



City of Westminster

# Committee Agenda

Title: Pension Board

Meeting Date: Tuesday 18th January, 2022

Time: 6.30 pm

Venue: This is a virtual Teams Meeting.

Members: **Councillors:**

Tim Mitchell  
Guthrie McKie (Vice Chairman)

**Employer Representative:**  
Marie Holmes

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

If you require any further information, please contact the Committee Officer, Sarah Craddock, Committee and Councillor Co-ordinator.

Email: [scraddock@westminster.gov.uk](mailto:scraddock@westminster.gov.uk)  
Corporate Website: [www.westminster.gov.uk](http://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**

To approve the minutes of the Pensions Board meeting held on 18 November 2021.

**(Pages 5 - 10)**

**4. PENSION ADMINISTRATION UPDATE**

Report of the Director of People Services.

**(Pages 11 - 22)**

**5. PENSION ADMINISTRATION TRANSFER PROJECT**

Report of the Director of People Services.

**(Pages 23 - 32)**

**6. FUND FINANCIAL MANAGEMENT**

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

**(Pages 33 - 38)**

**7. QUARTERLY FUND PERFORMANCE**

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

**(Pages 39 - 42)**

**8. PENSION FUND COST ANALYSIS**

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

**(Pages 43 - 50)**

**9. CYBER SECURITY OF PENSION SCHEME ADMINISTRATION**

Report of the Director of People Services.

**(Pages 51 - 54)**

**Stuart Love**  
**Chief Executive**  
**12 January 2022**

This page is intentionally left blank



CITY OF WESTMINSTER

# MINUTES

## Pension Board

### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Board** held on **Thursday 18 November, 2021** at **6.30pm**, Room 18.01, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

**Members Present:** Terry Neville OBE (Chairman and Scheme Member Representative), Marie Holmes (Employer Representative), Christopher Smith (Scheme Member Representative) and Chris Walker (Scheme Member Representative).

**Officers Present:** Phil Triggs (Tri-Borough Director of Treasury and Pensions), Mathew Dawson (Senior Finance Manager, Tri-Borough Treasury and Pensions), Sarah Hay (Senior Pensions and Payroll Officer), Diana McDonnell-Pascoe, (Pensions Project Manager), Billie Emery (FM Pensions), Kevin Humpherson (Deloitte) and Sarah Craddock (Committee and Councillor Co-ordinator).

**Apologies for Absence:** Councillor Guthrie McKie (Vice-Chairman and Employer Representative) and Councillor Tim Mitchell (Employer Representative),

#### 1 ELECTION OF CHAIRMAN AND VICE-CHAIRMAN/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 The Board advised that they had not received a briefing note on the security of the new Pension Portal. The Board further advised that in due course they would like further details on the management fees to ensure the transparency of the operation and management of the fund.

3.2 **ACTIONS:** The Board requested that they be sent briefing notes on the security of the new Pension Portal and details on the management fees.

### 3.3 **RESOLVED:**

1. That the following dates for the forthcoming Pension Board meetings: 18 January 2022, 30 March 2022, 7 July 2022, 3 November 2022, 18 January 2023 and 23 March 2023 be agreed.
2. That the minutes of the meeting held on the 21 July 2021 be approved as an accurate record of proceedings.

## 4. **PENSION ADMINISTRATION UPDATE (Agenda Item 4 on the Agenda Pack)**

- 4.1 The Board received an update on the pension administration issues the fund has had with Surrey since the last update in July 2021.
- 4.2 The Board heard that the Key Performance Indicators had been very disappointing, and that August had been particularly poor with annual leave impacting on performance. The Board noted that the transfer from East Sussex back to Surrey in April and then the setup of hub 5 to manage the work of exiting boroughs by Surrey had not helped as new teams had to familiarize themselves with WCC work. The Board noted that this confirms the decision that the fund took to exit the current arrangements with Surrey was in the best interest of the fund.
- 4.3 The Board noted that on Monday 8 November Westminster's move to its new pension administration service at Hampshire (HPS) was completed and that going forward the KPIs with HSP would be different to those reported by Surrey such as most urgent cases would have a 15 working day maximum turn around rather than 5 working days . The Board noted that officers were expecting HPS to meet their KPI targets 100% of the time.
- 4.4 The Board was pleased that address tracing remained positive with member details being updated and noted that the new Member's Pension portal encouraged members to set up their account using their personal email address. This would ensure that the Pension Fund did not lose contact with Members once they retired and/or left their employment. The Board was concerned regarding the possible issues with unprocessed leavers, the identified overpayments in child's pensions and one particularly large overpayment which officers were currently discussing with Surrey.
- 4.5 **RESOLVED:** That the Board noted that the move to Hampshire had been completed and looked forward to a successful working relationship with Hampshire Pension Service.

## **5. PENSION ADMINISTRATION SERVICE TRANSFER PROJECT (Agenda Item 7 on the Agenda Pack)**

- 5.1 The Board received an update on the progress of the project to transfer the pension administration service from Surrey County Council (SCC) to Hampshire County Council's Pension Service (HPS). 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 the final date of full-service delivery from Surrey had been 20 October and that all data had been encrypted and transferred to Hampshire. The Board noted that WCC Pension data would remain on Surrey servers in a read only state on Altair until the end of January 2022 when it would be deleted in line with GDPR.
- 5.3 The Board welcomed the positive collaboration that had taken place during the transition period which had ensured the smooth transition of the service. The Board discussed the welcome pack that had been sent out via email and the letter to members and pensioners welcoming them to the new administration service. The Board noted that there was a digital opt out option. The Board was pleased to hear about the formal monthly meetings with Hampshire to ensure that the KPIs were being achieved.
- 5.4 The Board discussed the slight increase in the exit costs of around £5000 due to Surrey underestimating the IT costs and was pleased that currently the project was still on budget. The Board also discussed the importance of all members having a good digital experience and looked forward to receiving a report on suitable options for the implementation of a user-friendly system/website. The Board noted the comprehensive transition Communication and engagement plan that had been compiled for all categories of members, employers and WCC officers.
- 5.5 The Board congratulated and thanked officers for all their hard work on the transfer of the pension service to Hampshire Pension Services.
- 5.6 **ACTION:** That arrangements be made for the Board to meet the officers managing the Pension Service at Hampshire Pension Services
- 5.7 **RESOLVED:** That officers from Hampshire Pension Services be invited to meet the Board, and that the report be noted.

## **6. FUND FINANCIAL MANAGEMENT (Agenda Item 8 on the Agenda Pack)**

- 6.1 The Board discussed the report which outlined the top five risks for the governance and pension administration fund. (The five risks were set out in a table at paragraph 3.2, page 34 of the report). The Board further discussed

the cashflow forecast for the next three years. The Board noted that the bank position continued to be stable.

**6.2 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 9 on the Agenda Pack)**

- 7.1 The Board received a report setting out that the Fund outperformed the benchmark net of fees by 0.68% over the quarter to 30 September 2021 and that the estimated funding level was 101.8% as of 30 June 2021.
- 7.2 **RESOLVED:** That the performance of the investments and the funding position be noted.

**8. EXEMPT REPORTS UNDER THE LOCAL GOVERNMENT ACT 1972**

- 8.1 **RESOLVED:** That under Section 100 (A)(4) and Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), the public and press be excluded from the meeting for the following items of business because they involve the likely disclosure of exempt information on the grounds shown below and it is considered that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**9. VALUE FOR MONEY ANALYSIS  
(Agenda Item 10 on the Agenda Pack)**

- 8.1 The Board received a report which demonstrated the extent to which the Fund was achieving value for money within its annual investment management costs. The Board noted the Fund's annual investment charges had increased noticeably over the years and that the increase could be attributed to the Cost Transparency Initiative (CTI) and an increase in market value of Fund's assets.
- 8.2 The Board welcomed Kevin Humpherson (Deloitte) to the meeting who discussed with the Board how the costs attributed to the Fund's investments over the previous three years have changed, and where the Fund was achieving good value relative to the fees charged by its investment managers.
- 8.3 **RESOLVED:** That the value for money analysis, as prepared by Deloitte, at Appendix 1 of the report be noted.

