

- iv. From 17th November 2021, Employers can self-service via the online Employer Portal and will be strongly encouraged and supported to do so. A revised Pension Administration Strategy has been sent to employers which emphasises that City of Westminster Pension Fund will fine non-compliant employers. HPS will be monitoring employers for compliance and reporting to WCC Pension Officers on non-compliance.
- v. HPS will commence regular reporting on Key Performance Indicators (KPIs) to WCC Officers as of December 2021.

3. Project Budget Monitoring

3.1. Surrey Exit Costs

- i. There has been a slight increase in the exit costs due to underestimating of IT resourcing by SCC. The extra IT cost has been capped by SCC and we will not be charged further in relation to this cost. We have written confirmation of this from SCC.
- ii. Despite this, the exit costs (latest are as at end September 2021) are currently at 46% utilisation against revised budget total which means that we are currently underspending substantially against budget. However, we expect there to be a considerable increase in budget utilisation towards the end of the project as some specific resources were retained specifically for the final data and image cuts for go-live and some will be used during the deletion of our data from SCC Servers in Jan 2022. Nevertheless, we do not expect the exit costs to go over budget.

3.2. Hampshire Pensions Services Onboarding Costs

- i. HPS onboarding costs remain unchanged with the project on track to deliver as expected.

3.3. Other Project Costs

- i. All other costs are as expected.

4. Comms and Engagement

4.1. Transition Comms and Engagement

- i. We compiled a timetable of Comms and Engagement activities for all categories of members, employers and WCC Officers. We started our comms and engagement in the Summer prior to the school holidays and increased our engagement as we got closer to Go-Live.

- ii. September, October and November 2021 were/are our busiest months as we planned an intensive comms campaign in the leadup and transition to the new service.

FY 21-22	Engagement and Comms		
	Members	Employers	WCC Officers
Jun		Email to employers / Schools' bulletin	
Jul	Letters to schools to inform staff before holidays		
Aug	Message on Annual Benefit Statements		
Sep	Letters to deferred members, pensioners, undecided leavers, schools	Follow on email to employers / information in Surrey newsletter / setup access to Employer Hub.	Launch of staff campaign on Loop Live. Wire/Yammer/ Newsletter comms to follow
Oct	Message on final physical payslip.	Employer Workshops / Schools bulletin & mgr. meetings /	HRBP Workshop / update to Directorate SLTs. Comms campaign continues
	Updated message on Pensions Website		
Nov	Member Portal Go-Live on 15th	Employer Portal Go-Live on 17 th	Follow on Comms in with specific Pensions newsletter on 15 th , update on LL and in WW Newsletter/Wire/Yammer on 18 th plus a follow-on Teams announcement on 22 nd .
Dec	Direct email to high earners	Follow on email to employers	Direct email to high earners
Jan	Feedback Survey	Feedback Survey	Feedback Survey

4.2. Future Engagement

i. Hampshire Pension Services (HPS)

4.2.i.a. HPS' preference is to engage with our active/deferred Members, Pensioners and Employers online through the Member or Employer portals and/or email as well as signposting them to their comprehensive and informative website. However, they will engage with Members and Pensioners via letter as per the member or pensioners digital engagement preferences.

4.2.i.b. Members/Pensioners and Employers can engage with HPS in a number of ways

- Online – through the website, Member Portal, or email
- Offline – via letter and/or telephone

ii. City of Westminster Pension Fund

4.2.ii.a. The City of Westminster Pension Fund will review its digital offering i.e., our dedicated website, during Spring 2022. This is because although the current website, www.wccpensionfund.co.uk, has been upgraded as part of planned upgrades by the hosts, Hymans, and the new format is far more user friendly, we do not need to host the same amount of information for members, pensioners and employers that we used to when SCC were our administrators. HPS have a comprehensive and informative website with general information about the LGPS with links to the Member and Employer Portals for them to self-service and raise queries. However, because it is a general website for the LGPS, we will still need to host a small but significant amount information specific to WCC members and employers somewhere. Therefore, it is proposed that we retain the current website until the end of March 2022 (current extension ends in December 2021) while we explore suitable options for the future.