**10. GMP PROJECT  
(Agenda Item 5 on the Agenda Pack)**

10.1 The Board discussed the update received on the GMP project and noted the work that had been carried out to complete the project. The Board concluded that it supported the approach to completing the work and requested to be informed of the outcome(s) of the project.

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

**11. PENSION ADMINISTRATION STRATEGY (PAS)  
(Agenda Item 6 on the Agenda Pack)**

11.1 The Board received and discussed details of the new Pension Administration Strategy (PAS) that the Pension Committee had approved. The Board advised that it supported the new strategy and asked to be kept informed of any new updates and/or changes made to it.

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

**12. TERMINATION OF MEETING**

12.1 The meeting ended at 20.55.

Chairman \_\_\_\_\_ Date \_\_\_\_\_

This page is intentionally left blank



## Pension Fund Board

<b>Date:</b>	<b>18th January 2022</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Pension Administration Update</b>
<b>Report of:</b>	<b>Sarah Hay, Pensions Officer People Services</b>
<b>Wards Involved:</b>	<b>All</b>
<b>Policy Context:</b>	<b>Service Delivery</b>
<b>Financial Summary:</b>	<b>Limited</b>

### **1. Executive Summary**

1.1. This report gives an update on the general pension administration issues the fund has experienced following the move from Surrey to Hampshire Pension Services on the 8<sup>th</sup> of November 2021. In section 2, the report sets out a summary of our Key Performance Indicators (KPIs) data for the first month of the new service November 2021. In section 3, I cover some general data / project work and in section 4 a general pension administration update.

### **2. KPI Performance**

2.1 From 8<sup>th</sup> of November 2021, when we went live with our new pension fund administration partners HPS, new KPIs were agreed within our contract. HPS provide LGPS services to Hampshire, West Sussex, Hillingdon and now Westminster and their operating model includes a set of standard KPIs across all of the partners in the service.

2.2 Each month HPS provide Westminster with a pensions administration report. This report includes general information on work in progress and issues for our fund. The report also includes membership data and KPI data on a monthly basis. At the time of writing this report, I only have receipt of the November 2021 report. I have decided for this paper to include the first administration report as an appendix to this paper for your information.

- 2.3 You will find the KPI data for November on page 3 of the pensions administration report. In summary, HPS are reporting that they met the KPIs deadlines in each category 100% of the time. I remind the board that the standard KPIs timescales are overall more generous than we previously had agreed with Surrey, however Surrey were unable to meet those KPIs standards across a significant number of cases, particularly in the last seven months of our contract with them.
- 2.4 The new presentation of KPI information by HPS does helpfully provide a time to complete breakdown within the KPI deadline. For example their were six retirements processed in November by HPS, four within 0 – 5 days and two within 6- 10 days.
- 2.5 Additionally if you look on page 4 of the pensions administration report, HPS provide a breakdown of cases that are on hold where they advise they are waiting for data from either the member or the employer to progress a case. This should be useful as we move forward to drill down into the reasons that work is not progressing.

### **3. Data Work**

- 3.1 At this board meeting I do not have a significant update on other data work as we have been concentrating on embedding the new pension service.
- 3.2 I do advise the board that the Pension Committee gave consent to agree a Guaranteed Minimum Pension (GMP) contract with Mercer and this is now signed with work starting in January. I will update the board on progress at later meetings.
- 3.3 Additionally we have asked all employers to submit initial data for the McCloud project by the end of January 2022. Westminster as an employer itself has to retrieve data from three previous HR systems including one from our prior outsourced housing service City West Homes. We anticipate that our internal resource will be heavily involved in working on the McCloud project for both Westminster and supporting other fund employers to submit relevant data in the coming months.

### **4. HPS General Admin update**

- 4.1 I am pleased to advise the board that our experience of working with HPS from the point we agreed to move our service to the date of this report has been a positive experience for Westminster. From go live on the 8<sup>th</sup> of November, HPS have been supportive and generally responsive to our members. We will be having monthly partnership meetings with HPS to address any issues and these will continue until such time we are satisfied that the service is meeting our expectations.
- 4.2 There was one issue highlighted by a retiring member the week of go live in relation to his marital status not being recorded correctly. This resulted in

additional checks being carried out and we discovered that everyone had initially been set up as single in UPM. The issue was immediately addressed and now all marital status is recorded as per our original data or as subsequently amended by members using the new member portal.

- 4.3 There remains a number of data issues that need to be resolved. As outlined in 3.2 of the pensions administration report for November, there are 400 identified leavers prior to September 2021, that are currently included in our active membership. As outlined HPS plan to start clearing those cases from January 2022 and may require internal support from Westminster if information is missing to complete those cases. At the time of writing this report, we have not detailed timeline with HPS to resolve the backlog. I will update the board at the next meeting on any agreement made with HPS and the progress made towards clearing those cases.
- 4.4 Additionally the board may want to note that HPS have run the funds common and conditional data scores, see section 7 of the November pensions administration report.

Common 72%  
Conditional 83%

The scores above are a reduction on the scores that we reported last year which were.

Common 91.7%  
Conditional 93.8%

We do have to note that the 2021 scores were measured on a new system to the 2020 scores and each system will look at the data slightly differently. We will be working with HPS and notifying you of action taken to improve the scores above in 2022. The first priority will be to address the 400 plus leavers as in 4.3 above that will be a significant part of why our scores have reduced so much. We will review the data further once we have started to work through the cases above.

## **5. Summary**

- 5.1 The KPIs data is positive for our first full month with HPS and we expect it to remain so going forward.
- 5.2 Data work in the last few months has slowed while we embed the new service however 2022 will see us start work on both GMP and McCloud projects.
- 5.3 Our relationship and experience of dealing with HPS has been positive since we agreed to move the service to them last year. The first month has seen HPS respond and address urgent issues and so far the member experience appears to be positive.

- 5.4 There is work to do in 2022 with HPS in particular to clear the backlog of 400 unprocessed leavers and also to ensure we improve our data scores through targeted measures.



REPORT TO:	Westminster County Council
DATE PREPARED:	Friday 3 <sup>rd</sup> December 2021
TITLE:	Pensions Administration Update

Contact Name: Stephanie Tonner/Hayley Read

Contact Email: [stephanie.tonner@hants.gov.uk](mailto:stephanie.tonner@hants.gov.uk) / [hayley.read2@hants.gov.uk](mailto:hayley.read2@hants.gov.uk)

## 1. Summary

- 1.1. The purpose of this report is to update Westminster County Council with the current position of their local government pension scheme membership; performance against service level agreements and to provide other important and current information about the administration of Westminster County Council Local Government Pension Fund.

## 2. Background

- 2.1. Hampshire Pension Services administer the local government pension scheme on behalf of Westminster County Council (WCC) with effect from 8<sup>th</sup> November 2021.
- 2.2. Hampshire Pension Services also administer the Local Government Pension Scheme for Hampshire County Council, West Sussex County Council and the London Borough of Hillingdon; the Fire Pension Schemes for both West Sussex and Hampshire, and the Police Pension Schemes for Hampshire.

## 3. Transfer of administration

- 3.1. The implementation of the transfer of the administration service to Hampshire from Surrey County Council was completed on 8<sup>th</sup> November 2021. There were a minimal number of challenges on the journey to go-live, and the collective efforts of staff in the Hampshire Pension Services, Civica and WCC teams, as well as colleagues in the Surrey Pensions team, enabled the service commencement to go-live as planned.
- 3.2. Based on the data quality checks that have been carried out up to this point, we are confident that there are no unanticipated data quality issues or issues which will hinder the administration of the pension scheme; although over 400 unprocessed leavers have been identified and a project to clear these cases will begin in January 2022.

- 3.3. The majority of images and electronic documents provided by Surrey County Council (SCC) have been loaded successfully to the relevant member records, and historic benefit statements produced by SCC have been published on the Member Portal; to allow members to access these as required.
- 3.4. There are 3,470 images which have not yet been loaded to UPM as they exceed the maximum file size of 25mb. After discussions with our colleagues in the IT department we will be storing these files on our secure UPM server and loading a place holder document to each of the effected member records which will link back to the original file.
- 3.5. Ahead of the go-live on 8<sup>th</sup> November, we successfully reconciled the payroll in our administration system for period 7 to that actually paid by SCC – and have since processed the live pensioner payroll for period 8. Payments were made on 30<sup>th</sup> November 2021.
- 3.6. The HMRC scheme event reporting for the tax year ending 5 April 2021 is due by 31 January 2022 and needs to be submitted by Westminster. The information that Westminster will require to complete this reporting will need to be obtained from SCC as they produced the pensions saving statements for 2019/2020 which were sent to members in October 2020. SCC have provided Hampshire with the list of members who received pension savings statements in October 2021, which will be required for the event report in January 2023.

#### 4. Membership

- 4.1. The table below details the number of members against status for each of the Local Government pension schemes and is correct as of the date this report was prepared.

Scheme	Active*	Deferred	Pensioner	Preserved Refunds**	Total
<b>Local Government</b>	4,705*	6,744	6,492	1,233	19,174

\*The active membership includes 401 leavers which are to be processed.

\*\*The preserved refund members are included for completeness but are not counted for the purposes of reporting membership to the Pensions Regulator and DLUHC (previously MHCLG).

#### 5. Administration Performance

- 5.1. Hampshire Pension Services' performance against agreed service level agreements for key processes are monitored monthly. They are calculated based on the number of working

days taken to complete the process and are adjusted for time that we are unable to proceed, due to requiring input from the member or third party.

5.2. The table below shows performance from 1<sup>st</sup> November to 30<sup>th</sup> November 2021; the performance target for all cases is 15 days (except Deferred Benefits which is 30 days, and Rejoiners which is 20 days).

<b>Time to Complete</b>										
<b>Type of Case</b>	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	31-40 days	Total	% completed on time	Total Cases (previous month)	% completed on time (previous month)
<b>Active Retirement</b>	4	2	0	0	0	0	6	100.00%	N/A	
<b>Deferred Retirement</b>	12	2	1	0	0	0	15	100.00%	N/A	
<b>Estimates</b>	1	2	8	0	0	0	11	100.00%	N/A	
<b>Deferred Benefits</b>	1	0	0	0	0	0	1	100.00%	N/A	
<b>Transfers In &amp; Out</b>	0	0	0	0	0	0	0	100.00%	N/A	
<b>Divorce</b>	0	1	0	0	0	0	1	100.00%	N/A	
<b>Refunds</b>	7	0	3	0	0	0	10	100.00%	N/A	
<b>Rejoiners</b>	0	0	0	0	0	0	0	100.00%	N/A	
<b>Interfunds</b>	1	0	3	0	0	0	4	100.00%	N/A	
<b>Death Benefits</b>	6	1	0	0	0	0	7	100.00%	N/A	
<b>GRAND TOTAL</b>	<b>32</b>	<b>8</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>55</b>	<b>100.00%</b>	<b>N/A</b>	

5.3. The table below shows outstanding work as of 30<sup>th</sup> November 2021. The time outstanding reflects the time from date of receipt of the initiating request, and includes time whilst cases are on hold pending further information.

5.4. Those cases which currently exceed the agreed service level agreement are on hold waiting for information from the member, their employer or another party and the time taken to process will be adjusted once the work has been completed.

5.5. These cases do not include the inherited outstanding leavers which are discussed in section 6 below.

### Time Outstanding

Type of Case	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	31+ days	Total	Total Outstanding (previous month)
Active Retirement	1	3	1	0	0	0	5	N/A
Deferred Retirement	5	3	1	0	0	0	11	N/A
Estimates*	25	17	8	2	0	0	52	N/A
Deferred Benefits	3	7	4	0	0	0	14	N/A
Transfers In & Out	0	0	0	0	0	0	0	N/A
Divorce	0	0	0	0	0	0	0	N/A
Refunds	2	0	0	0	0	0	2	N/A
Rejoinders	1	1	1	1	0	0	4	N/A
Interfunds	7	4	3	2	0	0	16	N/A
Death Benefits	1	4	0	0	0	0	5	N/A
<b>GRAND TOTAL</b>	<b>45</b>	<b>41</b>	<b>18</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>109</b>	<b>N/A</b>

\* Estimates include all 'quote' calculations for retirement, transfers, divorce, and refunds.

## 6. Unprocessed historic casework

- 6.1. As mentioned in section 3 above, the Westminster dataset contains 401 historic unprocessed leavers. All of the dates of leaving for these members are prior to September 2021.
- 6.2. Over the next two months, we will be working through at a high level the leavers we have been passed, so we can provide a more detailed plan and estimated timeline for the completion of this work. Part of this work will include an initial analysis of the leavers across the different employers to feed into the valuation work.

## 7. TPR Data Scores

- 7.1. In October we calculated the common and conditional data scores for reporting to the Pensions Regulator. We have validated a total of 19,056 records, with 5,341 records failing one or more of our Common data checks and 2,460 records failing one or more of our Conditional data checks.
- 7.2. The table below sets out this years' scores which can be submitted as part of your Scheme Return;

Common Data Score	Conditional Data Score
72.%	87%

7.3. We have identified some key themes in the process of validating the Westminster data which are detailed in the table below.

Data type	Data check	Issue	Resolution
<b>Common</b>	Date Pensionable Service Started	This date is not recorded consistently across the member's record and is responsible for 3,214 of the fails.	<i>A data cleansing project will be required, which we will organise in the coming months.</i>
<b>Common</b>	Address status 'Lost Contact'	This affects 1,751 members and is a theme across other schemes we administer.	<i>We will be discussing an address tracing project with you next year, to reduce this number.</i>
<b>Conditional</b>	'CARE Revaluation'	The CARE pension for a previous or current year is either missing, or the correct revaluation rate has not been applied. This currently impacts 692 members – a combination of active and deferred members.	<i>This will be picked up in data cleansing work.</i>
<b>Conditional</b>	'Pre and post 88 GMP'	The GMP details held for 1,156 members is not complete.	<i>We would expect these cases to be reduced/cleared by GMP rectification.</i>

7.4. It is important to note that neither of the two main conditional data errors will affect the payment of the member's benefits as if they were to retire, the Member Services team would check and tidy the record as part of processing the retirement.

7.5. There are smaller groups of members who have failed our other validations, and these will also be picked up in the data cleansing work we carry out across the department – some of this is naturally tidied as part of bulk processing, for example when pensions increase, CARE revaluation or benefit statements are processed; and the Delivery & Compliance team also work specifically on highlighting trends in data issues, and working through lists of members to tidy their records.

## 8. Call and Email Volumes

- 8.1. Up to 30<sup>th</sup> November 2021, we received 314 calls from members of the Westminster LGPS – the total number of calls for all schemes we administer received into the Pension Customer Support Team (PCST) were 3,439 and 46 of these were abandoned. Abandoned calls are caused by the member ending the call before we can answer, and in some cases, this can be because they have heard one of our automatic messages asking them to visit our website or Portal.
- 8.2. Our call reporting software does not allow us to report which of our ‘abandoned’ calls were Westminster members, but based on the number of abandoned calls above, we answered 98.34% of all calls received.
- 8.3. PCST also monitor and handle all of the emails received from members into our main pension’s inbox – as this email address is used by members of all the pension schemes we administer, it is not currently possible to report the number of emails received specifically from members of the Westminster LGPS.
- 8.4. We are investigating a new approach to the handling of emails, with the aim of providing specific email statistics. However, this is work in progress and we want to be confident in the accuracy of any numbers we provide so it has not been included in this report.