5. Summary

5.1. This paper was to update the board on progress of the project to date and to reassure the board that the project is on track to be delivered on time and within budget.

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Pension Board

City of Westminster

Date:	18 November 2021
Classification:	General Release
Title:	Fund Financial Management
Wards Affected:	All
Policy Context:	Effective control over council activities
Financial Summary:	There are no immediate financial implications arising from this report.
Report of:	<p>Phil Triggs <i>Tri-Borough Director of Treasury and Pensions</i></p> <p>ptriggs@westminster.gov.uk 020 7641 4136</p>

1. Executive Summary

- 1.1 The risk register is divided into two sections: governance (investment and funding) and pensions administration. The top five risks are highlighted in the report below.
- 1.2 The cashflow forecast for the next three years has been updated, with actuals to 30 September 2021 for the Pension Fund bank account and cash held at custody (Northern Trust). The bank position continues to be stable.

2. Recommendations

- 2.1 The Board is asked to note the top five risks for the Pension Fund.
- 2.2 The Board is asked to note the cashflow position for the pension fund bank account and cash held at custody, the rolling twelve-month forecast and the three-year forecast.

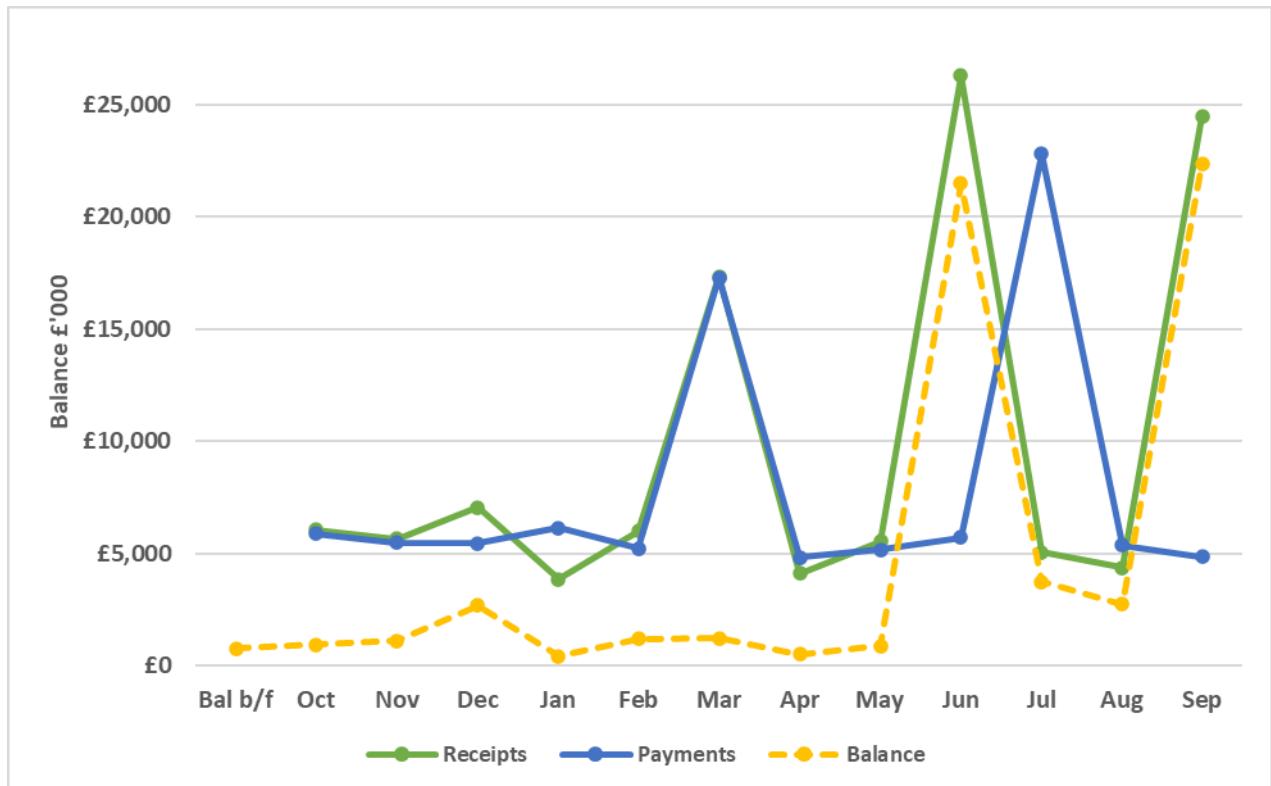
3. Risk Register Monitoring

- 3.1 The risk register is divided into two sections: investment and pensions administration. The risk groups have been updated to reflect the CIPFA guidance on risk categories. The current top five risks to the Pension Fund, as updated in September 2021, are highlighted in the table below:

CIPFA Risk Group	Risk Rank	Risk Description	Trending
Administrative and Communicative Risk	1 st /17	Failure to successfully transition the pensions administration service to Hampshire County Council by 8 November 2021, following termination of the Surrey contract. Alongside this, the administration software is to be moved from Heywood's Altair to Civica.	
Administrative and Communicative Risk	2 nd /17	Administrators do not have sufficient staff or skills to manage the service, leading to poor performance and complaints. Surrey's contract is due to end in November 2021. However, cooperation is needed during transition.	
Asset and Investment Risk	1 st /40	Investment managers fail to achieve benchmark/outperformance targets over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of £1.9m. Following COVID-19 there was some concern around fund managers outperforming their benchmarks within risk parameters.	