## 9. Online Services

### Member Portal

- 9.1. Active, Deferred and Pensioner members of the LBH LGPS have the ability to register for our Member Portal and update their personal details, death grant nominations, and bank details; securely view annual benefit statements, payslips and P60s; and run online estimates for voluntary retirements over age 55.
- 9.2. The table below shows the total number of current registrations for each status as of 30<sup>th</sup> November 2021.

Status	Registrations to date	% of total membership
Active	1,087	23.10%
Deferred	676	8.87%
Pensioner	552	5.36%
<b>TOTAL</b>	<b>2,315</b>	<b>12.91%</b>

## Employer Hub

9.3. As of 30<sup>th</sup> November 2021, there are 37 Westminster employers signed up to the Employer Hub, and 114 individual users with access.

## 10. Scheme Legislation Updates

10.1. Legislation updates that have been received during November 2021 for the Local Government Pension Scheme, are detailed in Appendix 1, including any actions that Hampshire Pension Services have taken.

## 11. Employer and Member Communications

11.1. **Employer communications** – We updated our website with a welcome notice in November 2021 to confirm the transfer of administration to Hampshire pension services.

11.2. **Member communications** sent in November are shown in the table below.

Members	Method	Details	Date Sent
Active and deferred	Email	Welcome and how to register for Portal	09/11/2021, 11/11/2021 and 18/11/2021
Pensioners	Letter	Payslip and Welcome letter. How to register for Portal and change of pay date info.	30/11/2021
Active and deferred	Letter (where no email held)	Welcome and how to register for Portal	23/11/2021

## 12. Quality Assurance

12.1. **Data Protection Breaches** – We have identified one data protection breach in November 2021, caused by incorrect address data which was transferred to us by Surrey. We have since asked Target to trace the correct address for this member.

## 13. Compliments & Complaints

13.1. During November 2021 we received two complaints in respect of the administration service we provide, from members of the Westminster LGPS. Further details can be found in Appendix 2.

13.2. In November 2021 we received no compliments from members of Westminster County Council pension scheme.



## Pension Fund Board

<b>Date:</b>	<b>18<sup>th</sup> January 2022</b>
<b>Classification:</b>	<b>General</b>
<b>Title:</b>	<b>Pension Administration Transfer Project</b>
<b>Report of:</b>	<b>Diana McDonnell-Pascoe, Pensions Project Manager, People Services</b>
<b>Policy Context:</b>	<b>Service Delivery</b>
<b>Financial Summary:</b>	<b>General</b>

### **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 Service (HPS) of Hampshire County Council.

### **2. Transfer of service to Hampshire Pension Service**

- 2.1. Project Status – the Pension Administration Transfer Project has a final RAG status of GREEN on both delivery and risk as per the final Project Board with Hampshire County Council and Surrey County Council and is successfully progressing to conclusion as per the planned delivery timetable. The project is now in CLOSE with mop-up/handover activities being compiled and moved to being managed through business as usual (BAU) activity.
- 2.2. Project Costs – All costs are as expected and correct as of the date of writing this report.
- 2.3. Comms and Engagement – as the Board was previously advised, we had a timetable of Comms and Engagement for our members (active and deferred), pensioners and employers. We started our comms and engagement activity in the Summer and increased our engagement as we got closer to Go-Live. Our aim was to ensure we had comprehensive engagement planned to ensure our

stakeholders were fully informed as to the change of administrator and the opportunities it offers them in terms of improved service.

- 2.4. Post go live, a deferred member in the process of retiring escalated concerns that they did not receive notification from Westminster of the transfer of service. We conducted a review of that comms activity and discovered that a bulk email exercise failed to include all the email addresses that were included in the exercise. We immediately identified all those members who failed to receive the comms and contacted them to apologise and resend them the comms, albeit later than intended.
- 2.5. While it is true that there was a failsafe in the plan whereby HPS were going to email members to welcome them to the scheme (and our members would have been communicated with regardless), it was our intention that members would be informed of the change of administrator by WCC in the first instance. I would like to apologise to the Board for this failure to quality assure the comms activity and would like to reassure the Board that we are working with our comms colleagues to improve the comms planning now and in the future.
- 2.6. Despite that, we have delivered the Engagement and Comms plan as per the timetable below and we will be sending out the direct email to high earners shortly. We will conduct a feedback survey with members, pensioners and employers in January and we will analyse the feedback for our lessons learned. We will also update the Board with a summary of the feedback as appropriate.

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 <sup>th</sup>	Follow on Comms in LL, Newsletter and Wire/Yammer
Dec	Direct email to high earners	Follow on email to employers	Direct email to high earners
Jan	Feedback Survey	Feedback Survey	Feedback Survey

### 3. Administration Exit: Surrey County Council (SCC)

- 3.1. The final date of full-service delivery from SCC was 20th October 2021. This was the final date for pensioners and members to use the self-service SCC Member Portal. The period of transfer from SCC to HPS took place between end of business hours on 20th October 2021 and 7th November 2021 and on 21st October and during this transfer period, continuity of service for members and pensioners was maintained through “read-only” query management of the pension software Altair via Surrey’s contact centre. Casework was managed offline using HPS templates for ease of information transfer.
- 3.2. As previously advised; from 8<sup>th</sup> of November 2021 COWPF 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 8<sup>th</sup> of November and 31<sup>st</sup> January, SCC will be aiding HPS, where required, with casework queries. Written confirmation of the data deletion will mark the formal exit from our contract with Surrey.
- 3.3. Surrey exit costs: We officially exit Surrey upon deletion of COWPF data from their servers at the end of January. Preliminary calculations in exit costs show that we are a utilisation of 70% of revised budget and 76% of original budget with an exit cost of £54k approx. We have written confirmation that no further costs will be submitted. Next steps are to confirm the total costs with Surrey in writing and pay.

### 4. Administration Commencement: Hampshire Pension Services (HPS)

- 4.1. Service delivery with Hampshire Pension Services commenced on 8th November 2021. The first payroll run was successful and as planned, printed payslips were sent out. The bank account and BACS functions are operating normally with transfers in and out, payroll and other payments being made without issue.
- 4.2. However, there was an issue that came to light post go-live where a piece of code in HPS’ software provider’s conversion script did not successfully map

members marital status correctly to the new pension software, UPM. This script error was neither identified prior to software conversion by Civica nor post conversion during user acceptance testing by HPS. This error has now been rectified by Civica and marital statuses in UPM match the marital statuses that were on Altair at Surrey at the point of the final data cut. Subsequently, Civica have reviewed the conversion process and have confirmed that this was the only error. Both HPS and Civica have apologised for the error and are reviewing their onboarding processes to ensure that they are more robust for the future. Civica are conducting a root cause analysis on the issue because this is first time that this has happened to them, and we expect to hear an update post-review.

4.3. Members and Pensioners were able to self-service their account via the new Member Portal as of 15th November 2021 with those that wished to opt-out of digital engagement being advised to do so by writing to HPS. I am pleased to inform you also that since commencement of delivery with HPS, we have had 2,152 member registrations to the HPS Member Portal. This is an extremely positive start given that we had a contract lifetime (Sept 2014 – Sept 2021) total of 5,877 members signed up to Surrey's Member Portal.

i. The HPS registrations breakdown is as follows:

- a. Active members – 1,067
- b. Deferred members – 652
- c. Pensioners – 433

ii. The Surrey lifetime total registrations breakdown is as follows:

- a. Active members – 2,209
- b. Deferred members – 2,082
- c. Widower/Dependent/Pensioner members – 1,586

4.4. Employers are able to self-service via the Employer Hub since 17th November 2021. Those employers that didn't wish to use the hub have been informed that they can correspond and complete their administration via secure email to HPS' employer email address. I am pleased to inform you that as of 3rd December 2021, the HPS Employer Hub has 37 Westminster employers set up, 114 Westminster users set up and of those users, 85 have activated (72%). This is encouraging and we will of course, keep track with HPS to ensure all the employers have made contact with HPS so that they can discharge their responsibilities as per the Pension Administration Strategy and their obligations.

#### 4.5. HPS Costs

- i. *Onboarding* – HPS onboarding costs remained unchanged with a total onboarding cost of £284k and a 20% contingency cost of £57k. We had an additional one-off cost of £6.6k to include historical payroll transfers into UPM which the board was previously advised of. As of the date of writing this paper, we are not planning on using any of the contingency funds and should that remain the case, we will get written confirmation (for evidence logging) from HPS that the funds are not required.
- ii. *Casework backlog* – SCC handed over a large amount of backlogged casework to HPS during the transfer. HPS have agreed to try and absorb as much of the backlog in their usual BAU service costs but there may be additional and as yet unknown costs to remove the backlog. HPS have requested adequate time to review and assess the remaining casework backlog with respect to the timescales and resources required to complete it. We expect to hear the results of this assessment and receive a written quotation (if necessary) of remediation costs in Q4 of FY21/22.

### 5. HPS Administration Delivery, Contract Governance and Monitoring

#### 5.1. HPS Service Delivery (Operations) Monitoring

- i. On the 5<sup>th</sup> working day of each month there will be a key performance indicator (KPI) pack issued to WCC on the operational performance of the administration service.
- ii. There will be a monthly partnership meeting, post this issuing of the pack, to discuss the KPIs and operational delivery of the administration service. The first monthly partnership meeting will be held on 16<sup>th</sup> December 2021.
- iii. Where required, and outside of this regular timetable, there will be ad hoc calls between the administration service and WCC Officers to answer queries and/or resolve issues as they present.

#### 5.2. Contract Monitoring

- i. Procurement – Contract Monitoring requirements
  - a. We have obtained the relevant templates from the contract team in Procurement so that we can complete monthly contract reporting.

- b. We will be enrolling the contract onto the Council's digital monitoring service, Capital eSource so that it is flagged with the Procurement teams as a significant contract so that we have their assistance when required.
  - c. We do not expect any regular internal meetings on contract monitoring with procurement. There may be an annual update for which any meetings will be agreed as required.
- ii. Fiscal Monitoring
  - a. There will be an annual schedule of costs which will be invoiced quarterly and a control spreadsheet for the monitoring of planned and actual expenditure will be maintained by WCC Officers.
  - b. This spreadsheet will also record one-off costs that occur naturally through service delivery improvements and/or other ad hoc requests. These agreed expenditures will have written confirmation as evidence and invoiced as they occur because they are not scheduled.
  - c. There will be a bi-annual (every six months) review meeting between the HPS and WCC finance and operations teams to provide quality assurance on fiscal monitoring by ensuring that all expenditure is as planned and/or agreed and yearly schedules are confirmed.

### 5.3. Formal Governance

- i. Pension Committee and Pension Board
  - a. Andrew Lowe, Head of Pensions, Investment and Borrowing at Hampshire County Council or his suitable deputy, will attend the quarterly Pension Committee and Pension Board meetings at WCC as required to answer any questions the Committee and/or Board may have.
- ii. Annual Employers AGM or similar
  - a. Andrew Lowe, Head of Pensions, Investment and Borrowing at Hampshire County Council or his suitable deputy, will attend any formal annual employers meeting we will have to answer any questions and to support WCC Officers during the event.

## 6. Project Legacy Activities

### 6.1. COWPF Website – [www.wccpensionfund.co.uk](http://www.wccpensionfund.co.uk)

- i. There is a legacy project being undertaken to review the Fund's website with respect to viability, use and cost now that we have moved to administration service to HPS. We needed a dedicated Fund website previously as SCC didn't provide the facility, however HPS have a comprehensive website that covers most but not all of our requirements and obligations namely Westminster-specific information for employers, members, pensioners, and other parties that would require or need access to that information.
- ii. With the original intention of saving the Fund from unnecessary expense by decommissioning the existing website (which costs approximately £4,000 per annum) at the end of its current subscription period (Sept 2021), we conducted some preliminary investigations into other options available to the Fund including moving the Westminster-specific information to the council's main website [www.westminster.gov.uk](http://www.westminster.gov.uk) and perhaps moving to a lower cost, lower functionality website with another hosting service. However, in October, Hymans Robertson completed a significant upgrade to the existing website, and we have been greatly impressed at the possibilities this offers the Fund with respect to improving members' and pensioner's experience and the Fund's digital offering online.
- iii. Consequently, and after discussing our initial options analysis, Sarah Hay and I considered that the website was effectively the digital public window display of the Fund and that there were more factors to consider than just cost when we consider the website as a tool in our comms and engagement arsenal. These factors include and are not limited to:
  - a. **Consistency and continuity of service for members, pensioners and employers who have had the same website address for years.** At present they can use the website to navigate to the new service with HPS quickly and easily and it can also be used as a "digital safety check" against concerns that any email correspondence they receive from HPS is actually "spam" or "phishing" and not valid. We feel that this reassurance in terms of consistency and continuity of service is a significant factor to be considered in light of the recentness of change of service administrator.
  - b. **Accessibility and Diversity and Inclusion.** We have recognised that we can do more on behalf of the Fund with respect to being Accessibility and Diversity and Inclusion friendly to members and pensioners who may have varied abilities when trying to navigate their

LGPS. We have engaged with the staff networks (including the ABLE Network and the Dementia Friends Network), the council's diversity and inclusion team and via a colleague in Public Health, we are engaging with the Alzheimer's Society to help us review and make recommendations on how to be more accessible to all. We have also engaged with HPS with plans to work together to improve both our digital engagements with respect to accessibility and diversity and inclusion.

c. **Other Factors (not exhaustive)**

- **Website design, development, and operation experience** – Hyman's have many years' experience in hosting and supporting Pension Fund Websites. Currently, they host 27 Pension Fund Websites. Replacing or supplanting this level of expertise may be tricky. Also, as part of the upgrade, WCC Officers have been given owner access to the website template for the first time and can make real time updates or corrections to information and/or post new articles relating to the scheme/Fund very easily. This change is a welcome one as it gives supported ownership of management of the website to WCC directly which wasn't available previously.
- **Further integration with Treasury and links with LGPS etc.** We have an opportunity to work with Treasury and Investment colleagues to do more in promoting the Fund activities we want to celebrate or highlight online. We would like time to workshop with them to explore this avenue of possibility.

iv. The Pension Committee has agreed to a further 12 months (1<sup>st</sup> November 2021 to 31<sup>st</sup> October 2022) subscription of the current website hosted by Hymans Robertson while a thorough review into requirements and options is conducted with a view to presenting a cost-benefit options analysis with recommendations regarding possibilities so that we can conduct a more thorough internal review and cost-benefit analysis as to how to move forward with the Fund's digital presence for our members, pensioners, and employers. This cost is £4,333 which comprises the £4000 annual subscription and a prorated bridging fee of £333 to cover the two months between the end of the old subscription period (Sept 21) to the new start of the subscription period (Nov 21).

## 7. Summary

- 7.1. This paper was to update the Board on progress of the project to date and to reassure the Board that the transition to business-as-usual service delivery with Hampshire Pension Service has been largely smooth and that the benefits of their professional service delivery are already being recognised. It was also to advise the Board that the project has moved to the CLOSE stage and that we are in handover to business-as-usual activities internally also.