Regulatory and Compliance Risk	2 nd /40	Failure to hold personal data securely in breach of General Data Protection Regulation (GDPR) legislation. The Pension Fund is changing pension administration providers, a transition of data will take place during late 2021.	
Liability Risk	3 rd /40	Scheme members live longer than expected, leading to higher than expected liabilities.	

4. Cashflow Monitoring and Forecasted Cashflows

- 4.1 The balance on the pension fund Lloyds bank account at 30 September 2021 was £22.365m. The Lloyds bank account is the Fund's main account for day-to-day transactions which includes receiving member contributions and transacting out pension payments to scheme members. Payments from the bank account will continue to exceed receipts on an annual basis. During the year, withdrawals from cash at custody are expected to take place to maintain a positive cash balance.
- 4.2 The graph below shows changes in the bank balance from 1 October 2020 to 30 September 2021.



- 4.3 Payments and receipts have remained stable over the last twelve months. Officers will continue to keep the cash balance under review and take appropriate action where necessary to maintain necessary liquidity. The Fund received a deficit recovery receipt of £20m from Westminster City Council during June and September 2021, these were subsequently paid over to the Custodian for safeguarding.
- 4.4 The Pension Fund held £19.551m in cash with the global custodian, Northern Trust, as at 30 September 2021. Fund manager distributions, deficit recovery receipts, proceeds from the sale of assets and purchases of assets, take place within the Fund's custody account at Northern Trust. The income distributions are largely from the Baillie Gifford global equity and CQS multi asset credit mandates. The following table shows the cash inflows and outflows within cash at custody for the three-month period from 1 July 2021 to 30 September 2021.

Cash at Custody	Jul-21	Aug-21	Sep-21
	£000	£000	£000
	Actual	Actual	Actual
Balance b/f	59,424	77,444	27,525
Distributions	0	70	397
Deficit Recovery	18,000	0	0
Sale of assets	0	0	0
Interest	0	15	0
Cash withdraw	0	0	0
Foreign Exchange Gains/Losses	20	(4)	49
Purchase of Assets	0	(50,000)	(8,324)
Management fees	0	0	(95)
Balance c/f	77,444	27,525	19,551

- 4.5 During the quarter, the Fund paid £50m into the Northern Trust Sterling Conservation Ultra Short ESG Bond fund and a capital call totalling £8.3m took place within the Pantheon Infrastructure fund. In addition to this £18m was paid over to Northern Trust, relating to a deficit recovery receipt, to safeguard on the Funds behalf.
- 4.6 The total cash balance, including the pension fund Lloyds bank account and cash at custody, is shown below for the period from 1 July 2021 to 30 September 2021. The total cash balance as at 30 September 2021 was £41.916m.

Cash at custody & Bank account	Jul-21	Aug-21	Sep-21
	£000	£000	£000
	Actual	Actual	Actual
Balance b/f	80,905	81,169	30,269
Cash outflows	(4,654)	(55,354)	(13,278)
Cash inflows	4,919	4,453	24,925
(Withdraw)/Deposit from custody to bank account	18,000	0	0
Withdraw/(Deposit) from bank account to custody	(18,000)	0	0
Balance c/f	81,169	30,269	41,916

- 4.7 During July 2021, £18m was paid over to the custodian relating to the Council's June 2021 deficit recovery. At the end of September, the Council paid £20m in deficit recovery contributions into the pension fund bank account.

4.8 The following table illustrates the expected rolling cashflow for the 12-month period from 1 April 2021 to 31 March 2022 for the pension fund Lloyds bank account. Forecast cashflows are calculated, using the previous year's actual cashflows, which are then divided equally over the 12 months and then inflated by 2%.

Current Account Cashflows Actuals and Forecast for period April 2021 - March 2022:

	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Rolling Total £000s
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Actual	Actual	Actual	Actual	Actual	Actual	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	
Balance b/f	1,224	506	886	21,480	3,726	2,744	22,365	1,127	889	952	1,714	1,476	
Contributions	3,077	2,896	3,296	3,221	3,191	3,021	3,231	3,231	3,231	3,231	3,231	3,231	38,089
Transfers in, overpayments, VAT reclaim, recharges & misc. receipts	215	807	188	898	377	658	373	373	373	373	373	373	5,382
Pensions	(3,490)	(3,500)	(3,525)	(3,507)	(3,521)	(3,566)	(3,575)	(3,575)	(3,575)	(3,575)	(3,575)	(3,575)	(42,561)
HMRC Tax Payments	(604)	(603)	(615)	(629)	(615)	(613)	(620)	(620)	(620)	(620)	(620)	(620)	(7,398)
Transfers out, lump sums, death grants, refunds & misc. payments	(660)	(898)	(1,410)	(517)	(1,205)	(676)	(1,286)	(1,286)	(1,286)	(1,286)	(1,286)	(1,286)	(13,080)
Expenses	(57)	(133)	(140)	(22)	(8)	(5)	(161)	(161)	(161)	(161)	(161)	(161)	(1,329)
Net cash in/(out) in month	(1,518)	(1,432)	(2,206)	(555)	(1,782)	(1,180)	(2,038)	(2,038)	(2,038)	(2,038)	(2,038)	(2,038)	(20,897)
Withdrawal/(deposit) from custody cash	0	1,000	2,000	(18,000)	0	0	(20,000)	1,000	(16,000)	2,000	1,000	(12,000)	(59,000)
Deficit Recovery Contributions	800	812	20,800	800	800	20,800	800	800	18,100	800	800	13,900	80,012
Balance c/f	506	886	21,480	3,726	2,744	22,365	1,127	889	952	1,714	1,476	1,339	

- 4.9 The three-year cashflow forecast for 2021/22 to 2023/24 for the pension fund Lloyds bank account is shown below. Forecasted cashflows are calculated using the previous year's cashflows which are then inflated by 2%. Please note this will not match the rolling cashflow.

Three Year Cashflow Forecast for 2021/22 to 2023/24:

	2021/22	2022/23	2023/24
	£000	£000	£000
	F'cast	F'cast	F'cast
Balance b/f	1,224	803	862
Contributions	38,773	39,549	40,340
Transfers in, overpayments, VAT reclaim, recharges & misc. receipts	4,481	4,570	4,662
Pensions	(42,905)	(43,763)	(44,638)
HMRC Tax	(7,440)	(7,589)	(7,741)
Transfers out, lump sums, death grants, refunds & misc. payments	(15,432)	(15,740)	(16,055)
Expenses	(1,928)	(1,967)	(2,006)
Net cash in/(out) in year	(24,451)	(24,940)	(25,439)
Withdrawal/(deposit) from custody cash	(56,000)	25,000	25,000
Deficit Recovery Contributions	80,030	0	0
Balance c/f	803	862	423