This page is intentionally left blank



City of Westminster

## Pension Board

<b>Date:</b>	<b>18 January 2022</b>
<b>Classification:</b>	<b>Public</b>
<b>Title:</b>	<b>Fund Financial Management</b>
<b>Wards Affected:</b>	<b>All</b>
<b>Policy Context:</b>	<b>Effective control over council activities</b>
<b>Financial Summary:</b>	<b>There are no immediate financial implications arising from this report.</b>
<b>Report of:</b>	<b>Phil Triggs</b> <i>Tri-Borough Director of Treasury and Pensions</i> <a href="mailto:ptriggs@westminster.gov.uk">ptriggs@westminster.gov.uk</a> <b>020 7641 4136</b>

### 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 31 December 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 November 2021, are highlighted in the table below:

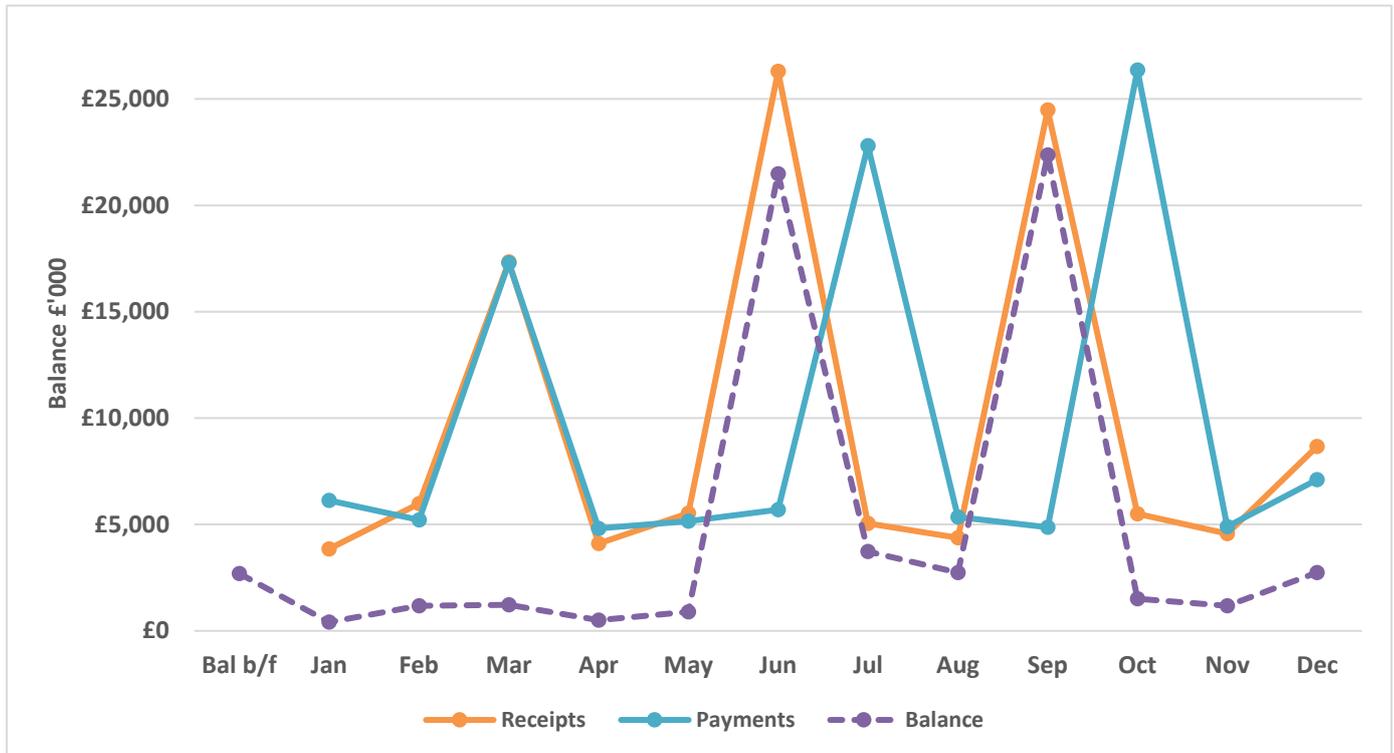
CIPFA Risk Group	Risk Rank	Risk Description	Trending
Liability Risk	1 <sup>st</sup> /40	UK price inflation is significantly more than anticipated in the current actuarial assumptions: an increase in CPI inflation by 0.1% over the assumed rate will increase the liability valuation by upwards of 2.7%. CPIH was 4.6% as at 30 November 2021. Hymans Robertson was appointed as the new Fund actuary from 1 October 2021. The funding level is expected to remain consistent with previous actuary. Actuarial assumptions will be discussed with the actuary from the commencement of the next triennial valuation on 31 March 2022.	
Asset and Investment Risk	2 <sup>nd</sup> /40	Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage. The Council declared a climate emergency in September 2019: how this will affect the Pension Fund going forward is currently unknown. Taskforce climate change financial disclosure (TCFD) regulations will impact on LGPS schemes, but these are currently not released, albeit expected to be published early in 2022 and to take effect from 2023.	
Asset and Investment Risk	3 <sup>rd</sup> /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 £1.95m. Following COVID-19, there was some concern around fund managers achieving their benchmarks. Markets have since rebounded back to pre-COVID levels.	
Liability Risk	4 <sup>th</sup> /40	Scheme members live longer than expected leading to higher than expected liabilities. A COVID-19 downward impact is expected, but this could be a short-term implication for pension fund longevity.	
Asset and Investment Risk	5 <sup>th</sup> /40	Significant volatility and negative sentiment in global investment markets following disruptive geo-political uncertainty. Increased risk to global economic stability.	

### 4. Cashflow Monitoring and Forecasted Cashflows

4.1 The balance on the pension fund's Lloyds bank account at 31 December 2021 was £2.742m. 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 January 2021 to 31 December 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. During the year the Fund has received deficit recovery receipts from the Council, which have subsequently been paid over to the custodian for safeguarding.

4.4 The Pension Fund held £62.595m in cash with the global custodian, Northern Trust, as at 31 December 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 October 2021 to 31 December 2021.

<b>Cash at Custody</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>Balance b/f</b>	<b>19,551</b>	<b>32,446</b>	<b>25,324</b>
Distributions	0	0	1,193
Deficit Recovery	20,000	0	0
Sale of assets	0	0	40,052
Interest	(0)	(0)	(0)
Cash withdraw	(1,000)	0	(4,000)
Foreign Exchange Gains/Losses	19	(23)	26
Purchase of Assets	(5,974)	(6,950)	0
Miscellaneous	1	0	0
Management fees	(151)	(149)	0
<b>Balance c/f</b>	<b>32,446</b>	<b>25,324</b>	<b>62,595</b>

4.5 During the quarter, capital calls totalling £12.9m relating to the Pantheon Global Infrastructure fund and Quinbrook Renewables Impact mandate took place. In addition to this £20m was paid over to Northern Trust in October 2021, relating to a deficit recovery receipt, to safeguard on the Funds behalf. A £1.2m distribution was received during December 2021, relating to the London CIV (Baillie Gifford) Global Equity Mandate. During December 2021, the Fund sold its circa £80m holding in Longview Global Equities, the first redemption tranche of £40m is shown within the table above.

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 October 2021 to 31 December 2021. The total cash balance as at 31 December 2021 was £65.338m.