- 4.10 The final Council deficit recovery receipts expected during 2021/22 total £80m. It is anticipated that from 2022/23 the Fund will have a future cashflow requirement of circa £25m p.a., to be funded from cash held with the custodian, income distributions and liquidation of Fund assets.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

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BACKGROUND PAPERS: None

APPENDICES: None



Pension Board

City of Westminster

Date:	18 November 2021
Classification:	General Release
Title:	Performance of the Council's Pension Fund
Wards Affected:	All
Policy Context:	Effective control over council activities
Financial Summary:	There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.
Report of:	Phil Triggs <i>Tri-Borough Director of Treasury and Pensions</i> ptriggs@westminster.gov.uk 020 7641 4136

1. EXECUTIVE SUMMARY

- 1.1 This report presents the performance of the Pension Fund's investments to 30 September 2021, together with an update of the funding position as at 30 June 2021.
- 1.2 The Fund outperformed the benchmark net of fees by 0.68% over the quarter to 30 September 2021 and the estimated funding level was 101.8% as at 30 June 2021.

2. RECOMMENDATION

- 2.1 The Board is asked to:
 - Note the performance of the investments and the funding position.

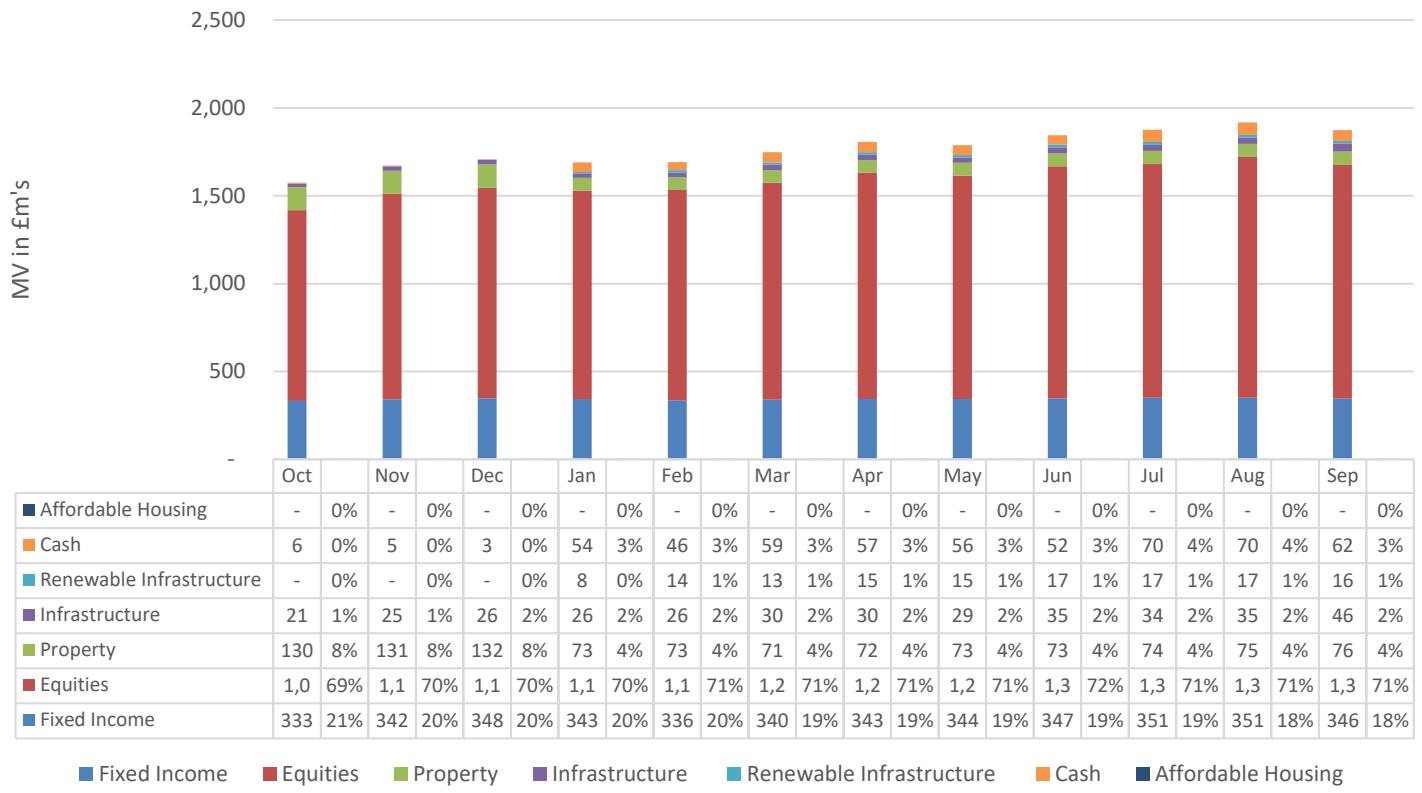
3. BACKGROUND

- 3.1 This report presents a summary of the Pension Fund's performance to 30 September 2021 and estimated funding level at 30 June 2021.
- 3.2 The market value of investments increased by £30m to £1.874bn over the quarter to 30 September 2021, with the Fund returning 0.67%. The Fund outperformed the benchmark net of fees by 0.68% over the quarter, with Longview global equities, Morgan Stanley global equities, London CIV multi asset credit (MAC), Aberdeen Standard long lease property and Pantheon global infrastructure all outperforming their respective benchmarks. Following exceptional performance during 2020/21, Baillie Gifford global equities fell short of their benchmark by 2.37% net of fees over the quarter to 30 September 2021.
- 3.3 Over the twelve-month period to 30 September 2021, the Fund outperformed its benchmark net of fees by 0.99% returning 16.54%. This was achieved largely as a result of excellent performance within the equity mandates and the London CIV MAC fund, which returned 21.55% and 10.77% net of fees respectively. Over the longer three-year period to 30 September 2021, the Fund outperformed the benchmark net of fees by 0.40%, with Baillie Gifford being the major contributor. Longview underperformed its benchmark net of fees by -5.75% during this period.
- 3.4 The estimated funding level for the Westminster Pension Fund has decreased by 0.5% to 101.8% as at 30 June 2021 (102.3% at 31 March 2021). The funding level for Westminster City Council as an employer has remained stable, with a funding level of 91.0% as at 30 June 2021 (91.0% at 31 March 2021). The Council plans to pay off its deficit by 2022, with final payments of £80.0m due during 2021/22.
- 3.5 Following a joint procurement exercise with Hammersmith and Fulham and Kensington and Chelsea, the City of Westminster Pension Fund appointed Hyman Robertson as the Fund's new actuary. Officers received tender responses from two suppliers, current provider, Barnett Waddingham, and Hymans Robertson. Three officers independently scored the providers with Hyman Robertson scoring highest on a combination of criteria including quality, service fit and value for money. The Pension Fund Committee approved the appointment of Hymans as the Fund's new actuary on 24 June 2021.

4. ASSET ALLOCATION AND SUMMARY OF CHANGES

- 4.1 The chart below shows the changes in asset allocation of the Fund from 1 October 2020 to 30 September 2021. Please note asset allocations may vary due to changes in market value.

Asset Allocation



*Fixed Income includes bonds, multi asset credit (MAC) and private debt

- 4.2 The current Westminster Pension Fund target asset allocation is 60% of assets within equities, 19% in fixed income, 6% in renewable infrastructure, 5% within infrastructure, 5% within property and 5% to affordable/social housing.
- 4.3 Capital calls for the Pantheon Global Infrastructure Fund took place during June and September 2021, with the fund circa 62% drawn as at 30 September 2021. A capital call took place for Quinbrook during April 2021 and following this, an equalisation payment was made to the City of Westminster during June 2021. At the 30 September 2021, the Quinbrook Renewables Impact Fund was circa 13% drawn and the Macquarie Renewable Energy Fund was circa 11% drawn.
- 4.4 At the Pension Fund Committee on 21 October 2021, the Committee elected to transition 5% of the equity holdings into an affordable/social housing mandate. Manager interviews and appointments are expected to take place on 24 November 2021. Alongside this, the Committee elected to add private debt to the fixed income allocation and to split the portfolio equally between buy and maintain bonds (Insight), MAC (London CIV) and private debt. The London CIV holds a private debt mandate on its platform, with this strategy to be explored by the Committee.

- 4.5 The value of Pension Fund investments managed by the LCIV as at 30 September 2021 was £925m, representing 49% of Westminster's investment assets. A further £430m continues to benefit from reduced management fees, Legal and General having reduced its fees to match those available through the LCIV.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

Billie Emery pensionfund@westminster.gov.uk

Background Papers: None

Appendices: None



Date:	18 November 2021
Classification:	General Release (Appendix is confidential)
Title:	Value for Money Analysis
Wards Affected:	None
Policy Context:	Effective control over council activities
Financial Summary:	There are no immediate financial implications arising from this report.
Report of:	Phil Triggs <i>Tri-Borough Director of Treasury and Pensions</i> ptriggs@westminster.gov.uk 020 7641 4136

1 EXECUTIVE SUMMARY

- 1.1 The Appendix 1 to this report has been prepared by the Fund's investment advisor, Deloitte, to demonstrate the extent to which the Fund is achieving value for money within its annual investment management costs.

2 RECOMMENDATION

- 2.1 The Board is requested to note the value for money analysis, as prepared by Deloitte, at Appendix 1.

3 BACKGROUND

- 3.1 Following the Local Pension Board meeting on 21 July 2021, the Board requested analysis in order to demonstrate the extent to which the Fund is achieving best value relative to the fees and costs charged by its investment managers.

- 3.2 The Fund's annual investment charges have increased notably over the years to 2020/21. However, it should be noted that much of this increase can be attributed to the Cost Transparency Initiative (CTI) and an increase in market value of Fund assets.
- 3.3 During 2019 the Cost Transparency Initiative published a Code of Transparency for LGPS asset managers. The Code is voluntary and details the provision of transparent and consistent investment cost and fee information between investment managers and LGPS administering authorities. Signatories to the code are required to complete a template which details investment management expenses associated with the running of the fund, including portfolio transaction costs, administration costs, governance costs, other ongoing costs and one-off costs.
- 3.4 Therefore, where asset managers may have previously reported a minimum level of relevant annual management charges and performance fees, the Code encourages them to include more of the underlying investment costs. As a result, comparison of annual charges prior to and following implementation of the Code will give the impression of a significant increase in costs. While these costs would have always been paid as a reduction on investment values, they may not have previously been disclosed or been transparent to investors.

4 COST ANALYSIS AND FEE SAVINGS

- 4.1 The value for money analysis, prepared by Deloitte and attached at Appendix 1, illustrates that over the three-year period to 31 March 2021, the Fund's annual management and performance fee charges have reduced relative to the market value. The total costs over 2018/19 reflect 0.31% of total Fund investments, 0.30% over 2019/20 and reflect 0.24% of total Fund's investments during 2020/21.
- 4.2 The lower management charges over 2020/21, can be largely attributed to transitions within the Fund's equity holdings. The Fund divested from an actively managed UK Equity mandate into a passively managed fund (Global Equity), which attracts a lower management fee. During Q3 of 2020/21, the Fund transitioned the passive holdings into ESG titled equity strategies: this will increase annual costs going forward, but will reduce risk and deliver better value to the Fund in the long run.
- 4.3 It should also be noted that the Fund has made allocations to infrastructure, renewable energy and multi asset credit, all of which attract a higher management fee than traditional investments. However, it should be recognised that the more complex asset classes will reduce risk, increase portfolio diversification, and be expected to generate returns matching equities on a net of fees basis.

- 4.4 As part of the government's LGPS pooling initiative, the Pension Fund has also achieved savings through investment via the London CIV pool company, and its negotiations on fees arising from greater scale. The fee savings analysis, as shown in Appendix 1 demonstrates that the Fund is achieving value for money within its annual management charges compared with market average costs. It is anticipated that these significant fee savings will continue to be generated going forward.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

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BACKGROUND PAPERS: None

APPENDIX:

Appendix 1: Deloitte Value for Money Analysis (exempt)

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By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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