<b>Cash at custody &amp; Bank account</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>Balance b/f</b>	<b>41,916</b>	<b>33,948</b>	<b>26,496</b>
Cash outflows	(12,422)	(11,970)	(7,101)
Cash inflows	4,454	4,518	45,943
(Withdraw)/Deposit from custody to bank account	19,000	0	(4,000)
Withdraw/(Deposit) from bank account to custody	(19,000)	0	4,000
<b>Balance c/f</b>	<b>33,948</b>	<b>26,496</b>	<b>65,338</b>

4.7 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	Forecasted Rolling Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	F'cast	F'cast	F'cast	
<b>Balance b/f</b>	<b>1,224</b>	<b>506</b>	<b>886</b>	<b>21,480</b>	<b>3,726</b>	<b>2,744</b>	<b>22,365</b>	<b>1,502</b>	<b>1,172</b>	<b>2,742</b>	<b>2,805</b>	<b>2,567</b>	<b>£000s</b>
Contributions	3,077	2,896	3,296	3,221	3,191	3,021	3,145	3,291	3,331	3,231	3,231	3,231	38,163
Transfers in, overpayments, VAT reclaim, recharges & misc. receipts	215	807	188	899	377	658	509	426	540	373	373	373	5,738
Pensions	(3,490)	(3,500)	(3,525)	(3,507)	(3,521)	(3,566)	(3,542)	(3,466)	(3,593)	(3,575)	(3,575)	(3,575)	(42,436)
MRC Tax Payments	(604)	(603)	(615)	(629)	(615)	(613)	(665)	(608)	(615)	(620)	(620)	(620)	(7,426)
Transfers out, lump sums, death grants, refunds & misc. payments	(660)	(898)	(1,410)	(518)	(1,205)	(676)	(2,091)	(502)	(2,466)	(1,286)	(1,286)	(1,286)	(14,283)
Expenses	(57)	(133)	(140)	(22)	(8)	(5)	(18)	(271)	(426)	(161)	(161)	(161)	(1,562)
<b>Net cash in/(out) in month</b>	<b>(1,518)</b>	<b>(1,432)</b>	<b>(2,206)</b>	<b>(555)</b>	<b>(1,782)</b>	<b>(1,180)</b>	<b>(2,662)</b>	<b>(1,130)</b>	<b>(3,230)</b>	<b>(2,038)</b>	<b>(2,038)</b>	<b>(2,038)</b>	<b>(21,807)</b>
Withdrawal/(deposit) from custody cash	0	1,000	2,000	(18,000)	0	0	(19,000)	0	4,000	(16,000)	1,000	12,000	(57,000)
Deficit Recovery Contributions	800	812	20,800	800	800	20,800	800	800	800	18,100	800	13,900	80,012
<b>Balance c/f</b>	<b>506</b>	<b>886</b>	<b>21,480</b>	<b>3,726</b>	<b>2,744</b>	<b>22,365</b>	<b>1,502</b>	<b>1,172</b>	<b>2,742</b>	<b>2,805</b>	<b>2,567</b>	<b>2,429</b>	

- 4.8 The three-year cashflow forecast for 2021/22 to 2023/24 for the pension fund's 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
<b>Balance b/f</b>	<b>1,224</b>	<b>803</b>	<b>863</b>
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)
<b>Net cash in/(out) in year</b>	<b>(24,451)</b>	<b>(24,940)</b>	<b>(25,438)</b>
Withdrawal/(deposit) from custody cash	(56,000)	25,000	25,000
Deficit Recovery Contributions	80,030	0	0
<b>Balance c/f</b>	<b>803</b>	<b>863</b>	<b>425</b>

- 4.9 The final Council deficit recovery receipts expected during 2021/22 total £80m. It is anticipated that 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:**

Billie Emery [pensionfund@westminster.gov.uk](mailto:pensionfund@westminster.gov.uk)

**BACKGROUND PAPERS:** None

**APPENDICES:** None



City of Westminster

## Pension Board

<b>Date:</b>	<b>18 January 2022</b>
<b>Classification:</b>	<b>Public</b>
<b>Title:</b>	<b>Performance of the Council's Pension Fund</b>
<b>Wards Affected:</b>	<b>All</b>
<b>Policy Context:</b>	<b>Effective control over council activities</b>
<b>Financial Summary:</b>	<b>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.</b>
<b>Report of:</b>	<b>Phil Triggs</b> <i>Tri-Borough Director of Treasury and Pensions</i> <a href="mailto:ptriggs@westminster.gov.uk">ptriggs@westminster.gov.uk</a> <b>020 7641 4136</b>

### 1. EXECUTIVE SUMMARY

- 1.1 This report presents the performance of the Pension Fund's investments to 30 November 2021, together with an update of the funding position.
- 1.2 The Fund underperformed the benchmark net of fees by -0.71% over the quarter to November 2021 and the estimated funding level was 103.0% as at 30 September 2021.

### 2. RECOMMENDATION

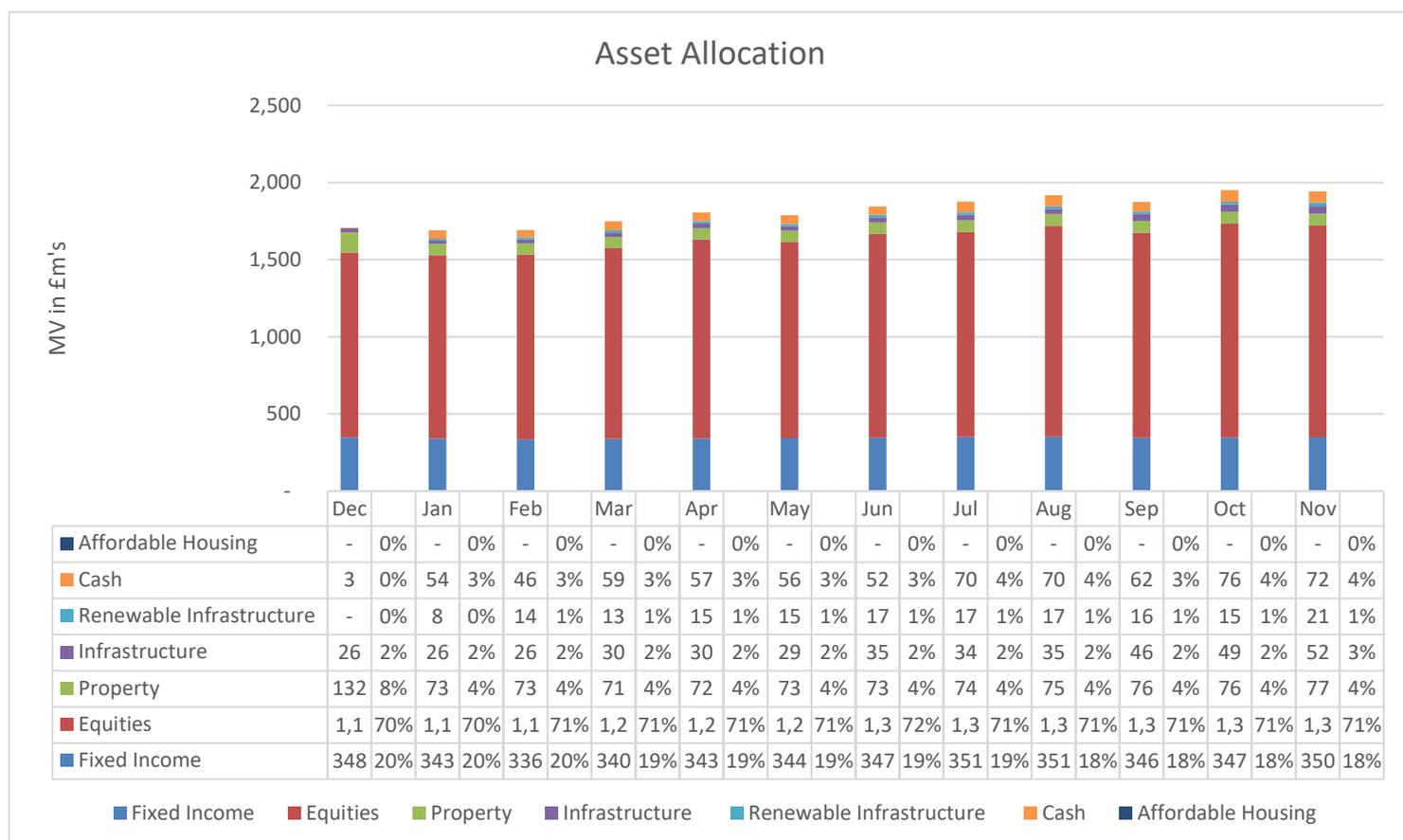
- 2.1 The Board is asked to:
  - Note the performance of the investments and the funding position.
  - Note the summary of changes to the Fund's asset allocation

### **3. BACKGROUND**

- 3.1 This report presents a summary of the Pension Fund's performance to 30 November 2021 and estimated funding level at 30 September 2021.
- 3.2 The market value of investments increased by £25m to £1.942bn over the quarter to 30 November 2021, with the Fund returning 0.31% net of fees. The Fund underperformed the benchmark net of fees by -0.71% over the quarter, with all of the active equity managers underperforming their respective benchmarks. The Pantheon Global Infrastructure mandate outperformed its benchmark by 6.92% net of fees over the quarter, with this positive performance eroded by underperformance within the other asset classes.
- 3.3 Over the twelve-month period to 30 November 2021, the Fund underperformed its benchmark net of fees by -0.30% returning 13.59%. Following positive performance during 2021, the active equity managers underperformed their benchmarks. However this was partially offset by excellent performance within the abrdn (formerly Aberdeen Standard) Long Lease Property mandate and Pantheon Global Infrastructure Fund, which outperformed their benchmarks by 8.80% and 23.16% net of fees respectively. Over the longer three-year period to 30 November 2021, the Fund outperformed the benchmark net of fees by 0.50%, with Baillie Gifford and CQS being the major contributors. Longview Global Equities underperformed its benchmark net of fees by -9.67% during this period.
- 3.4 Following the appointment of Hymans Robertson as the new actuary, the funding level update and assumptions as at 30 September 2021 appear broadly in line with Barnett Waddingham's previous assessments. The estimated funding level for the Westminster Pension Fund has increased by 1.2% to 103.0% as at 30 September 2021 (101.8% at 30 June 2021). It should be noted that, at the next valuation at 31 March 2022, the discount rate and future expected returns are anticipated to fall, with CPI inflation expectations to rise.
- 3.5 The Council plans to pay off its deficit by 2022, with final payments of circa £30.5m due before 31 March 2022.

## 4. ASSET ALLOCATION AND SUMMARY OF CHANGES

4.1 The above chart shows the changes in asset allocation of the Fund from 1 December 2020 to 30 November 2021. Please note asset allocations may vary due to changes in market value.



\*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 and social supported housing.

4.3 Capital calls for the Pantheon Global Infrastructure Fund took place during October and November 2021, with the fund circa 72% drawn as at 30 November 2021. A capital call also took place for Quinbrook during November 2021 and as at 30 November 2021 the Renewables Impact Fund was circa 29% drawn. The Macquarie Renewable Energy Fund was circa 13% drawn at 30 November 2021.

4.4 At the Pension Fund Committee on 16 December 2021, the Committee appointed Man Group and Triple Point as the Fund's new affordable and social supporting housing managers, with each allocated a 2.5% holding.

Man Group will focus primarily on affordable housing, with Triple Point focusing on both affordable and social supported housing.

- 4.5 Alongside this, the Committee elected to rebalance the Pension Fund portfolio, topping up the underweight allocations to renewable infrastructure and long lease property. Additionally, the sale of the remainder of the Longview Global Equity fund was approved, with the intention of transitioning £50m into the London CIV Absolute Return Fund and the funding of the drawdowns to the affordable housing mandates.
- 4.6 The value of Pension Fund investments managed by the LCIV as at 30 November 2021 was £952m, representing 49% of Westminster's investment assets. A further £445m 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](mailto:pensionfund@westminster.gov.uk)

**Background Papers:** None

**Appendices:** None



City of Westminster

## Pension Board

<b>Date:</b>	<b>18 January 2022</b>
<b>Classification:</b>	<b>Public</b>
<b>Title:</b>	<b>Pension Fund Cost Analysis</b>
<b>Wards Affected:</b>	<b>None</b>
<b>Policy Context:</b>	<b>Effective control over council activities</b>
<b>Financial Summary:</b>	<b>There are no immediate financial implications arising from this report.</b>
<b>Report of:</b>	<b>Phil Triggs</b> <b><i>Tri-Borough Director of Treasury and Pensions</i></b> <a href="mailto:pdriggs@westminster.gov.uk">pdriggs@westminster.gov.uk</a> <b>020 7641 4136</b>

### **1 Executive Summary**

- 1.1 At the Pension Board meeting on 18 November 2021, Deloitte presented a paper on the extent to which the Fund is achieving value for money within its annual investment management costs. As requested by the Board Members, this report presents a previous years' cost analysis of the Pension Fund, alongside the budgeted costs for the current financial year 2021/22.
- 1.2 The budgeted pension fund costs for 2021/22 is £11.509m, an increase from the previous year's actual of £10.087m.

### **2 Recommendation**

- 2.1 The Board is requested to note the actual costs to the Fund to 2020/21 and the budgeted expenditure for 2021/22.

### 3 Background

3.1 The following table provides a breakdown of the costs incurred by the Westminster City Council Pension Fund in relation to administration, investment management, governance and oversight for the financial years 2018/19, 2019/20, 2020/21, alongside budgeted costs for 2021/22.

	Company Name (If Applicable)	2018/19	2019/20	2020/21	2021/22 Budget
		£000	£000	£000	£000
<b>Administration</b>					
Employees		184	352	308	378
Supplies and services					
	Legal Costs	34	74	23	50
	Administrator	180	183	332	667
	Various Admin*	149	141	318	413
		<b>547</b>	<b>750</b>	<b>981</b>	<b>1,508</b>
<b>Governance and oversight</b>					
Employees		240	183	236	246
Training		4	2	-	10
Investment advisory services	Deloitte	100	78	92	100
Governance and compliance	Various**	40	71	43	45
External audit	Grant Thornton	16	16	25	25
Actuarial fees	Barnett Waddingham	36	72	32	50
		<b>436</b>	<b>422</b>	<b>428</b>	<b>476</b>
<b>Investment Management</b>					
Management, Performance and Transaction fees		4,802	5,631	8,624	9,485
Custody fees	Northern Trust	38	31	54	40
		<b>4,840</b>	<b>5,662</b>	<b>8,678</b>	<b>9,525</b>
<b>Total</b>		<b>5,823</b>	<b>6,834</b>	<b>10,087</b>	<b>11,509</b>

\*Includes Heywood's Altair software maintenance and licence fees up to 2020/21 (5-year licence fee paid during 2020/21), scheme member tracing and bank charges

\*\*Includes subscription fees/other services i.e. CIPFA Pensions Network, LGA, Pensions Lifetime and Savings Association, Pensions and Investment Research Consultants

- 3.2 The Fund’s administration expenditure fees were significantly higher in 2020/21, due to the increase in the Surrey County Council annual charge and the cost of terminating the five-year Aquila Heywood Altair licence fee. There will also be significant upfront administration costs during 2021/22, in relation to the pension administration transition process from Surrey County Council to Hampshire County Council.
- 3.3 In addition, the Fund has changed software providers from Aquila Heywood to Civica and this will form part of the Hampshire County Council annual contract fee going forward.
- 3.4 Governance and oversight expenses during 2020/21 were broadly in line with previous years. However, the Finance department employee recharge increased during 2020/21, resulting from the review of the Tri-Borough Section 113 Agreement.
- 3.5 Investment management costs increased during 2020/21 and are expected to increase further during 2021/22. This is due to an increase in asset market values and the transition of investments to more complex asset classes, which attract a higher management fee. In addition to this, increased fund manager cost transparency and disclosure, as a result of the LGPS Cost Transparency Code, have also resulted in fee increases.
- 3.6 Therefore it should be noted that, although costs appear to have significantly increased, in reality, an element of these costs always formed part of the underlying management fees, but were not reported by the asset managers.
- 3.7 The Pension Fund budget was approved by the Pension Fund Committee on 24 June 2021. A detailed Fund cost analysis can be found within Appendix 1 (exempt).

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

**Billie Emery [bemery@westminster.gov.uk](mailto:bemery@westminster.gov.uk)**

**BACKGROUND PAPERS:** None

**APPENDICES:**

Appendix 1: Detailed Fund Cost Analysis to 2020/21 and Budget for 2021/22 (exempt)

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank