



City of Westminster

Committee Agenda

Title: Pension Board

Meeting Date: Wednesday 30th March, 2022

Time: 6.30 pm

Venue: Rooms 18.06, 18.07 and 18.08 - 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 OBE (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: 07790980186
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 Director of Legal 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 Tuesday 18 January 2022.

(Pages 5 - 10)

4. PENSION ADMINISTRATION UPDATE

Report of the Director of People Services.

(Pages 11 - 62)

5. COWPF LGPS PROJECTS AND GOVERNANCE UPDATE

Report of the Director of People Services.

(Pages 63 - 70)

6. FUND FINANCIAL MANAGEMENT

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

(Pages 71 - 76)

7. PERFORMANCE OF THE COUNCIL'S PENSION FUND

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

(Pages 77 - 80)

8. RESPONSIBLE INVESTMENT STRATEGY 2022

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

(Pages 81 - 96)

9. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

**Stuart Love
Chief Executive
22 March 2022**

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CITY OF WESTMINSTER

MINUTES

Pension Board

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Board** held on **Tuesday 18 January 2022 at 6.30pm. This meeting took place virtually.**

Members Present: Terry Neville OBE (Chairman and Scheme Member Representative), Councillor Guthrie Mckie (Vice-Chairman, Employer Representative), Marie Holmes (Employer Representative), Councillor Tim Mitchell (Employer Representative) and Christopher Smith (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), Andrew Lowe (Pension Scheme Fund Manager at Hampshire County Council) and Sarah Craddock (Committee and Councillor Co-ordinator).

Apologies for Absence: Chris Walker (Scheme Member Representative).

1 MEMBERSHIP

1.1 There were no changes to the Membership.

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest, other than the standing declarations already made by Members.

3. MINUTES

3.1 **RESOLVED:** That the minutes of the meeting held on 18 November 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 general pension administration issues the fund has experienced following the move from Surrey to Hampshire Pension Services (HPS) on the 8 November 2021. The Chairman welcomed Andrew Lowe (Manager of the Hampshire Pension Service) to the meeting.

- 4.2 The Board heard that working with Hampshire Pension Service (HPS) had been a positive experience to date and that officers would be holding monthly partnership meetings with HPS to address any issues. The Board noted that these meetings would continue until officers were satisfied that the service was meeting Westminster's expectations.
- 4.3 The Board was pleased that the Key Performance Indicators had been met 100% of the time in each category in November and December 2021 and that the Pension Committee had agreed a Guaranteed Minimum Pension (GMP) Contract with Mercer to progress the data work needed to improve Westminster's data scores through targeted measures.
- 4.4 The Board received an update on the McCloud Project and heard that all employers had been asked to submit data by the end of January 2022. The Board was reminded that Westminster had to retrieve data from three previous HR systems, including one from City West Homes, and that these systems would continue to be licenced to retrieve historical data and confirm when people had left the Pension Scheme.
- 4.5. Andrew Lowe (HPS) who confirmed that all files, whatever their size, had now been successfully transferred and stored within Hampshire Pension Service (HPS). The Board discussed with Andrew how Hampshire would start sorting out some of the 'chunkier' pieces of data work so Westminster would see an increase in their data scores. The Board noted that data cleansing and data quality improvement would form part of Hampshire's daily ongoing (BAU) activity. Andrew confirmed that the small companies would also form part of the McCloud work, however he advised that the reality was that not everyone would hold the required information and assumptions and decisions would need to be made at the appropriate time.
- 4.6 Andrew advised that Westminster and Hampshire had formed a positive relationship over the past year and that 'going live' on the 8 November had been successful. He confirmed that all payrolls had run smoothly. He explained that Hampshire would be in regular contact with Westminster regarding their performance. He emphasised that Hampshire had a good track record of delivering an excellent service for their clients. The Board noted that Hampshire would start doing some of the data cleansing work in terms of address tracing which would help improve Westminster's data scores over the course of next year. Andrew then explained how the McCloud Project would be a big piece of work, taking up to two years, especially as currently there was no legislation in place to allow pension schemes to rectify issues. He concluded by advising that Hampshire was very much looking forward to working with and providing a good quality Pension Scheme for Westminster.
- 4.7 The Chairman thanked Andrew for his perspective on the transition of the Pension Scheme to Hampshire Pension Service and for giving up his evening to attend the meeting. He said that the Board looked forward to a long and successful relationship with Hampshire.

4.8 **RESOLVED:** That the Board noted the report and looked forward to a successful working relationship with Hampshire Pension Service.

**5. PENSION ADMINISTRATION TRANSFER PROJECT
(Agenda Item 5 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 project was now in CLOSE with mop-up/handover activities being compiled and moved to being managed through business as usual (BAU) activity. The Board also noted that all project costs were as expected, and a summary of the budget costs would be produced for the next meeting.

5.2 The Board heard that the Engagement and Comms Plan had been delivered as per the timetable with only one issue identified post 'go live' regarding a bulk email exercise that had failed to include all the email addresses that were included in the exercise. The Board was pleased that this error had been rectified and the lessons learnt would be used to improve comms planning now and in the future.

5.3 The Board noted that there had been a good continuity of service throughout the transition period and that the "read only" WCC Pension data being kept on Altair on Surrey servers would be deleted at the end of January 2022 in line with GDPR. The Board welcomed the news that the Surrey exit costs were under spent by 70% of the revised budget and 76% of the original budget, with an appropriate exit cost of 54K.

5.4 The Board was pleased that over 2000 members had already signed up to the HPS Member Portal and that employers were able to self-service via the Employee Hub or correspond and complete their administration via secure email to HPS' employer email address.

5.5 The Board discussed the large amount of backlogged casework that Surrey had handed over to HPS who had agreed to absorb as much as possible in their usual BAU activity but had also indicated that there might be additional and unknown costs to remove the backlog following assessment. The Chairman and board members expressed their concern at this further example of unsatisfactory performance by Surrey and asked that the Board be updated at its March meeting on what steps are being taken to recover extra costs incurred by Westminster. The Board was reassured that comprehensive governance had been put in place to monitor the contract and that an update on the backlogged casework would be given at the next meeting.

5.6 The Board noted that the Pension Committee had agreed to a further 12 months subscription of the current COWPF website www.wccpensionfund.co.uk whilst a thorough review into requirements and options would be brought to the Board later in the year. The Board

highlighted 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 very user-friendly system/website.

- 5.7 The Board congratulated and thanked officers for all their hard work on the transfer of the pension service to Hampshire Pension Services.
- 5.8 **ACTION:** That the Board be updated at its March meeting on what steps are being taken to recover the extra costs incurred by Westminster due to the unsatisfactory performance by Surrey.
- 5.9 **RESOLVED:** That the report be noted.

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

- 6.1 The Board discussed the report which outlined the top five risks for the governance and pension administration fund. (The five risks were set out in a table at paragraph 3.1, page 34 of the report). The Board discussed the possible consequences of the UK price inflation being significantly more than anticipated in the current actuarial assumptions and the importance that Members, and especially young people joining the Pension Scheme, placed on their pension contribution being invested ethically with essential factors for consideration being the climate agenda, social issues and good governance. The Board was pleased to hear that the Pension Fund had already started measuring its carbon impact and details could be found on its website.
- 6.2 The Board discussed the possible opportunities of engaging with climate change officers/agencies around the country to see if there was any synergy in terms of where investments increased. The Board further discussed the impact of world events (such as possible conflict in Ukraine) on the investments in the Pension Fund.

6.3 RESOLVED:

1. That the top five risks for the Pension Fund be noted.
2. That the cashflow position for the pension fund bank account and cash held at custody, the rolling twelve-month forecast and the three-year forecast be noted.

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

- 7.1 The Board received a report setting out the performance of the Pension Fund's investments to 30 November 2021, together with an update of the funding position. The Board discussed that the Fund had slightly underperformed the benchmark net of fees by -0.71% over the quarter to November 2021 and that the estimated funding level was 103.0% as of 30 September 2021.

7.2 The Board noted that Man Group and Triple Point had been appointed as the Fund's new affordable and social housing managers respectively and that the Pension Fund portfolio had been rebalanced by topping up the underweight allocations to renewable infrastructure and long lease property.

7.3 **RESOLVED:**

1. That the performance of the investments and the funding position be noted.
2. That the summary of the changes to the Fund's asset allocation 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. PENSION FUND COST ANALYSIS
(Agenda Item 8 on the Agenda Pack)**

9.1 The Board received a report which presented the previous years' cost analysis of the Pension Fund alongside the budgeted costs for the current financial year 2021/22. The Board was concerned to learn that the budgeted pension fund costs for 2021/22 had increased to £11.509m from the previous year's actual of £10.087m.

9.2 The Board discussed the significantly higher administration expenditure fees in 2020/21 due, in part, to Surrey County Council's increase in its annual charge, the cost of terminating the Altair licence fee and the transition process to Hampshire County Council, and awaited the further report requested at item 5.5 above. The Board noted that the cost of the BAU activity should now decrease. However, due to data issues and the McCloud project, costs may remain at an enhanced level, which will result in an improvement to the Pension Fund's data scores.

9.3 The Board further discussed the various reasons for the increase in the investment management costs and the difficulty the Board had with the increase in fees being solely due to fund manager cost transparency and disclosure as a result of the LGPS Cost Transparency Code. The Tri-Borough Director of Treasury and Pensions suggested that he would discuss the possibility of LCIV putting pressure on Fund Managers to reduce their investment management costs.

9.4 **ACTION:** The Tri-Borough Director of Treasury and Pensions to discuss with LCIV the possibility of putting pressure on Fund Managers to reduce their costs. An update to be provided to the Board at its next meeting.

9.5 **RESOLVED:** That the actual costs to the Fund to 2021 and the budgeted expenditure for 2021/22 be noted.

**10. CYBER SECURITY OF PENSION SCHEME AND ADMINISTRATION
(Agenda Item 9 on the Agenda Pack)**

10.1 The Board received and discussed details of the Cyber Security of Hampshire Pension Services (HPS) following the move of the City of Westminster Pensions Fund's (COWPF) data to their service. Discussions included the 2022 Cyber Security Improvement Plan and the Statement of Compliance.

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

11. TERMINATION OF MEETING

11.1 The meeting ended at 20.27.

Chairman _____ Date _____



Pension Fund Board

Date:	30 March 2022
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 the KPI data from Hampshire Pension Services (HPS) from December 2021 to February 2022. Section 2 sets out a summary of our Key Performance Indicators (KPIs) data for the months December 2021 to February 2022. In section 3, I cover some general data / project work and in section 4 a general pension administration update. In section 5 I update the board on an IT issue that HPS had on the 15th and into the 16th of March.

2. KPI Performance

2.1 I am pleased to advise the Board that the KPI data provided to Westminster in the December, January and February partnership reports by HPS show 100% KPI completion. I have included a copy of the partnership report for each month as an appendix.

2.2 The overall cases processed by HPS has moved up and down but that is not unexpected in these few short months. In December cases were 152, this reduced to 86 in January though there was consistent reduction in cases processed by HPS across all funds in the weeks just after Christmas. In February this increased to 102 and I would expect that our average case processing would be around 100 cases per month to maintain a healthy position with no backlogs.

- 2.5 The partnerships reports also provide a breakdown of the active cases on hold. In December we had 101 cases and then in January this increased to 124 cases. In February this reduced back to 106 cases. It's important that over the course of six months or a year we make sure that this work on hold does not build up again so we have clear sight that there are no unseen backlogs going forward.
- 2.6 Overall the service with HPS has embedded well and noise from the employers and fund members is very low. We are pleased that 19.43% of the membership has already registered for the new member portal. Our communication with employers and members going forward will aim to increase this percentage slowly.
- 2.7 Complaints are low but reported by HPS in every partnership report. In December no complaints received with one compliment and in January there were two complaints. In February we had no complaints but one compliment. It's nice to see the team getting complimentary feedback.
- 2.8 I looked at the January complaints, the first involved one member whose pension issues had been outstanding with Surrey, this case was complicated because she was claiming additional pensionable service that was not recorded on the administration system. The member had a valid complaint in that we found weekly payslips from 1997 / 1998 that showed she had active membership of the fund which was not recorded on the pension system. HPS have been instructed to update the members record and update the member.
- 2.9 The second January complaint involved someone claiming their pension from deferred benefit status. In this case the member was complaining about the cost of claiming their pension that came with postage, mobile phone and internet costs to them. The cost the member claimed were significantly less than their lump sum and members are expected to complete the retirement declaration form and either post back or complete online.

3. Data Work and Annual Returns

- 3.1 I advise the Board that at the last Pension Committee I was given consent to agree a project with HPS to get a small backlog of approximately 450 cases unprocessed leavers completed with additional resource by HPS. The cost of this work is expected to be about £23,800. HPS have agreed to run the project between April and September although we are hopeful that the majority of outstanding cases would be completed by the end of July. 2022 is a pension fund valuation year so it's important that we concentrate on this work over other areas as this is most likely to impact employer valuation

results. It's also important to remember members have an entitlement to their accurate pension fund information.

- 3.2 The Common data is now 72% and scheme specific data is now 87%. This is a reduction from our previous scores, in part that is because the two different administrators and software systems measure the data quality slightly differently. However as in 3.1 above we do have data work to do. Our initial focus is on what we consider the most impactful work by getting this backlog removed.
- 3.3 I am also looking at further address tracing work with HPS working with Target who are the third party supplier we have worked with previously. We have £6K of agreed funding left over from a prior address tracing project. It's important that we try and locate up to date address records for as many members of the fund as we can so that we can pay members either a pension or pay a refund if due. The issues we have with lost addresses which I believe is common across a number of different funds again highlight why we need to promote people registering for the member portal with their personal e-mail address so we can trace members easily.
- 3.3 As above 2022 is a valuation year. The fund's employers have all been provided with the new end of year template, this is slightly different to the previous return used by Surrey however the information is essentially the same. Returns are expected to be submitted by the 30th of April 2022. Following the returns submission HPS will be uploading the returns and reviewing data quality ahead of the valuation. HPS have offered training to employers who want that on the end of year upload process.
- 3.4 McCloud. The Board will want to note that the fund asked all employers to submit their data by the 31st of January 2022. The data request is complex because we are asking employers for data back to 2012 and many have had a number of different systems between 2012 and 2022 and retrieving the data may not be easy to do. The response is mixed so far, so for example we have 12 schools that use Prospects for their payroll and 11 of these schools have returned data. For other payroll providers the response rate is not as good although data is slowly coming in. In addition we have just asked employers to provide the final year of McCloud Data i.e 1st of April 2021 to 31st of March 2022 as this year is just completing and return that by the 30th of June.
- 3.5 I am reaching out to support employers in any way I can to complete this data work. It is essential though that they do complete a return because the underpin calculations necessary for us to complete the McCloud work depend on that data.

HPS General Admin update

- 4.1 I am pleased to advise the board that our continued 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

8th 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 Additionally the Board may like to note that HPS have been certified as meeting the customer service excellence standards as independently assessed. I have included this report as appendix if you wish to read the detail. Hopefully this gives assurance that despite the difficult last few years the fund has made the correct decision to join the HPS partnership.

IT Issue Board to Note

- 5.0 During Storm Eunice, like other areas, Hampshire County Council's data centre in Winchester suffered an interruption to the mains power supply. The emergency standby power systems ensured the data centre remained operational; however, the automated switching did not perform as expected as there were several mains' outages in quick succession. To verify that there were no residual issues with the power switching, Hampshire IT agreed with colleagues in Property Services that a black building test was required to simulate a power failure and observe the automated switching to ensure it performed as expected.
- 5.1 Black building tests are carried out routinely and this week the mains power feed was deliberately interrupted within the building to simulate a loss of power. The advantage of these planned events is that relevant trade specialists (such as electricians and standby power engineers) as well as the responsible IT and Property Services colleagues are onsite to observe and monitor the power systems during the switchover and test and address any identified issues. It is worth pointing out that there have been no similar problems with black building tests in at least the past 15 years.
- 5.2 Importantly, as part of the planning for these tests, Hampshire ensure that no other critical activity is planned over the test period, for example, running payrolls or updating software.
- 5.3 During the black building test on 15 March, a faulty electrical component sent an Emergency Power Off signal to the battery backup during the switchover between mains electricity and the generator which caused an immediate loss of power to all IT systems.
- 5.4 The Emergency Power Off function is a critical life safety circuit which is in place to shut the power off in an emergency – for example, if there is a danger to life (such as electrocution) and to protect equipment in the event of a fire or other emergency scenario.
- 5.5 The cause of the power off signal was not immediately obvious and required additional engineering expertise to identify and subsequently resolve the problem and ensure confidence and integrity in the data centre power systems.

- 5.6 At 1am, following the restoration of power, the data centre was handed back to Hampshire IT from Property Services to start recovery of services. Individual services were returned to operation throughout the morning with most services operational by 1.30pm on 16 March. The Board should note that I have not been advised of any member or employer not being able to access services and it's reassuring to know that recovery and the business continuity programme worked and in this real life exercise.

Summary

- 6.1 The KPIs data is positive since we went live with HPS.
- 6.2 Data work outside of our main projects will centre on completing 450 leavers plus potentially some address tracing work in the next few months.
- 6.3 McCloud data work and supporting employers to provide data will continue to be a focus between now and the end of June 2022.
- 6.4 Our relationship with HPS is positive and I am pleased that they have been independently assessed as meeting the customer excellence standards.
- 6.5 HPS had a real life power outage on March 15th and this led to a temporary loss of systems access. As above, access was restored quickly and the Board should be assured that the recovery does show the systems working in real life to ensure service is maintained for members.

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ORGANISATION/SERVICE ASSESSED
HAMPSHIRE PENSION SERVICES

PREPARED BY
NEIL POTENTIER, ASSESSOR

REPORT TYPE

REVIEW 4

PROJECT NUMBER

4524545446

DOCUMENT REVIEW DATE

24TH JAN 2022

EVIDENCE GATHERING ACTIVITY DATE

26TH JAN 2022

MAINTAIN CERTIFICATION.

1. INTRODUCTION AND BACKGROUND

2. METHODOLOGY

3. SUMMARY OF STRENGTHS

4. AREAS FOR CONTINUOUS IMPROVEMENT

5. ASSESSOR'S FINDINGS

CUSTOMER INSIGHT

THE CULTURE OF THE ORGANISATION

INFORMATION AND ACCESS

DELIVERY

TIMELINESS AND QUALITY OF SERVICE

6. CONCLUSION AND RECOMMENDATIONS

7. COMPLIANCE AGAINST THE CUSTOMER SERVICE EXCELLENCE STANDARD

1. INTRODUCTION AND BACKGROUND

Hampshire County Council Pensions Service (referred to as HPS throughout this report) is based within the Corporate Operations Department of Hampshire County Council.

HPS has recently rebranded as Hampshire Pension Services, which has led to the successful acquisition of two new customers, Hillingdon and Westminster. As a result, HPS now provide pension services to over 334,000 customers, and 16 additional staff have been recruited to cope with the extra workload. The membership continues to be divided between Pensioners, Active Members and Deferred Members.

Despite the current Covid-19 situation, HPS remains passionate about using the CSE (Customer Service Excellence) Standard to drive and validate excellent services. This review provided the opportunity for HPS to demonstrate how well the challenges of Covid-19 have been met and how services are being shaped for the future.

2. METHODOLOGY

HPS submitted an update against the 57 elements from the CSE Standard via Assessment Services' Online tool. This led to a desktop review on 24th January 2022, with the evidence gathering review conducted remotely on 26th January 2022.

The day commenced with the CSE Team providing an overview of what has happened at HPS over the last 12 months. Members of the CSE Team were also able to answer questions arising from the desktop review.

A meeting then took place with the Head of HPS to discuss how, against the current backdrop, an ongoing commitment to putting customers first was being maintained. This was followed by a meeting with a Project Manager working with a new customer/partner, Westminster Council.

A further discussion with the CSE Team followed, after which contact was made with three active Members, one Pensioner and two employers. The latter are seen as both customers and partners.

A cross-section of six staff were then interviewed regarding their participation in delivering excellent services. The meeting focused on their levels of empowerment with regard to providing services, and how HPS had adopted their insight into identifying and making service improvements.

The day concluded with a feedback session to the CSE Team on strengths, areas for continuous improvement and the overall position against the CSE Standard.

3. SUMMARY OF STRENGTHS

Sections: **2.1.1, 2.2.4, 3.3.1, 4.1.2, 4.2.4, 4.3.1**

HPS continue to ask staff to record tasks and projects on a template. The templates ask staff to assess the impact of their efforts on customers. Recently, staff have been involved in reviewing the templates and confirming their effectiveness. This approach is seen as best practice and helps further embed a customer-focused ethos. The numerous templates also demonstrate the wide use of staff insight in delivering services. (Reference Compliance Plus for Elements 2.2.4 & 4.2.4).

Covid-19 continues to force the acceleration of the digital agenda. The outcome is that several new online services are now available for both employers (via the Employer Hub) and Members (via the Member Portal). These access channels have been further enhanced over the last 12 months, with a 'My Messages' function now added to the Employer Hub. (Reference Compliance Plus for Element 3.3.1).

Performance concerning the eight key measures of success continues to exceed both the internal targets set and national industry targets. Results are clearly publicised through the 'How Are We Doing?' page on the website and within the Annual Report. Performance now includes the two recently acquired employers, Hillingdon and Westminster. (Reference Compliance Plus for Element 4.1.2).

HPS continues to improve the performance of the West Sussex Pension Fund to the extent that the issuing of Annual Benefit Statements is now at 100% for Deferred Members and 99.04% for Active Members. There are now no gaps in information that were causing previous issues. (Reference Compliance Plus for Element 4.3.1).

A new Compliance Plus was identified during the review, namely:

HPS has had a long-standing commitment to using the CSE Standard to drive and validate excellent services. Typical of this is the continued use of a template used by staff to submit evidence of tasks they have undertaken to deliver excellent service or improve services. The annual rotation of staff onto a CSE Team also bears testimony to this commitment. (Reference Compliance Plus for Element 2.1.1).

4. AREAS FOR CONTINUOUS IMPROVEMENT

Sections: **1.3.4, 2.1.6, 2.2.1, 4.1.1**

The method for measuring customer satisfaction is moving from using eight key performance indicators (KPIs) to one specific question on customer satisfaction ('are you satisfied?'). Consideration may be given as to how this can create an initial customer satisfaction score creating a baseline from which yearly increase targets can be set. Doing so could also help further embed a continuous improvement culture and help drive increased customer satisfaction. (Reference Element 1.3.4).

The continued use of templates for staff to record service improvements linked to the CSE Standard continues as best practice. However, with the advent of 30 new employees, consideration may be given as to how to gain their buy-in to this process. This could instil a customer-focused culture amongst all new starters by enabling them to proactively take ownership of improvements. (Reference Element 2.1.6).

HPS is currently exploring new ways of working after the Covid-19 pandemic, including whether staff should be attending the offices on a regular basis. Early signs suggest home-working is a preference. However, HPS may wish to consider how working within the office can be achieved so that staff can engage with one another again and meet the new starters face-to-face. This could help establish a stronger team spirit and allow more opportunities to participate in a customer-focused culture. (Reference Element 2.1.6).

Development Tasks continue as a strength, with their effectiveness confirmed by a new starter. However, consideration may still need to be given as to how these might be delivered to existing staff as a form of refresher training. This could help identify any gaps in knowledge that longer serving staff members may need to address. Consideration may also be given as to individuals learning styles prior to commencing the Development Tasks. (Reference Element 2.2.1).

HPS continues to perform exceedingly well with regard to its eight KPIs. Consideration may now be given as to how a further stretch could be applied to make these even more challenging and how the time-frames may be looked into to do this. This could help further embed an appetite for continuous improvement and help drive even more impressive performance data. (Reference Element 4.1.1).

5. ASSESSOR'S FINDINGS

- Not Compliance
- Partial Compliance
- Compliance
- Compliance Plus
- N/A

I - CUSTOMER INSIGHT

1.1 Customer Identification

- **1.1.1** **We have an in-depth understanding of the characteristics of our current and potential customer groups based on recent and reliable information.**
As per 2021.
- **1.1.2** **We have developed customer insight about our customer groups to better understand their needs and preferences.**
HPS has met Pensioner preferences to complete forms manually and return these by post. In addition, the onboarding of a new employer customer (Hillingdon) was structured to meet their needs for a staggered movement towards end of the month payments.
- **1.1.3** **We make particular efforts to identify hard to reach and disadvantaged groups and individuals and have developed our services in response to their specific needs.**
As per 2021.

1.2 Engagement & Consultation

- **1.2.1** **We have a strategy for engaging and involving customers using a range of methods appropriate to the needs of identified customer groups.**
As per 2021, with a review undertaken. (See Element 1.2.3).
- **1.2.2** **We have made the consultation of customers integral to continually improving our service and we advise customers of the results and action taken.**
Through engagement via Focus Groups, HPS identified a need to incorporate specific web pages on current topics. For example, a dedicated page has been created for updates on the McCloud Remedy (a solution to recent discriminatory case outcomes). A one-time passcode process has also been introduced for access to the Members Portal.
- **1.2.3** **We regularly review our strategies and opportunities for consulting and engaging with customers to ensure that the methods used are effective and provide reliable and representative results.**
HPS use customer surveys to engage with Pensioners. They now split the data quarterly, which has helped improve analysis and helps more clearly show if HPS is improving over time. Greater use is also being made of Focus Groups to gather feedback from employers.

1.3 Customer Satisfaction

- **1.3.1** **We use reliable and accurate methods to measure customer satisfaction on a regular basis.**
HPS has changed its measures for customer satisfaction and has now arrived at a one-question approach - 'Are You Satisfied?'. This will hopefully generate more responses and create a new baseline score from which HPS can apply an annual stretch.
- **1.3.2** **We analyse and publicise satisfaction levels for the full range of customers for all main areas of our service and we have improved services as a result.**
An example of an improvement that resulted from survey feedback shows how the new one-time passcode for the Members Portal was introduced.

- **1.3.3** **We include in our measurement of satisfaction specific questions relating to key areas including those on delivery, timeliness, information, access, and the quality of customer service, as well as specific questions, which are informed by customer insight.**
As per 2021.
- **1.3.4** **We set challenging and stretching targets for customer satisfaction and our levels are improving.**
HPS has met all eight of its KPIs, which is seen as an inference of satisfied customers. However, to avoid any assumptions about service quality, HPS is replacing the KPIs as an indicator of customer satisfaction with a one-question approach ('are you satisfied?') that will provide a new baseline score for customer satisfaction. For the last 12 months, scores were obtained on various satisfaction levels; for example, Members who felt 'extremely satisfied' with the service received has increased from 27% to 57%. Scores for 'not at all well' satisfied have reduced from 30% to 15%.
- **1.3.5** **We have made positive changes to services as a result of analysing customer experience, including improved customer journeys.**
The one-time passcode has improved Member journeys by providing a texted passcode which has speeded up access to the Member Portal considerably. A new bell system also notifies Members when further information has been uploaded onto their account.

2 - THE CULTURE OF THE ORGANISATION

2.1 Leadership, Policy and Culture

- **2.1.1** **There is corporate commitment to putting the customer at the heart of service delivery and leaders in our organisation actively support this and advocate for customers.**
This Element is Compliance Plus. (See Summary of Strengths).
- **2.1.2** **We use customer insight to inform policy and strategy and to prioritise service improvement activity.**
HPS obtain customer feedback via surveys, and this informs policy. For example, feedback resulted in changes relating to the policy on implementing the McCloud Remedy, with HPS quick to adopt a policy for dealing with this complex issue. Feedback also continues to influence the evolution of the Employer Hub and the Member Portal.
- **2.1.3** **We have policies and procedures which support the right of all customers to expect excellent levels of service.**
As per 2021.
- **2.1.4** **We ensure that all customers and customer groups are treated fairly and this is confirmed by feedback and the measurement of customer experience.**
As per 2021.
- **2.1.5** **We protect customers' privacy both in face-to-face discussions and in the transfer and storage of customer information.**
As per 2021.
- **2.1.6** **We empower and encourage all employees to actively promote and participate in the customer focused culture of our organisation.**
As a consequence of the Covid-19 pandemic, staff are enjoying high levels of personal empowerment and can make their own decisions in their dealings with customers. The availability of development tasks also facilitates empowerment. These sequential tasks allow staff to build their skill-set to the extent they can take on more tasks and become more autonomous - 'I was shown something and the left to get on with it. I even changed the processing notes to make them friendlier'.

- **2.2.1 We can demonstrate our commitment to developing and delivering customer focused services through our recruitment, training and development policies for staff.**
There has been considerable recruitment over the last 12 months, with 16 new staff taken on primarily to meet the workload associated with the two new employers. New starters interviewed confirmed online induction and training with a strong customer content. Subsequent training also includes support from all colleagues - 'Knowledge sharing is tremendous here. It helps you get up to speed quickly and builds your confidence to deal with customers'.
- **2.2.2 Our staff are polite and friendly to customers and have an understanding of customer needs.**
As per 2021, with customers interviewed confirming high levels of politeness and friendliness.
- **2.2.3 We prioritise customer focus at all levels of our organisation and evaluate individual and team commitment through the performance management system.**
As per 2021.
- **2.2.4 We can demonstrate how customer facing staff insights, and experiences are incorporated into internal processes, policy development and service planning.**
This Element is Compliance Plus. (See Summary of Strengths).
- **2.2.5 We value the contribution our staff make to delivering customer focused services, and leaders, managers and staff demonstrate these behaviours.**
As per 2021.

3 - INFORMATION AND ACCESS

3.1 Range of Information

- **3.1.1 We make information about the full range of services we provide available to our customers and potential customers, including how and when people can contact us, how our services are run and who is in charge.**
As per 2021, with improvements made. (See Element 3.2.3).
- **3.1.2 Where there is a charge for services, we tell our customers how much they will have to pay.**
As per 2021.

3.2 Quality of Information

- **3.2.1 We provide our customers with the information they need in ways which meet their needs and preferences, using a variety of appropriate channels.**
As per 2021.
- **3.2.2 We take reasonable steps to make sure our customers have received and understood the information we provide.**
As per 2021.
- **3.2.3 We have improved the range, content and quality of verbal, published and web based information we provide to ensure it is relevant and meets the needs of customers.**
HPS continue to make ongoing improvements with the website. Dedicated pages have been created for current news, and new icons are being used to improve searches and navigation. More updates and notifications are also communicated electronically via the Employer Hub and Member Portal - 'The Portal now has a dynamic home page.'
- **3.2.4 We can demonstrate that information we provide to our customers is accurate and complete, and that when this is not the case we advise customers when they will receive the information they requested.**
As per 2021.

3.3 Access

- **3.3.1** **We make our services easily accessible to all customers through provision of a range of alternative channels.**
This Element is Compliance Plus. (See Summary of Strengths).
- **3.3.2** **We evaluate how customers interact with the organisation through access channels and we use this information to identify possible service improvements and offer better choices.**
Ongoing improvements to access channels are based on a constant evaluation of usage and feedback. Feedback via Focus Groups is helping to influence the evolution of the Employer Hub.
- **3.3.3** **We ensure that where customers can visit our premises in person, facilities are as clean and comfortable as possible.**
As per 2021.

3.4 Co-operative working with other providers, partners and communities

- **3.4.1** **We have made arrangements with other providers and partners to offer and supply co-ordinated services, and these arrangements have demonstrable benefits for our customers.**
Employers are seen as both customers and partners. As partners, they work with HPS to ensure pensions are paid to Members accurately and on time. The data provided by employers to HPS is therefore critical. New employers, Hillingdon and Westminster, worked tirelessly with HPS to ensure a smooth transition during the onboarding process.
- **3.4.2** **We have developed co-ordinated working arrangements with our partners that ensure customers have clear lines of accountability for quality of services.**
Regular meetings were held with Hillingdon and Westminster to ensure a smooth transition for Members. HPS make it clear what data is needed by when from employers. Clear lines of accountability are detailed on the website.
- **3.4.3** **We interact within wider communities and we can demonstrate the ways in which we support those communities.**
As per 2021.

4 - DELIVERY

4.1 Delivery Standards

- **4.1.1** **We have challenging standards for our main services, which take account of our responsibility for delivering national and statutory standards and targets.**
As per 2021.
- **4.1.2** **We monitor and meet our standards, meet departmental and performance targets, and we tell our customers about our performance.**
This Element is Compliance Plus. (See Summary of Strength).
- **4.1.3** **We consult and involve customers, citizens, partners and staff on the setting, reviewing and raising of our local standards.**
As per 2021.

4.2 Staff Professionalism and Attitude

- **4.2.1** **We agree with our customers at the outset what they can expect from the service we provide.**
As per 2021.

- **4.2.2 We can demonstrate that we deliver the service we promised to individual customers and that outcomes are positive for the majority of our customers.**
In addition to excellent satisfaction data, customers interviewed are very satisfied with the services they are receiving from HPS. Pensioners commented - 'They are very responsive, approachable and flexible' and 'The Portal is easy to use and a mine of information'. Employers (as customers) said - 'HPS are very hands-on and are keen to get our records correct' and - 'I am very impressed with the customer service provided'.
- **4.2.3 We can demonstrate that we benchmark our performance against that of similar or complimentary organisations and have used that information to improve our service.**
HPS has benchmarked on information and guidance given by other providers on the McCloud Remedy and has created a dedicated webpage as a result.
- **4.2.4 We have developed and learned from best practice identified within and outside our organisation, and we publish our examples externally where appropriate.**
This Element is Compliance Plus. (See Summary of Strengths).

4.3 Deal effectively with problems

- **4.3.1 We identify any dips in performance against our standards and explain these to customers, together with action we are taking to put things right and prevent further recurrence.**
This Element is Compliance Plus. (See Summary of Strengths).
- **4.3.2 We have an easy to use complaints procedure, which includes a commitment to deal with problems fully and solve them wherever possible within reasonable time limit.**
As per 2021, with a review of the complaints procedure. (See Element 4.3.5).
- **4.3.3 We give staff training and guidance to handle complaints and to investigate them objectively, and we can demonstrate that we empower staff to put things right.**
As per 2021, with guidance now given to new starters during induction.
- **4.3.4 We learn from any mistakes we make by identifying patterns in formal and informal complaints and comments from customers and use this information to improve services and publicise action taken.**
There have been only two complaints that have escalated to the IDRP (Independent Dispute Resolution Process). HPS uses a Compliment, Comment and Suggestion spreadsheet and responds to all negative comments. An example shows how there were some concerns from new customers from Hillingdon regarding the switch to an end of month payment date. Specific arrangements were made for these customers.
- **4.3.5 We regularly review and improve our complaints procedure, taking account of the views of customers, complainants and staff.**
Following a review of the complaints procedure, Touchpoint software was expanded to record all phone calls so that they could be used for training purposes.
- **4.3.6 We ensure that the outcome of the complaint process for customers, whose complaint is upheld, is satisfactory for them.**
The two complaints referred to the IDRP will undergo a full investigation and response.

5 - TIMELINESS AND QUALITY OF SERVICE

5.1 Standards for Timeliness and Quality

- **5.1.1 We set appropriate and measurable standards for the timeliness of response for all forms of customer contact including phone calls, letters, e-communications and personal callers.**
As per 2021.

- **5.1.2 We set comprehensive standards for all aspects of the quality of customer service to be expected in all dealings with our organisation.**

As per 2021.

5.2 Timely Outcomes

- **5.2.1 We advise our customers and potential customers about our promises on timeliness and quality of customer service.**

As per 2021.

- **5.2.2 We identify individual customers needs at the first point of contact with us and ensure that an appropriate person who can address the reason for contact deals with the customer.**

As per 2021.

- **5.2.3 We promptly share customer information with colleagues and partners within our organisation whenever appropriate and can demonstrate how this has reduced unnecessary contact for customers.**

All phone calls are now recorded, allowing for sharing of experiences, particularly around complaints. New starters also confirmed that knowledge is shared amongst all teams to help them to become more autonomous. This minimises the occasions that new staff need to transfer a call.

- **5.2.4 Where service is not completed at the first point of contact we discuss with the customer the next steps and indicate the likely overall time to achieve outcomes.**

As per 2021.

- **5.2.5 We respond to initial enquiries promptly, and if there is a delay we advise the customer and take action to rectify the problem.**

As per 2021.

5.3 Achieved Timely Delivery

- **5.3.1 We monitor our performance against standards for timeliness and quality of customer service and we take action if problems are identified.**

As per 2021.

- **5.3.2 We are meeting our current standards for timeliness and quality of customer service and we publicise our performance against these standards.**

HPS is currently meeting all of their targets for the timeliness and quality of service, which are part of its main KPIs. All currently stand at 100%.

- **5.3.3 Our performance in relation to timeliness and quality of service compares well with that of similar organisations.**

HPS has made some recent comparisons with pension funds in Dorset and Buckinghamshire. Results show they exceed both with regard to the achievement of industry-standard key measures. These relate to both the timeliness and quality of service.

6. CONCLUSION AND RECOMMENDATIONS

There are no actions that require immediate attention and I am pleased to pass on to Assessment Services Ltd's Certification Committee my recommendation that you remain certificated as meeting the Customer Service Excellence Standard. Certification is valid for three years from the Certification Committee's decision date and subject to ongoing annual reviews as follows:

Annual Review Year 2 - January 2023

3-Year Review - January 2024

Annual Review Year 1 - January 2025

I would like to take this opportunity to thank you for your kind cooperation during this review.

Neil Potentier

CSE Assessor for Assessment Services Ltd.

31st January 2022

7. COMPLIANCE AGAINST THE CUSTOMER SERVICE EXCELLENCE STANDARD

1 - Customer Insight







	Element	Accreditation
1.1	1.1.1	● Compliance
	1.1.2	● Compliance
	1.1.3	● Compliance
1.2	1.2.1	● Compliance
	1.2.2	● Compliance
	1.2.3	● Compliance
1.3	1.3.1	● Compliance
	1.3.2	● Compliance
	1.3.3	● Compliance
	1.3.4	● Compliance
	1.3.5	● Compliance

2 - The Culture of the Organisation














	Element	Accreditation
2.1	2.1.1	● Compliance Plus
	2.1.2	● Compliance
	2.1.3	● Compliance
	2.1.4	● Compliance
	2.1.5	● Compliance
	2.1.6	● Compliance
2.2	2.2.1	● Compliance
	2.2.2	● Compliance
	2.2.3	● Compliance
	2.2.4	● Compliance Plus
	2.2.5	● Compliance

3 - Information and Access











	Element	Accreditation
3.1	3.1.1	● Compliance
	3.1.2	● Compliance
3.2	3.2.1	● Compliance
	3.2.2	● Compliance
	3.2.3	● Compliance
	3.2.4	● Compliance

	Element	Accreditation
3.3	3.3.1	 Compliance Plus
	3.3.2	 Compliance
	3.3.3	 Compliance
3.4	3.4.1	 Compliance
	3.4.2	 Compliance
	3.4.3	 Compliance

4 - Delivery

	Element	Accreditation
4.1	4.1.1	 Compliance
	4.1.2	 Compliance Plus
	4.1.3	 Compliance
4.2	4.2.1	 Compliance
	4.2.2	 Compliance
	4.2.3	 Compliance
	4.2.4	 Compliance Plus
4.3	4.3.1	 Compliance Plus
	4.3.2	 Compliance
	4.3.3	 Compliance
	4.3.4	 Compliance
	4.3.5	 Compliance
	4.3.6	 Compliance

5 - Timeliness and Quality of Service

	Element	Accreditation
5.1	5.1.1	 Compliance
	5.1.2	 Compliance
5.2	5.2.1	 Compliance
	5.2.2	 Compliance
	5.2.3	 Compliance
	5.2.4	 Compliance
	5.2.5	 Compliance
5.3	5.3.1	 Compliance
	5.3.2	 Compliance
	5.3.3	 Compliance



REPORT TO:	Westminster County Council
DATE PREPARED:	Friday 7 th January 2021
TITLE:	Pensions Administration Update

Contact Name: Stephanie Tonner/Hayley Read

Contact Email: stephanie.tonner@hants.gov.uk / 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 8th 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. We have successfully run and paid the December payroll for WCC pensioners.
- 3.2. In December, an issue was highlighted with the way in which some transfer in data had been migrated to UPM. This was affecting 184 transfer records which have come across from Altair – but the issue only affects members who are trying to view their transfer details via the Portal. 46 of the 184 members are registered for our Member Portal. We have prioritised the work required to correct these records to avoid any ongoing confusion for the member.

3.3. 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 – this work is in progress, as our IT colleagues have found this to be more complicated than they were expecting, although they do not have any concerns about being able to complete this work.

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
Local Government	4,729	6,702	6,511	1,236	19,178

*The active membership includes 446 historic 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 1st December to 31st December 2021; the performance target for all cases is 15 days (except Deferred Benefits which is 30 days, and Rejoiners which is 20 days).

Time to Complete

Type of Case	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)
Active Retirement	2	1	3	0	0	0	6	100.00%	6	100.00%
Deferred Retirement	10	7	8	0	0	0	25	100.00%	15	100.00%
Estimates	2	4	58	0	0	0	64	100.00%	11	100.00%
Deferred Benefits	5	0	0	0	8	0	13	100.00%	1	100.00%
Transfers In & Out	0	0	0	0	0	0	0	100.00%	0	100.00%
Divorce	0	0	1	0	0	0	1	100.00%	1	100.00%
Refunds	2	1	1	0	0	0	4	100.00%	10	100.00%
Rejoinders	0	0	0	3	0	0	3	100.00%	0	100.00%
Interfunds	1	2	18	0	0	0	21	100.00%	4	100.00%
Death Benefits	11	4	0	0	0	0	15	100.00%	7	100.00%
GRAND TOTAL	33	19	89	3	8	0	152	100.00%	55	100.00%

5.3. The table below shows outstanding work as of 31st December 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	0	4	0	0	0	0	4	5
Deferred Retirement	3	2	0	0	0	0	5	11
Estimates*	16	14	8	2	0	0	40	52
Deferred Benefits	6	2	3	5	4	0	20	14
Transfers In & Out	0	3	1	0	0	0	4	0
Divorce	0	0	1	0	0	0	1	0
Refunds	3	1	0	0	0	0	4	2
Rejoiners	0	0	3	1	0	0	4	4
Interfunds	4	5	3	0	0	0	12	16
Death Benefits	1	3	2	0	1	0	7	5
GRAND TOTAL	33	34	21	8	5	0	101	109

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

6. Unprocessed historic casework

- 6.1. As mentioned in section 3 above, the WCC dataset contains 446 historic unprocessed leavers. All of the dates of leaving for these members are prior to September 2021.
- 6.2. A summary breakdown of this group will be shared ahead of January's partnership meeting, for discussion. The summary will include the number of unprocessed leavers per employer to demonstrate where assumptions may need to be made for the upcoming valuation.

7. Call and Email Volumes

- 7.1. Up to 31st December 2021, we received 185 calls from members of the WCC LGPS who had a general query about their pension – this does not include those who are calling for Member Portal support.
- 7.2. The total number of calls for all schemes we administer, received into the Pension Customer Support Team (PCST) were 2,383 and 18 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.

7.3. Our call reporting software does not allow us to report which of our ‘abandoned’ calls were WCC members, but based on the number of abandoned calls above, we answered 99.24% of all calls received.

7.4. PCST also monitor and handle all of the emails received from members into our main pensions inbox – not including those which have been passed to other teams to process, PCST responded to 221 WCC member emails.

8. Online Services

Member Portal

8.1. Active, Deferred and Pensioner members of WCC 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.

8.2. The table below shows the total number of current registrations for each status as of 31st December 2021.

Status	Registrations to date	% of total membership	Registrations to 30/11/2021	% of total membership
Active	1,202	25.42%	1,087	23.10%
Deferred	777	11.59%	676	10.02%
Pensioner	1,005	15.44%	552	8.50%
TOTAL	2,984	16.63%	2,315	12.90%

8.3. PCST handled 389 calls from members of all schemes we administer, who were specifically asking for Member Portal support.

Employer Hub

8.4. As of 31st December 2021, there are 36 WCC employers signed up to the Employer Hub, and 104 individual users with access.

9. 2022 End of Year Timetable

9.1. We are in the process of agreeing the timeline for the 2022 End of Year, beginning with the bulk pensions increase for Pensioner and Deferred members at the end of February, and ending with the issuing of Pension Savings Statements in October.

- 9.2. The timeline will follow the same plan as we have done in previous years, and we will confirm specific target dates for each piece of work in next months' partnership report.
- 9.3. The 2022 annual return templates were issued to WCC employers before Christmas, so they can prepare the information required by our deadline of 30 April 2022.

10. Scheme Legislation Updates

- 10.1. Legislation updates that have been received during December 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** – In December we issued a Stop Press, explaining that we would be moving to a one-time passcode on the member portal and employer hub.
- 11.2. **Member communications** – there were no bulk member communications issued in December.

12. Quality Assurance

- 12.1. **Data Protection Breaches** – We have identified one data protection breach in December 2021, caused by a member of staff selecting the wrong address as part of a data cleansing piece of work to ensure all overseas addresses were recorded accurately. A full explanation was provided to Sarah Hay and the breach was contained.

13. Compliments & Complaints

- 13.1. In December 2021 we did not receive any complaints in respect of the administration service we provide, from members of the WCC LGPS.
- 13.2. In December 2021 we received one compliment from a member of the WCC LGPS. Further information can be found in appendix 2.

Monthly administration report

January 2022



City of Westminster

Working in partnership with



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West Sussex
Fire & Rescue Service

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- 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. 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 – the method to set up the place holder documents has been confirmed and proven to work, so the relevant member records will be updated by the end of February 2022.

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
Local Government	4,735	6,694	6,518	1,235	19,182

*The active membership includes 430 historic 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 1st January to 31st January 2022; the performance target for all cases is 15 days (except Deferred Benefits which is 30 days, and Rejoiners which is 20 days).

Time to Complete

Type of Case	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)
Active Retirement	0	1	2	0	0	0	3	100.00%	6	100.00%
Deferred Retirement	5	2	7	0	0	0	14	100.00%	15	100.00%
Estimates	4	2	17	0	0	0	23	100.00%	64	100.00%
Deferred Benefits	3	0	0	3	8	0	14	100.00%	13	100.00%
Transfers In & Out	1	0	3	0	0	0	4	100.00%	0	100.00%
Divorce	0	1	1	0	0	0	2	100.00%	1	100.00%
Refunds	1	3	1	0	0	0	5	100.00%	4	100.00%
Rejoiners	0	0	1	0	0	0	1	100.00%	3	100.00%
Interfunds	2	4	10	0	0	0	16	100.00%	21	100.00%
Death Benefits	2	0	2	0	0	0	4	100.00%	15	100.00%
GRAND TOTAL	18	13	44	3	8	0	86	100.00%	152	100.00%

5.3. The table below shows outstanding work as of 31st January 2022. 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	2	2	0	0	0	0	4	4
Deferred Retirement	8	2	0	0	0	0	10	5
Estimates*	13	24	14	1	1	0	53	40
Deferred Benefits	5	1	13	2	6	0	27	20
Transfers In & Out	2	2	1	0	0	0	5	4
Divorce	0	0	1	0	0	0	1	1
Refunds	2	0	0	0	0	0	2	4
Rejoiners	0	0	3	0	0	0	3	4
Interfunds	2	7		0	0	0	9	12
Death Benefits	4	3	1	2	0	0	10	7
GRAND TOTAL	38	41	33	5	7	0	124	101

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

6. Unprocessed historic casework

- 6.1. As mentioned in section 4 above, the WCC dataset contains 430 historic unprocessed leavers; all of the dates of leaving for these members are prior to September 2021.
- 6.2. We have attached in Appendix 4 a document which sets out further information, and the costs and timescales to clear these cases, for WCC to provide approval to proceed with this work.
- 6.3. In preparation, a breakdown of the unprocessed leavers by employer was shared in January, and we will be working with Westminster and their actuary to prioritise the deferred benefit calculations which will have the most impact on this year's valuation.

7. Call and email volumes

- 7.1. Up to 31st January 2022, we received 180 calls from members of the WCC LGPS who had a general query about their pension – this does not include those who are calling for Member Portal support.
- 7.2. The total number of calls for all schemes we administer, received into the Pension Customer Support Team (PCST) were 4,259 and 81 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.

- 7.3. Our call reporting software does not allow us to report which of our ‘abandoned’ calls were WCC members, but based on the number of abandoned calls above, we answered 98.09% of all calls received.
- 7.4. PCST also monitor and handle all of the emails received from members into our main pensions inbox – not including those which have been passed to other teams to process, PCST responded to 119 WCC member emails.

8. Online services

Member Portal

- 8.1. Active, Deferred and Pensioner members of WCC 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.
- 8.2. The table below shows the total number of current registrations for each status as of 31st January 2022.

Status	Registrations to date	% of total membership	Registrations to 30/12/2021	% of total membership
Active	1,310	27.66%	1,202	25.42%
Deferred	858	12.82%	777	11.59%
Pensioner	1,132	17.37%	1,005	15.44%
TOTAL	3,300	18.39%	2,984	16.63%

Employer Hub

- 8.3. As of 31st January 2022, there are 36 WCC employers signed up to the Employer Hub, and 111 individual users with access.

9. 2022 End of Year timetable

- 9.1. We have agreed the timeline for the 2022 year end and the production of benefit statements. The table below details the key milestones for each step of the year end process.

Completed By	Task
15/03/2022	2021 Pensions Increase to be applied to all pensions in payment.
31/03/2022	Annual Return requests and templates sent to Employers.
March/April	Online employer annual return workshops
30/04/2022	Annual return deadline for Employers

Completed By	Task
06/05/2022	2022 Pensions increase applied to all deferred benefit members.
30/06/2022	Employer Services to complete upload of Annual Returns (AR); assuming all data received from, and queries answered by employers.
30/06/2022	CARE pension revaluation for Active members (to be run per employer, subsequent to AR upload)
29/07/2022	Supplementary Pensions Increase calculated and paid.
31/07/2022	All Deferred Benefit Statements (DBS) to be produced.
31/08/2022	LG Active Benefit Statements (ABS) to be produced.
05/10/2022	Pensions Savings Statements sent – will be produced by employer as ABS have been completed
31/10/2022	E-comms sent to members with benefit statement available on Member Portal

10. Pensions Dashboard Programme

- 10.1. On 31st January the consultation for the Pensions Dashboard regulations was published – responses must be submitted by 13th March 2022.
- 10.2. We are attending a series of webinars held by a combination of the Pensions Dashboard Programme and the Department for Work and Pensions, throughout February. The webinars cover an overview of the consultation and how the Dashboard will work in more detail.
- 10.3. We understand that Public Service Pension schemes, will have a staging date of April 2024 at the latest, dependant on active and deferred membership numbers submitted in the 2021 Pensions Regulator Scheme Return.
- 10.4. We also have two representatives from Hampshire Pension Services, attending Civica's Pensions Dashboard working group – the first meeting is being held on 23rd February – at which point we should understand more about how we can connect to the architecture which will deliver the Money and Pensions services (MaPs) dashboard.

11. Customer Service Excellence (CSE)

- 11.1. On 26th January 2022 we completed a re-assessment of our CSE accreditation.
- 11.2. We were awarded full compliance for all 57 of the CSE criteria, and in the following six areas were awarded a 'compliance plus'.

- There is corporate commitment to putting the customer at the heart of service delivery and leaders in our organisation actively support this and advocate for customers.
- We can demonstrate how customer facing staff insights, and experiences are incorporated into internal processes, policy development and service planning.
- We make our services easily accessible to all customers through provision of a range of alternative channels.
- We monitor and meet our standards, meet departmental and performance targets, and we tell our customers about our performance.
- We have developed and learned from best practice identified within and outside our organisation, and we publish our examples externally where appropriate.
- We identify any dips in performance against our standards and explain these to customers, together with action we are taking to put things right and prevent further recurrence.

12. Audit

- 12.1. The Southern Internal Audit Partnership (SIAP) provides the internal audit function for Hampshire. The following audits have been completed or are in progress for 2021/22.

Audit Area	Current Position
<p>Pensions, payroll, and benefit calculations: Annual review to provide assurance that systems and controls ensure that lump sum and on-going pension payments are calculated correctly, are valid and paid to the correct recipients; all changes to on-going pensions are accurate and timely; and pension payroll runs are accurate, complete, timely and secure with all appropriate deductions made and paid over to the relevant bodies.</p>	<p>The audit testing is in progress with the final report anticipated in March 2022.</p>
<p>Pension Starters: Review of the control framework to support appropriate, complete, and prompt admission of new starters to the various pension schemes administered by Hampshire Pension Services (HPS).</p>	<p>This review has sought to assess the effectiveness of controls in place focusing on those designed to mitigate risk in achieving the following key objectives:</p> <ul style="list-style-type: none"> • Starter notifications are accurately and promptly recorded in the UPM (Universal Pension Management) system.

Audit Area	Current Position
	<ul style="list-style-type: none"> Starters receive their initial enrolment documentation within agreed timescales. <p>The Auditors conclusion was that substantial assurance had been gained and a sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>
<p>Pension Leavers: Review of the control framework to support appropriate, complete, and prompt leaver notifications to the various pension schemes administered by Hampshire Pension Services (HPS).</p>	<p>This review has sought to assess the effectiveness of controls in place focusing on those designed to mitigate risk in achieving the following key objectives:</p> <ul style="list-style-type: none"> Leaver notifications are received and are accurately and promptly recorded in the Universal Pensions Management (UPM) System. All leavers receive the appropriate initial notifications and on-going annual benefit statements within agreed timescales. <p>The Auditors conclusion was that substantial assurance had been gained and a sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>

12.2. Our audit plan for 2022/23 is set out in the table below.

Audit Area	Timing
<p>Pension Transfers: To provide assurance over the processes and controls to support the accuracy and timeliness of transfers in and out of the schemes managed by HPS.</p>	Quarter 1
<p>Member Deaths: To provide assurance that systems and processes ensure that any payments related to deceased members are calculated correctly</p>	Quarter 2

Audit Area	Timing
and paid promptly to the correct recipient, with the risk of overpayments minimised.	
<p>UPM - Cyber Security (This has been identified as a new audit review area): To provide assurance over the Cyber Security arrangements for the UPM application</p>	Quarter 3 / 4
<p>Pensions Payroll and Benefit Calculations: Annual review to provide assurance that systems and controls ensure that:-</p> <ul style="list-style-type: none"> • Lump sum and on-going pension payments are calculated correctly, are valid and paid to the correct recipients; • All changes to on-going pensions are accurate and timely; • Pension payroll runs are accurate, complete, timely and secure with all appropriate deductions made and paid over to the relevant bodies. 	Quarter 3 / 4

13. 2022 Software Development

- 13.1. We have agreed a development plan for UPM, our Member Portal and Employer Hub for the next year – the high level road map is attached in Appendix 5 and a detailed explanation of each enhancement is below.
- 13.2. **Online Identification and Verification** – this will enhance the Member Portal by allowing the member to upload proof of their identity and marital status and use facial recognition to support various processes including the annual Life Certificates and retirements.
- 13.3. **Automated Payroll Manager** – This will support the back office Payroll team, by automating some of the monthly payroll running actions, allowing the team to focus on tasks that need their expertise. This also supports the automated Advice of Wrong Account for Automated Credits Service (AWACS) functionality; the Return of Unapplied Credit Service (ARUCS) functionality and fully automate the Tax Code Download service (DPS).
- 13.4. **Aggregation Module** – Civica’s Aggregation solution removes the onerous task of manually amalgamating records, which increases the risk of data errors and omissions, as well as being a lengthy, intensive process to complete. The system uses process maps and fully audited process actions to identify which scenario is applicable to the member and control the processing to enable aggregation of both Deferred Benefits and Preserved Refunds.

- 13.5. **GDPR Module** – The GDPR Module bundle will allow us to bulk delete member records and documents in line with retention rules, rather than the member-by-member and document-by-document deletion facilities which are standard features of the current product. We will also be able to use document bundling, creating a single PDF document containing all member documents, to support the response to a subject access request.
- 13.6. **Employer Hub enhancements** – we will be implementing the functionality to allow employers to upload documents and spreadsheets via the Hub, which will be validated before being passed through to the back office team. The Employer remains responsible for the data being submitted to us until it is correct, and we can therefore ensure good quality data is being loaded to UPM.

14. Administration budget 2022/23

- 14.1. The annual budget for administration is rolled forward from the original amount agreed in the OBC. Staffing costs are uplifted in line with step progressions and any pay awards; other budgets are increased in line with September CPI (as per 13.3.2 of the OBC).
- 14.2. The proposed administration charge for 2022/23 is currently £395,000. However, the costs of a pay award have not been included in either the 2021/22 or the 2022/23 figures shown in the table below. Given the timings it is likely that the cost of the 2021/22 pay award will now be invoiced separately in 2022/23.

	<i>OBC (2020/21 costs inc pay award)</i>	<i>2021/22 (full year)</i>	<i>2021/22 (5 months)</i>	<i>2022/23</i>
Staff	283,000	290,000	121,000	297,000
Non pay (inc contribution to overheads)	35,000	35,000	15,000	36,000
UPM software licence and annual maintenance	49,000	49,000	21,000	51,000
Contribution to future software development	11,000	11,000	5,000	11,000
Total	378,000	385,000	160,000	395,000

15. Scheme legislation updates

- 15.1. Legislation updates that have been received during January 2022 for the Local Government Pension Scheme, are detailed in Appendix 1, including any actions that Hampshire Pension Services have taken.

16. Employer and Member Communications

- 16.1. **Employer communications** – In January we issued a Stop Press to promote the discretions workshops.
- 16.2. **Member communications** – There were no bulk member communications issued in January.

17. Quality Assurance

- 17.1. **Data Protection Breaches** – We have not identified any data protection breaches in January 2022.

18. Compliments and Complaints

- 18.1. In January we received two complaints from members of the WCC LGPS. One member was unhappy regarding delays caused by the previous administrator and the second felt that the options available to him to claim his pension, would cost him money. Further detail is included in appendix 2.
- 18.2. In January we received two complaints from members of the WCC LGPS. One member was unhappy regarding delays caused by the previous administrator and the second felt that the options available to him to claim his pension, would cost him money. Further detail is included in appendix 2.

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Monthly administration report

FEBRUARY 2022



City of Westminster

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1. Summary

- 1.1. The purpose of this report is to update Westminster City 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 City Council Local Government Pension Fund.

2. Background

- 2.1. Hampshire Pension Services administer the Local Government Pension Scheme (LGPS) on behalf of Westminster City Council (WCC) with effect from 8th November 2021.
- 2.2. Hampshire Pension Services also administer the LGPS for Hampshire County Council, West Sussex County Council and London Borough Of Hillingdon; the Fire Pension Schemes for both West Sussex and Hampshire, and the Police Pension Schemes for Hampshire.

3. Membership

- 3.1. 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
Local Government	4,734	6,698	6,530	1,226	19,188

*The active membership includes 433 historic 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).

4. Administration performance

- 4.1. 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.
- 4.2. The table below shows performance from 1st February 2022 to 28th February 2022; the performance target for all cases is 15 days (except Deferred Benefits which is 30 days, and Rejoiners which is 20 days).

Time to Complete

Type of Case	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)
Active Retirement	1	1	1	0	0	0	3	100.00%	3	100.00%
Deferred Retirement	3	2	5	0	0	0	10	100.00%	14	100.00%
Estimates	3	4	22	0	0	0	29	100.00%	23	100.00%
Deferred Benefits	1	0	0	4	15	0	20	100.00%	14	100.00%
Transfers In & Out	1	1	3	0	0	0	5	100.00%	4	100.00%
Divorce	0	2	2	0	0	0	4	100.00%	2	100.00%
Refunds	5	0	0	0	0	0	5	100.00%	5	100.00%
Rejoiners	0	0	0	1	0	0	1	100.00%	1	100.00%
Interfunds	1	4	9	0	0	0	14	100.00%	16	100.00%
Death Benefits	7	1	3	0	0	0	11	100.00%	4	100.00%
GRAND TOTAL	22	15	45	5	15	0	102	100.00%	86	100.00%

4.3. The table below shows outstanding work as of 28th February 2022. 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.

4.4. 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.

4.5. 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	2	0	0	0	0	3	4
Deferred Retirement	4	3	1	1	0	0	9	10
Estimates*	13	15	7	2	0	0	37	53
Deferred Benefits	9	9	1	1	6	0	26	27
Transfers In & Out	2	0	0	0	0	0	2	5
Divorce	1	1	1	0	0	0	3	1
Refunds	1	1	0	0	0	0	2	2
Rejoiners	0	0	3	0	0	0	3	3
Interfunds	3	7	2	1	0	0	13	9
Death Benefits	1	2	2	1	2	0	8	10
GRAND TOTAL	35	40	17	6	8	0	106	124

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

5. Unprocessed historic casework

- 5.1. As mentioned in section 3 above, the WCC dataset contains 433 historic unprocessed leavers. All of the dates of leaving for these members are prior to September 2021.
- 5.2. In last months report, we shared a document which set out the costs and timescales to clear these cases, and although we will not delay this work we do require approval of these costs from WCC.
- 5.3. We are waiting for feedback from Hymans regarding the prioritisation of the historic leavers.

6. Call and email volumes

- 6.1. Up to 28th February 2022, we received 128 calls from members of the WCC LGPS who had a general query about their pension – this does not include those who are calling for Member Portal support.
- 6.2. The total number of calls for all schemes we administer, received into the Pension Customer Support Team (PCST) were 4,791 and 94 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.

- 6.3. Our call reporting software does not allow us to report which of our ‘abandoned’ calls were WCC members, but based on the number of abandoned calls above, we answered 97.45% of all calls received.
- 6.4. PCST also monitor and handle all of the emails received from members into our main pensions inbox – not including those which have been passed to other teams to process, PCST responded to 135 WCC member emails.

7. Online services

Member Portal

- 7.1. Active, Deferred and Pensioner members of WCC 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.
- 7.2. The table below shows the total number of current registrations for each status as of 28th February 2022.

Status	Registrations to date	% of total membership	Registrations to 31/01/2022	% of total membership
Active	1,359	28.71%	1,310	27.66%
Deferred	915	13.66%	858	12.82%
Pensioner	1,216	18.62%	1,132	17.37%
TOTAL	3,490	19.43%	3,300	18.39%

- 7.3. PCST handled 1,677 calls in February, from members of all schemes we administer, who were specifically asking for Member Portal support. We have seen a continued increase in member portal queries in February due to a communication issued to West Sussex pensioners to encourage them to register.

Employer Hub

- 7.4. As of 28th February 2022, there are 36 WCC employers signed up to the Employer Hub, and 110 individual users with access.

8. McCloud

- 8.1. The deadline for McCloud data returns covering the period 1 April 2014 to 31 March 2021 was 31 January 2022.
- 8.2. We have received 12 of 37 completed service/break data sets from Westminster employers; initial data checks have been completed on all of the data sets received.

- 8.3. A reminder was sent to employers in January 2022 and for any that are outstanding when we request the next data set for the period 1 April 2021 to 31 March 2022 – this will be in early March and the deadline will be set as 30th June 2022.
- 8.4. We have agreed with Civica to take a copy of all of our existing service history records, before any of the McCloud data returns are uploaded – therefore both sets of service will be stored in UPM so we can highlight any major discrepancies when processing remedy cases.
- 8.5. Considering the Employer Services team are now focussing on the 2022 annual returns and Valuation, we plan on starting the upload of McCloud data in August 2022.

9. 2022 End of Year timetable

- 9.1. We have agreed the timeline for the 2022 year end and the production of benefit statements. The table below details the key milestones for each step of the year end process.

Completed By	Task
15/03/2022	2021 Pensions Increase to be applied to all pensions in payment.
31/03/2022	Annual Return requests and templates sent to Employers.
March/April	Online employer annual return workshops
30/04/2022	Annual return deadline for Employers
06/05/2022	2022 Pensions increase applied to all deferred benefit members.
30/06/2022	Employer Services to complete upload of Annual Returns (AR); assuming all data received from, and queries answered by employers.
30/06/2022	CARE pension revaluation for Active members (to be run per employer, subsequent to AR upload)
15/07/2022	Valuation extracts to be provided to Fund Actuary
29/07/2022	Supplementary Pensions Increase calculated and paid.
31/07/2022	All Deferred Benefit Statements (DBS) to be produced.
31/08/2022	LG Active Benefit Statements (ABS) to be produced.
05/10/2022	Pensions Savings Statements sent – will be produced by employer as ABS have been completed

Completed By	Task
31/10/2022	E-comms sent to members with benefit statement available on Member Portal

9.2. **Pensions increase** – this is in progress for pensioner members and on schedule to be completed in time for April’s payroll. Once this has been completed for pensioner members, we will then move on to applying the increase to deferred members.

9.3. **Valuation** - 2021 valuation data was submitted in January 2022, and we are waiting for feedback from Hymans.

10. Pensions Dashboard Programme (PDP)

10.1. On 28th February the consultation for the Pensions Dashboard regulations was published – responses must be submitted by 13th March 2022, and we are in the process of finalising our response which will be shared with all Partners.

10.2. We have attended all four of the webinars which were presented by the DWP and PDP, and have noted the following key points which will inform our response to the Pensions Dashboard.

- The latest staging date for Public Service Pension schemes is April 2024 and is dependent on the active and deferred membership numbers as of 31st March 2021.
- Only Active and Deferred members are ‘in scope’ – Preserved Refunds and Pensioners are not currently included in the proposed regulations.
- Pension Benefit (referred to as Value) data published to Dashboard users must have been calculated in the last 12 months.
- Data for new joiners to the pension scheme must be available on the Dashboard within 3 months of their start date.
- If Value data is not immediately available, the scheme administrator has 10 days to calculate pension benefits and provide the data to the Pensions Dashboard.

10.3. We have also attended Civica’s first Pensions Dashboard working group – on 23rd February – and have asked them to prepare an indicative cost to engage them as our Integrated Service Provider (ISP) which is required to allow the upload of data to the Pensions Dashboard.

11. Customer Service Excellence (CSE)

- 11.1. As confirmed in last months report, we received full reaccreditation for CSE in January, and the final report has since been shared with us and is attached in Appendix 1.

12. Audit

- 12.1. Work continues on the Pensions, Payroll and Benefit Calculations Audit and we are expecting an update in March.
- 12.2. A draft audit plan for 2022/2023 has been circulated internally which we anticipate will be finalised and included in the next monthly report.

13. 2022 Software Development

- 13.1. The first stage of our development roadmap is to implement the online identification and verification (ID & V) process, which will support our Life Certificate/Proof of Existence process in particular this year.
- 13.2. We have engaged with the third party company – GB Group – who provide the ID & V service, which will work alongside UPM and our Member Portal.
- 13.3. Our target completion date for this work is 31st May 2022 and following this, letters will be sent to all Overseas pensioners asking them to use the Member Portal to prove their existence – we will still be accepting the paper Life Certificate forms, as we are aware that some pensioners may not have the technology to use the online ID & V service.

14. Scheme legislation updates

- 14.1. Legislation updates that have been received during February 2022 for the Local Government Pension Scheme, are detailed in Appendix 2, including any actions that Hampshire Pension Services have taken.

15. Employer and Member Communications

- 15.1. **Employer communications** – In February we issued a Stop Press to promote the Annual returns workshop.

- 15.2. For Westminster employers specifically we ran 5 discretion workshops to raise the awareness and understanding of the requirement for Scheme Employers to have a published discretions policy, as well as the implications of not holding one. HPS will look to engage further with Scheme Employers towards the end of 2022. We had 18 attendees representing 12 Westminster employers.
- 15.3. **Member communications** – There were no bulk member communications issued in February.
- 15.4. **Pensioner Newsletters** – HPS has shared a draft of the pensioner newsletter with WCC and they have since provided feedback on this which has been taken into consideration for the final version. Pensioner newsletters will be published/issued in April at the same time as P60's are generated.

16. Quality Assurance

- 16.1. **Data Protection Breaches** – We have not identified any data protection breaches in February 2022.
- 16.2. **Data Subject Access Requests (DSAR)** – we have noticed an increase in these across all schemes and for Westminster in particular we have received one request in February, but we are continuing to monitor this due to concerns that these requests may become a complaint or claim against the pension fund regarding previous transfers out.

17. Compliments and Complaints

- 17.1. In February 2022 we did not receive any complaints in respect of the administration service we provide, from members of the WCC LGPS.
- 17.2. One compliment was received from a member of the WCC LGPS. Further detail on this can be found in appendix 3.

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City of Westminster

Pension Fund Board

Date:	30th March 2022
Classification:	General Release
Title:	COWPF LGPS Projects and Governance Update
Report of:	Diana McDonnell-Pascoe Pensions Project Manager, People Services
Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	General

1. Introduction

The purpose of this paper is to update the Pension Board on the various projects and governance activities being undertaken by the Pensions and Payroll Team to improve the administration of the COWPF LGPS.

2. Projects

2.1. Administration Transfer Legacies

2.1.1. Surrey Exit

We have received a letter from Aquila Heywood confirming that our data has been deleted from Altair as requested at the end of January.

We are still processing the final financial position with respect to exiting Surrey and I will update the Board at the next meeting.

2.1.2. Project Costs – Projected Spend against Actual Spend

The projected spend of the project was £1,076,231 and the actual spend to date has been £979,130. This means that the project costs were 91% of projected spend.

Part of the reason for this underspend was a zero spend against a planned 20% contingency of £57k as set out in the Outline Business Case of Hampshire Pension Services and a zero spend against a speculative 20% contingency of £13,939 against the initial estimated Surrey Exit Costs.

However, even if we did have a full spend against those contingencies, the project would have still only spent £1,050,069 which would be 98% of projected spend.

2.2. Pension Website

The current website for the COWPF LGPS is being reviewed with respect to value for money. There are three points of review under this project which are:

- a) Further integration with Finance: for promotion of Fund finance activities
- b) Diversity and Inclusion: including accessibility
- c) Digital Value: with respect to the value of the domain name and current website content given the combined availability of the Hampshire Pension Services' and Council's websites and their ability to provide the digital support we require.

Progress since December 2021:

We held a workshop with Finance colleagues in February to discuss their requirements. Currently, Finance have a page on www.westminster.gov.uk, the Council's website, which is sufficient for their needs in publishing the relevant

documents and publications they are required to provide. Upon reviewing the current webpage versus the dedicated pensions website, we concluded that there was no material benefit to further integration with Finance with respect to creating and promoting content specifically for the current pension website as they already publish complete and discrete publications regarding Responsible Investment etc which interested parties can download and read. Also, pensions is a niche area for which there would be a small audience and any specific enquiries would either come through the main media team of the council or via freedom of information requests. Analysis of the digital readership of the current pension finance page as provided by the WCC's Digital Team show 256 unique page views in the six months from September 2021 to February 2022 (representing 0.01% of all Council site views) which would support this. Therefore, it has been decided that there will be no further integration with Finance at this stage.

With respect to Diversity and Inclusion, I attended a meeting with the Staff Network Chairs at the beginning of February to ask for their help to review the website with respect to accessibility. I also met with the ABLE Network and the Pensions and Payroll team are having an inclusive design workshop with a digital communications team on 23rd March. I will update progress on this and further work at the June Board meeting. It should also be noted that HPS want to collaborate on this work so that all digital offerings to our members and pensioners are aligned in terms of D&I and Accessibility.

With respect to Digital Value, there are a few salient points to review with respect to value for money including a review of the content held by HPS versus COWPF and also how well the Council's site would work as a replacement for the website. The most significant concern, however, is the domain name itself (www.wccpensionfund.co.uk) as this is valuable to the Fund with respect to preventing pension scams at the very minimum. The domain name has been in existence since 2014 when COWPF went live with Surrey as the pension administration service which means there is a distinct significant and consistent history of presence online under that domain name for our current and past

users. Irrespective of which content HPS holds/does not hold, if we move all our relevant content onto www.westminster.gov.uk and decide not to renew the domain name then the potential for scammers to buy and use the domain name for dishonest purposes is considerable. Further work including a risk assessment and website analytics analysis is needed on this digital value piece, and I will update the Board again at the June meeting.

2.3. Guaranteed Minimum Pension (GMP)

We are having the formal project launch meeting on Tuesday 1st March with Mercer, HPS and WCC to kick off this project. Mercer have prepared a draft timeline / project plan for review, and we expect them to start work in April after Pensions Increase. It should be noted that Mercer have already done the bulk of the data analysis required before rectification activities with Surrey, however, we will need to validate the work with HPS to avoid any errors or miscalculations. Again, I will update the Board on progress at the next meeting.

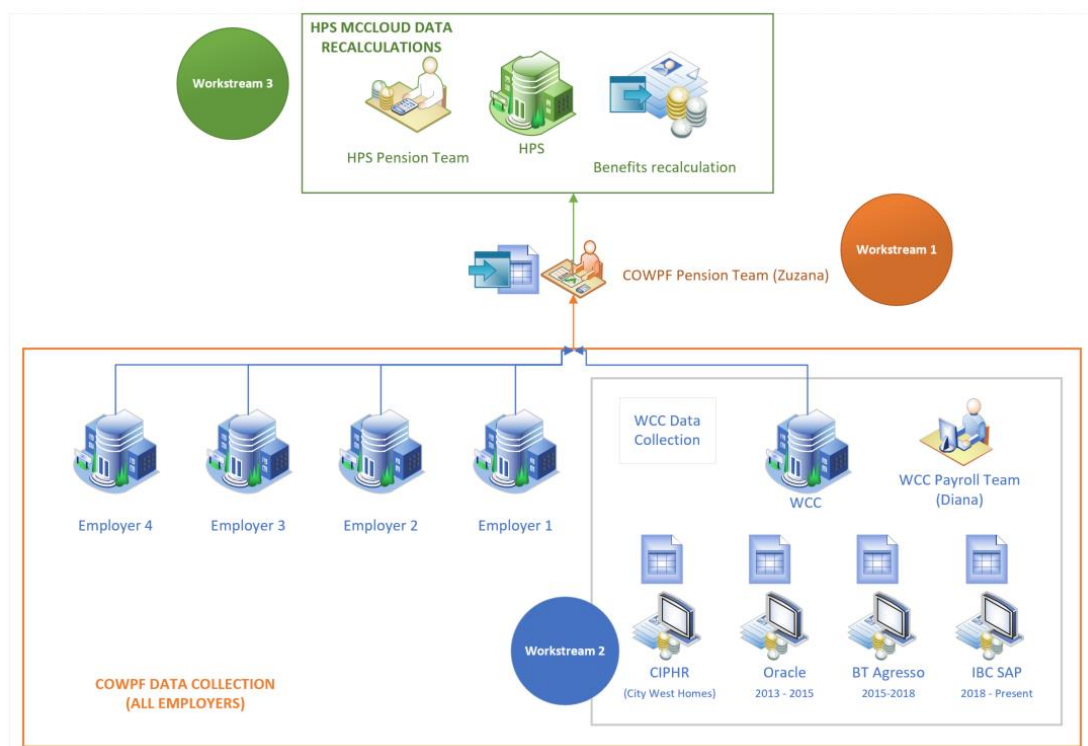
2.4. McCloud

As the Board is aware, the McCloud judgement was aimed at preventing age discrimination in the LGPS. This means that COWPF LGPS needs to recalculate the benefits for eligible members for the remedy period of 1st April 2014 to 31st March 2022. The work has been divided into two phases. Phase 1 is data collection from payroll systems to determine eligible members and Phase 2 is the recalculation of the benefits and applying the remedy. Phase 1 period runs from 2021 to 2022 and Phase 2 period runs from end of 2022 to 2023.

In order to discharge our obligations appropriately, we have divided the work required into three workstreams to ensure we plan and execute our work promptly and efficiently.

The reason for the three workstreams is because there are three avenues of responsibility under this project. Hampshire Pension Services will be responsible for recalculating the benefits for LGPS members once they receive the relevant data collection information from the COWPF employers. It should also be noted that for this avenue of responsibility, HPS are still awaiting the official remedy advice from HM Government and that there is no fixed date for this as yet. The Pension team (for COWPF) is coordinating all the employer responses (of which WCC is one) to send to HPS and the Payroll team are managing the data collection from the WCC current and legacy payroll systems.

Obviously, and as the Board knows, there is only one Payroll and Pensions team (led by Sarah Hay) but for the purposes of clarity for the project, I will be referring to them as the Pension Team, for COWPF responsibilities and the Payroll Team, for WCC responsibilities.



2.4.1. Workstream 1 – COWPF Employer Data Collection – led by Zuzana Fernandes, COWPF Pension Team

Work commenced on this workstream in Summer 2021 whereby COWPF employers were sent a data collection template to be completed by a nominated date of 31st January 2022. As of 25th February 2022, only 14 out of 38 employers (~37%) have returned completed data collection templates.

There are a myriad of challenges for employers in completing the data collection template including and particularly for schools, the challenges of several changes of payroll providers over recent years, the merging of schools and the lack of pension knowledge in schools' officers. The pension team are supporting employers to retrieve this data and complete the data collection templates as soon as possible.

2.4.2. Workstream 2 – WCC Data Collection – led by Diana McDonnell-Pascoe, WCC Payroll Team

Work commenced on this workstream in January 2022. This is because the project to transfer administration services to HPS had taken precedence.

In summary, the requirement on the WCC Payroll Team is to complete the data collection template with payroll data taken from WCC current and legacy payroll systems.

However, the team are facing significant challenges with the legacy payroll systems, particularly Oracle and CIPHR (City West Homes' payroll system) in terms of ability to access the relevant data. With respect to BT Agresso, we have an external partner, Blue Planet Software, who have the ability to extract the relevant data for WCC and we are working with them to retrieve what we need. With respect to Oracle and CIPHR, we are working with IT and our IT Strategic Business Partner on how best to extract the data we require.

Nevertheless, due to the complexity of accessing the data, we expect this process to take several months. We are also investigating futureproofing access to these systems alongside our statutory requirement for McCloud as there is a risk that further payroll requests for data on behalf of the Fund over the coming years will increase access costs exponentially, especially if we have to continually access each system independently and also if the systems become technologically obsolete. Because of these risks, it may be more prudent to collate the data internally in some other way in order for us to access it now and in the future.

Despite this, the Payroll Team are very cognizant of the statutory requirement and do not intend to overtly delay any action to discharge our responsibilities under this requirement. I will have a further update on this at the next Board Meeting.

2.4.3. Workstream 3 – LGPS Benefits Recalculation Exercise – led by Hayley Read, HPS Pension Team

There is no update under this workstream as yet because Phase 2 has not launched.

3. Governance

3.1. HPS Contract Monitoring

As part of the lessons learned from our time with the previous administrator, we have already and are in the process of putting robust contract monitoring and governance procedures in place with HPS.

As the Board was previously advised, HPS are providing monthly partnership reports to COWPF updating the team on Service Delivery KPIs and other relevant information (for the month immediately preceding) which is subsequently discussed at a monthly partnership meeting i.e., February's

meeting discusses January's performance. These results are then being collated by us into a monthly performance tracker so we can monitor trends in overall performance.

Equally, HPS are in the process of being set up on the Council's contract performance software, capitalEsourcing, so that we can report formally and gain support from WCC's procurement teams on managing the contract according to best practice.

In terms of the financial governance of the contract and as previously advised to the Board, HPS agreed to bi-annual financial governance and performance meetings in addition to the monthly partnership meetings. We asked for this additional oversight because the partnership meetings were primarily related to service delivery in administration. I am pleased to inform the Board that HPS have agreed to supplementary finance meetings for this first full year of the contract so that we ensure good governance from the start. This means that for the calendar year of 2022, there will be quarterly finance meetings chaired by HPS to which all the relevant finance colleagues will attend. For the calendar years of 2023 and beyond, we will revert to bi-annual meetings.

4. Summary

This paper was to update the Board on the current position of projects and governance activities related to the administration of the COWPF LGPS. Future papers will update the Board on progress of these activities and inform the Board of any significant developments of the same.



City of Westminster

Pension Board Report

Date:	30 March 2022
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:	Phil Triggs <i>Tri-Borough Director of Treasury and Pensions</i> pdriggs@westminster.gov.uk 020 7641 4136

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 28 February 2022 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

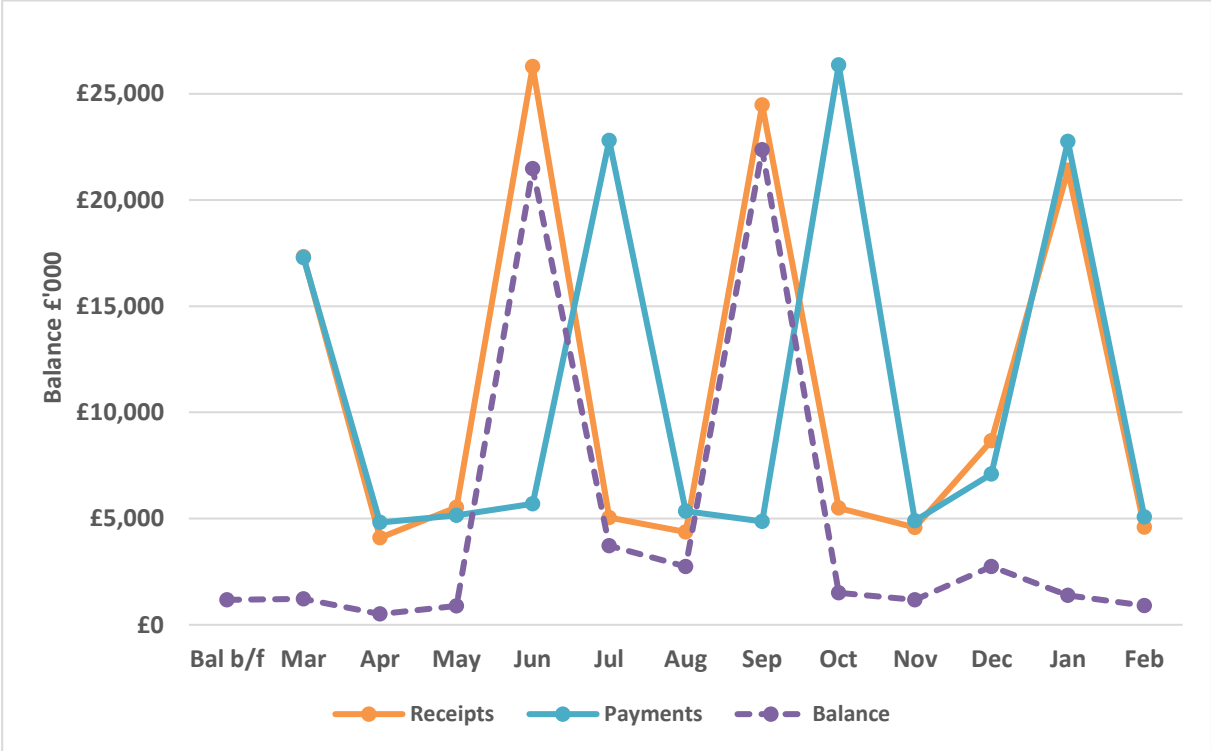
3.1 The risk register is divided into two sections: investment and pensions administration. The risk groups have been updated to reflect the CIPFA guidance on risk categories. The current top five risks to the Pension Fund, as updated in February 2022, are highlighted in the table below:

CIPFA Risk Group	Risk Rank	Risk Description	Trending
Asset and Investment Risk	1 st /40	Significant volatility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainty. On 24 February 2022, Russia invaded Ukraine, a severe escalation in the conflict which had been ongoing since 2014. Subsequently, numerous global powers have implemented sanctions against major Russian banks and financial institutions, including freezing of overseas assets and removing access to SWIFT international payments.	
Liability Risk	2 nd /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%. CPI was 5.5% as at 31 January 2022. 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	3 rd /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	4 th /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.	
Liability Risk	5 th /40	Scheme members live longer than expected leading to higher than expected liabilities. This risk is trending down as life expectancy does not increase at the rates expected.	

4. Cashflow Monitoring and Forecasted Cashflows

4.1 The balance on the pension fund’s Lloyds bank account at 28 February 2022 was £904k. 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 March 2021 to 28 February 2022.



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 £42.280m in cash with the global custodian, Northern Trust, as at 28 February 2022. 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 December 2021 to 28 February 2022.

Cash at Custody	Dec	Jan	Feb
	£000	£000	£000
	Actual	Actual	Actual
Balance b/f	25,324	62,595	102,813
Distributions	1,193	4,752	0
Deficit Recovery	0	0	18,000
Sale of assets	40,053	37,752	0
Interest	(0)	(48)	(894)
Cash withdraw	(4,000)	0	0
Foreign Exchange Gains/Losses	25	(17)	31
Purchase of Assets	0	(2,092)	(75,950)
Miscellaneous	0	0	0
Management fees	0	(129)	(1,720)
Balance c/f	62,595	102,813	42,280

4.5 During the quarter, investments totalling £78m relating to the Quinbrook Renewables Impact mandate, Macquarie Renewable Infrastructure fund, Man Group Affordable Housing portfolio and LCIV Absolute Return fund took place. In addition to this £18m was paid over to Northern Trust in February 2022, relating to a deficit recovery receipt, to safeguard on the Funds behalf. Over the quarter, £5.9m in distributions were received, relating to the London CIV (Baillie Gifford) Global Equity mandate and the Pantheon Global Infrastructure fund. During December 2021, the Fund sold its £77.8m holding in Longview Global Equities, with sale proceeds received during December 2021 and January 2022.

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 December 2021 to 28 February 2022. The total cash balance as at 28 February 2022 was £43.184m.

Cash at custody & Bank account	Dec	Jan	Feb
	£000	£000	£000
	Actual	Actual	Actual
Balance b/f	26,496	65,338	104,193
Cash outflows	(7,075)	(7,003)	(82,748)
Cash inflows	45,917	63,858	3,739
(Withdraw)/Deposit from custody to bank account	(4,000)	0	18,000
Withdraw/(Deposit) from bank account to custody	4,000	(18,000)	0
Balance c/f	65,338	104,193	43,184

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 £000s
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	F'cast	
Balance b/f	1,224	506	886	21,480	3,726	2,744	22,365	1,502	1,172	2,742	1,380	904	
Contributions	3,077	2,896	3,296	3,221	3,191	3,021	3,145	3,291	3,331	3,050	3,092	3,231	37,842
Transfers in, overpayments, VAT reclaim, recharges & misc. receipts	215	807	188	901	377	658	509	426	540	252	710	373	5,955
Pensions	(3,490)	(3,500)	(3,525)	(3,507)	(3,521)	(3,566)	(3,542)	(3,466)	(3,593)	(3,532)	(3,571)	(3,575)	(42,387)
MRC Tax Payments	(604)	(603)	(615)	(629)	(615)	(613)	(665)	(608)	(615)	(634)	(624)	(620)	(7,444)
Transfers out, lump sums, death grants, refunds & misc. payments	(660)	(898)	(1,410)	(518)	(1,205)	(676)	(2,091)	(502)	(2,466)	(598)	(844)	(1,286)	(13,153)
Expenses	(57)	(133)	(140)	(23)	(8)	(5)	(18)	(271)	(426)	(1)	(39)	(161)	(1,282)
Net cash in/(out) in month	(1,518)	(1,432)	(2,206)	(555)	(1,782)	(1,180)	(2,662)	(1,130)	(3,230)	(1,463)	(1,275)	(2,038)	(20,469)
Withdrawal/(deposit) from custody cash	0	1,000	2,000	(18,000)	0	0	(19,000)	0	4,000	(18,000)	0	(12,000)	(60,000)
Deficit Recovery Contributions	800	812	20,800	800	800	20,800	800	800	800	18,100	800	13,900	80,012
Balance c/f	506	886	21,480	3,726	2,744	22,365	1,502	1,172	2,742	1,380	904	767	

- 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%, with pensions payable linked to CPI-inflation which is assumed to increase by 3.1% in 2022/23 and 2023/24. 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	391
Contributions	38,773	39,549	40,340
Transfers in, overpayments, VAT reclaim, recharges & misc. receipts	4,481	4,570	4,662
Pensions	(42,905)	(44,235)	(45,606)
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)	(25,412)	(26,406)
Withdrawal/(deposit) from custody cash	(56,000)	25,000	27,000
Deficit Recovery Contributions	80,030	0	0
Balance c/f	803	391	985

- 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

BACKGROUND PAPERS: None

APPENDICES: None



City of Westminster

Pension Board Report

Date:	30 March 2022
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 28 February 2022, together with an update of the funding position at 31 December 2021.
- 1.2 The Fund underperformed the benchmark net of fees by -2.71% over the quarter to 28 February 2022 and the estimated funding level was 103.0% as at 31 December 2021.

2. RECOMMENDATION

- 2.1 The Board is asked to note:
 - The performance of the investments and the funding position.
 - 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 28 February 2022 and estimated funding level at 31 December 2021.
- 3.2 The market value of investments decreased by £115m to £1.827bn over the quarter to 28 February 2022, with the Fund returning -6.61% net of fees. The Fund underperformed the benchmark net of fees by -2.71% over the quarter, however, it should be noted that there was a high level of volatility and uncertainty in markets following the Russian invasion of Ukraine during late February.
- 3.3 With the exception of Abrdn Long Lease, all assets underperformed their respective benchmarks with the Baillie Gifford (LCIV) Global Alpha mandate being the main detractor to performance, returning -16.35% net of fees. This can be largely attributed to stock selection, with the manager being heavily weighted to healthcare, technology and consumer discretionary amidst the subsequent fallout of the Ukraine crisis.
- 3.4 Over the 12-month period to 28 February 2022, the Fund underperformed its benchmark net of fees by -3.49% returning 4.17%. Again, underperformance can be largely attributed to the Baillie Gifford (LCIV) Global Alpha Growth mandate, with the fund delivering its lowest relative return (-9.35% net of fees) over a 12-month period since it came on board to the addition to the London CIV platform. Baillie Gifford has been invited to the next Pension Fund Committee meeting on 23 June 2022 to discuss its performance.
- 3.5 The Abrdn Long Lease Property fund has performed strongly over the one-year period, outperforming its benchmark by 12.96% net of fees. Alongside this, both the Morgan Stanley (LCIV) Global Equity Sustain portfolio and the CQS (LCIV) Multi Asset Credit mandate outperformed their respective benchmarks by 2% net of fees.
- 3.6 Over the longer three-year period to 28 February 2022, the Fund slightly underperformed the benchmark net of fees by -0.51%, returning 8.55%.
- 3.7 On 24 February 2022, Russia invaded Ukraine marking an escalation in the conflict which has been ongoing since 2014. Since this time, officers have liaised with asset managers to assess the Westminster Pension Fund's exposure to investments within Russian companies. The Fund can report that as at 17 March 2022, there is no exposure to Russia within the Pension Fund's asset classes. Officers will continue to monitor the situation and engage with asset managers as appropriate on any residual holdings within the equity mandates.
- 3.8 The estimated funding level for the Westminster Pension Fund has remained stable at 103.0% as at 31 December 2021 (103.0% at 30 September 2021). The Fund was estimated to be £59m in surplus, with

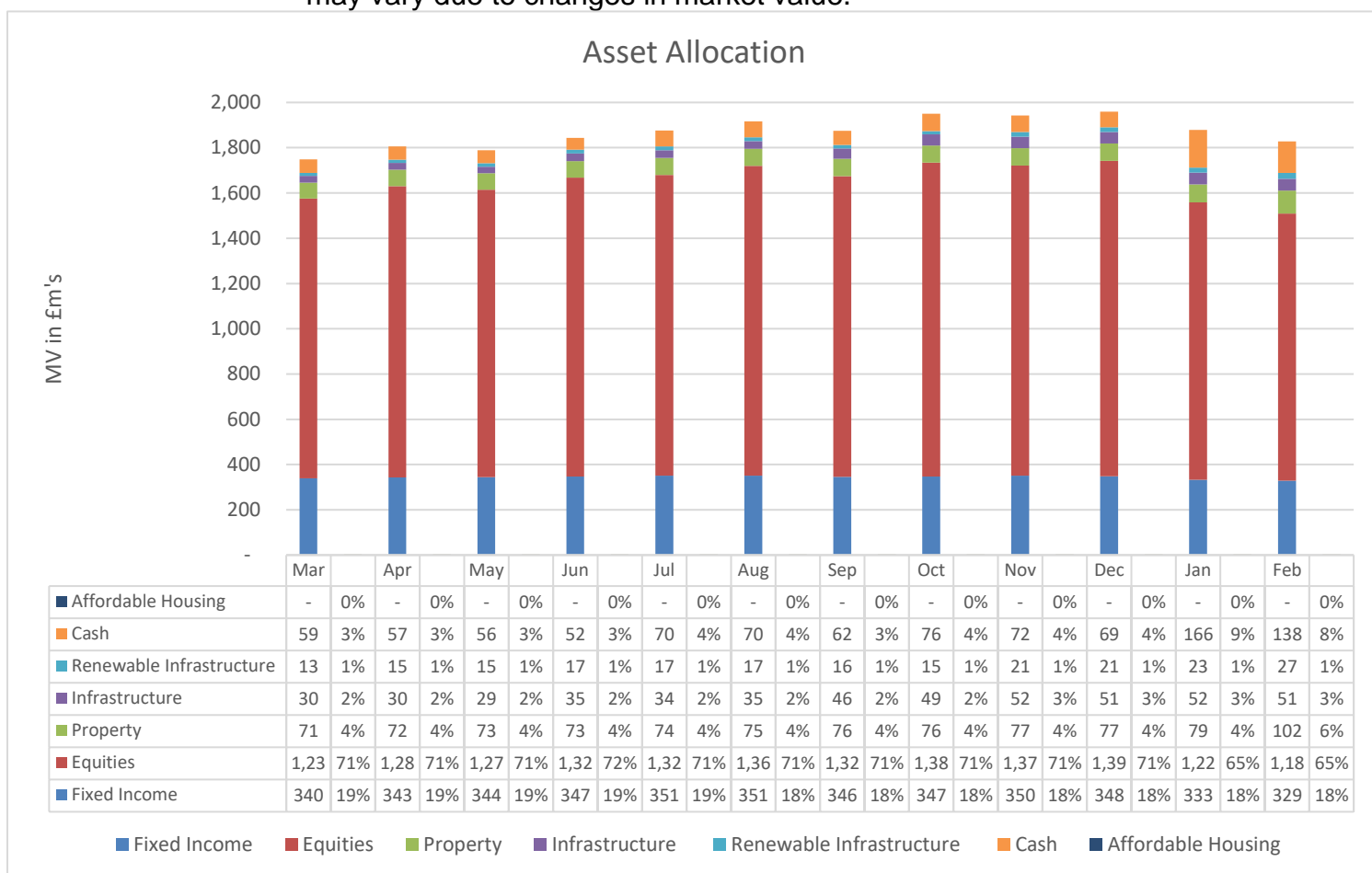
assets of £1.959bn at 31 December 2021 and projected liabilities of £1.900bn.

3.9 It should be noted that at the next valuation, 31 March 2022, future expected returns are anticipated to fall with inflation expectations to rise.

3.10 The Council plans to pay off its deficit by 2022, with a final payment of circa £13m due before 31 March 2022.

4. ASSET ALLOCATION AND SUMMARY OF CHANGES

4.1 The following chart shows the changes in asset allocation of the Fund from 1 March 2021 to 28 February 2022. Please note asset allocations may vary due to changes in market value.



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

**Cash includes the NT ESG Ultra Short Bond Fund and Ruffer (LCIV) Absolute Return Fund

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 The sale of the Longview Global Equity fund took place during December 2021, with £50m transitioned into the London CIV (Ruffer) Absolute Return Fund in February 2022. In addition to this, during January 2022,

a capital call totalling £2.1m took place for the Quinbrook Renewables Impact Fund.

- 4.4 During February 2022, there were capital calls within the Macquarie Renewable Infrastructure mandate and the Man Group Affordable Housing fund totalling £26m.
- 4.5 The value of Pension Fund investments managed by the LCIV as at 28 February 2022 was £905m, representing 50% of Westminster's investment assets. A further £424m continues to benefit from reduced management fees, through 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



City of Westminster

Pension Board Report

Date:	30 March 2022
Classification:	General Release
Title:	Responsible Investment Statement 2022
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> pdriggs@westminster.gov.uk 020 7641 4136

1 Executive Summary

- 1.1 In late 2019, the Local Government Pension Scheme (LGPS) Scheme Advisory Board (SAB) issued draft guidance on Responsible Investment in the LGPS. This guidance outlined the duties of investment decision makers in LGPS administering authorities.
- 1.2 This paper introduces the 2022 Responsible Investment Statement for the Westminster Pension Fund, which is attached as Appendix 1 to this paper.

2 Recommendation

- 2.1 The Board is requested to:
 - Note the Responsible Investment (RI) Statement for 2022.

3 Background

- 3.1 The purpose of the Responsible Investment Statement is to make clear the Pension Fund's approach to investing responsibly. This includes the integration of environmental, social and governance (ESG) factors as part of the Pension Fund's investment strategy.

- 3.2 The aim of the Responsible Investment Statement is to demonstrate to scheme members the direction in which the Pension Fund is moving in terms of responsible investment, decarbonisation/climate change and other ESG related issues.
- 3.3 The statement covers in detail topics such as:
 - **The investment horizon of the Fund:** this highlights the Fund’s potential investment priorities over the long-term, including the commitment to affordable and social supported housing, renewable infrastructure and possible consideration of green bonds.
 - **Carbon journey:** over the last two and half years, the Westminster Pension Fund has taken significant steps to reduce its carbon footprint by transitioning equities into ESG focused funds and diversifying into renewable infrastructure. Since June 2019, the Fund’s average carbon to value invested has fallen by circa 43%.
 - **Voting and engagement:** collaboration with key stakeholders in the investment community will be key in influencing companies to run their businesses more sustainably.
- 3.4 Several investment cases study examples have also been included in the RI statement to demonstrate how the Pension Fund has been implementing the policy.
- 3.5 The Responsible Investment Statement was approved by the Pension Fund Committee at its meeting on 10 March 2022, pending some minor changes.

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:

Appendix 1: Responsible Investment Statement 2022



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Responsible Investment Statement

City of Westminster Pension Fund • 2022



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Introduction

Responsible Investment is defined by the United Nation’s ‘Principles for Responsible Investment’ document as an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and to generate sustainable, long term returns.

The City of Westminster Pension Fund is committed to being a responsible investor and a long-term steward of the assets in which it invests. The Fund has a fiduciary duty to act in the best interests of its beneficiaries and this extends to making a positive contribution to the long-term sustainability of the global environment.

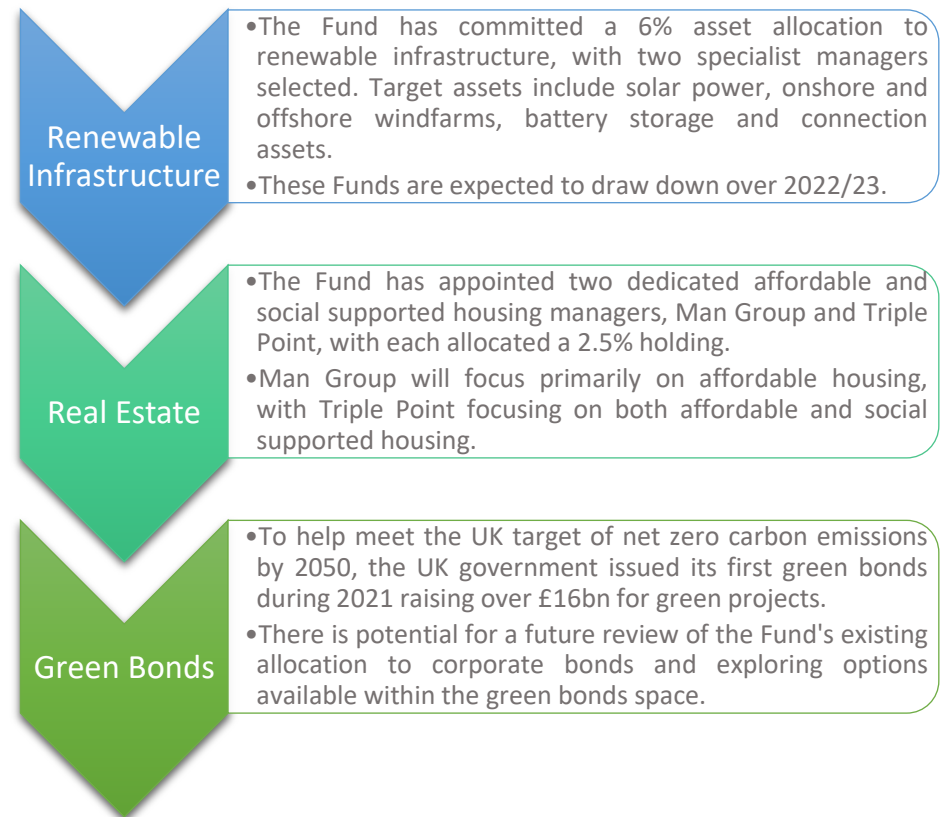
There are a wide range of ESG issues, with none greater currently than climate change and carbon reduction. The Pension Fund recognises climate change as the biggest threat to global sustainability alongside its administering authority employer, Westminster City Council, which has committed itself to achieving carbon neutrality by 2030.

The Pension Fund acknowledges that the neglect of corporate social responsibility and poor attention paid to environmental, social and governance issues is more likely to lead to poor or reduced shareholder returns. Therefore, the ESG approach has become integral to the Fund’s overall investment strategy and recognises ESG factors as central themes in measuring the sustainability and impact of the Fund’s investments.

Investment Horizon

The City of Westminster Pension Fund Investment Strategy Statement (ISS) sets out the Fund’s policy on investment, risk management, LGPS pooling and environmental, social and governance issues. Alongside this the Fund’s core investment beliefs set out the foundation of discussions, regarding the structure of the Fund, its strategic asset allocation and the selection of investment managers, incorporating ESG factors into this decision-making process.

The Fund’s investment priorities over the coming years will be centred around the following topics:



Carbon Journey

The City of Westminster Pension Fund has committed to reducing its carbon emissions, alongside Westminster City Council. The Pension Fund commissioned a carbon mapping of the Fund's equity and property investments as at 30 June 2019. This included metrics such as carbon intensity, carbon emissions, stranded assets and energy transition.

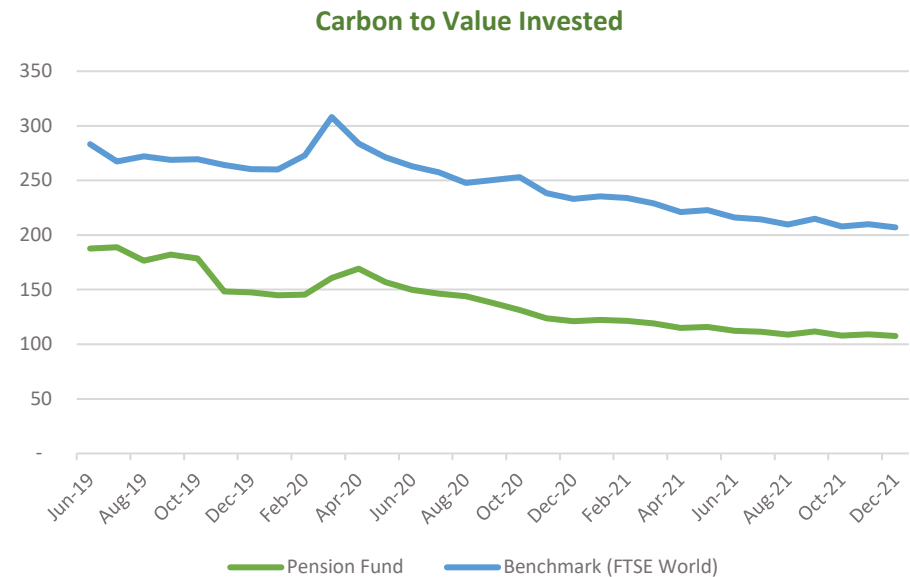
Since this mapping took place, the Fund transitioned its London CIV (LCIV) UK Equity allocation and Legal & General (LGIM) Global Passive Equities into the LCIV Global Sustain Fund and LGIM Future World Fund. The Global Sustain Fund seeks to provide a concentrated high-quality global portfolio of companies, however, excludes tobacco, alcohol, gambling, weapons, fossil fuels, and gas or electrical utilities. The LGIM Future World Fund tracks the L&G ESG Global Markets Index, whereby an Environmental, Social and Governance screening of companies takes place to remove those companies which do not meet the required ESG criteria.

Alongside this during late 2020, a 6% commitment was made towards investment within renewable infrastructure. A fund manager selection process took place during December 2020, with Macquarie and Quinbrook each selected to manage a 3% allocation. The Hermes Property mandate was sold during January 2021 to fund this new allocation. As at 31 December 2021, c.£20m has been invested within these renewable infrastructure funds.

During 2021, the Fund commissioned a review of its property mandates with a view to investing within social supported or affordable housing. Triple Point and Man Group were each appointed to manage a 2.5%

allocation to affordable and social supported housing. These investments are expected to take place during 2022-2023. The Longview Global Equity fund was sold during December 2021, with these receipts to finance the affordable housing allocation.

The *carbon to value invested* metric is used to reflect how efficient companies are at creating shareholder value, relative to the carbon emissions produced. The following graph depicts the Fund's carbon to value invested journey against the FTSE World Index, from 30 June 2019 to 31 December 2021. The weighted average carbon to value invested of the Fund has fallen by circa 40% during this time period.



Please note the Pantheon infrastructure portfolio carbon emissions are not included within this graph, the Macquarie infrastructure fund emissions include only one of the Fund assets and the Quinbrook portfolio capitalises emissions over the life of assets, once these assets become operational they will be disclosed. As data becomes available, this will be incorporated into the analysis.



The Greenhouse Gas (GHG) emissions of the Pension Fund are reported in tonnes of CO₂ (tCO₂e). These carbon emissions can be broken down into three reporting categories as follows:



- **Scope 1:** emissions directly attributable to a company e.g. vehicles



- **Scope 2:** indirect emissions relating to a company e.g. heating and electricity supply of buildings



- **Scope 3:** emissions not directly attributable to a company but those further up and down its value chain e.g. buying products from suppliers¹

1 tonne of CO₂ is equal to...



1 month's carbon footprint of the average UK person²



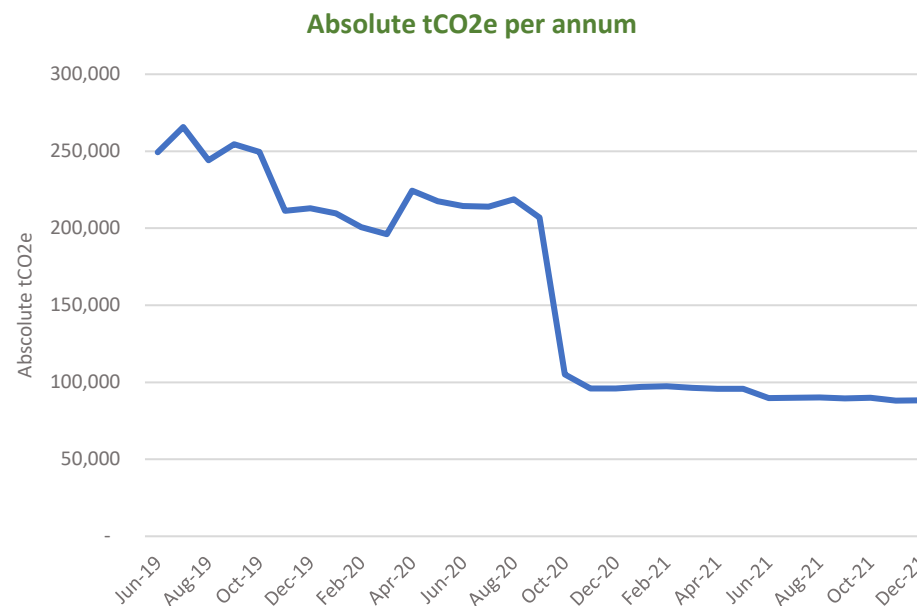
1 return flight from London to New York³



6,000 km by car⁴

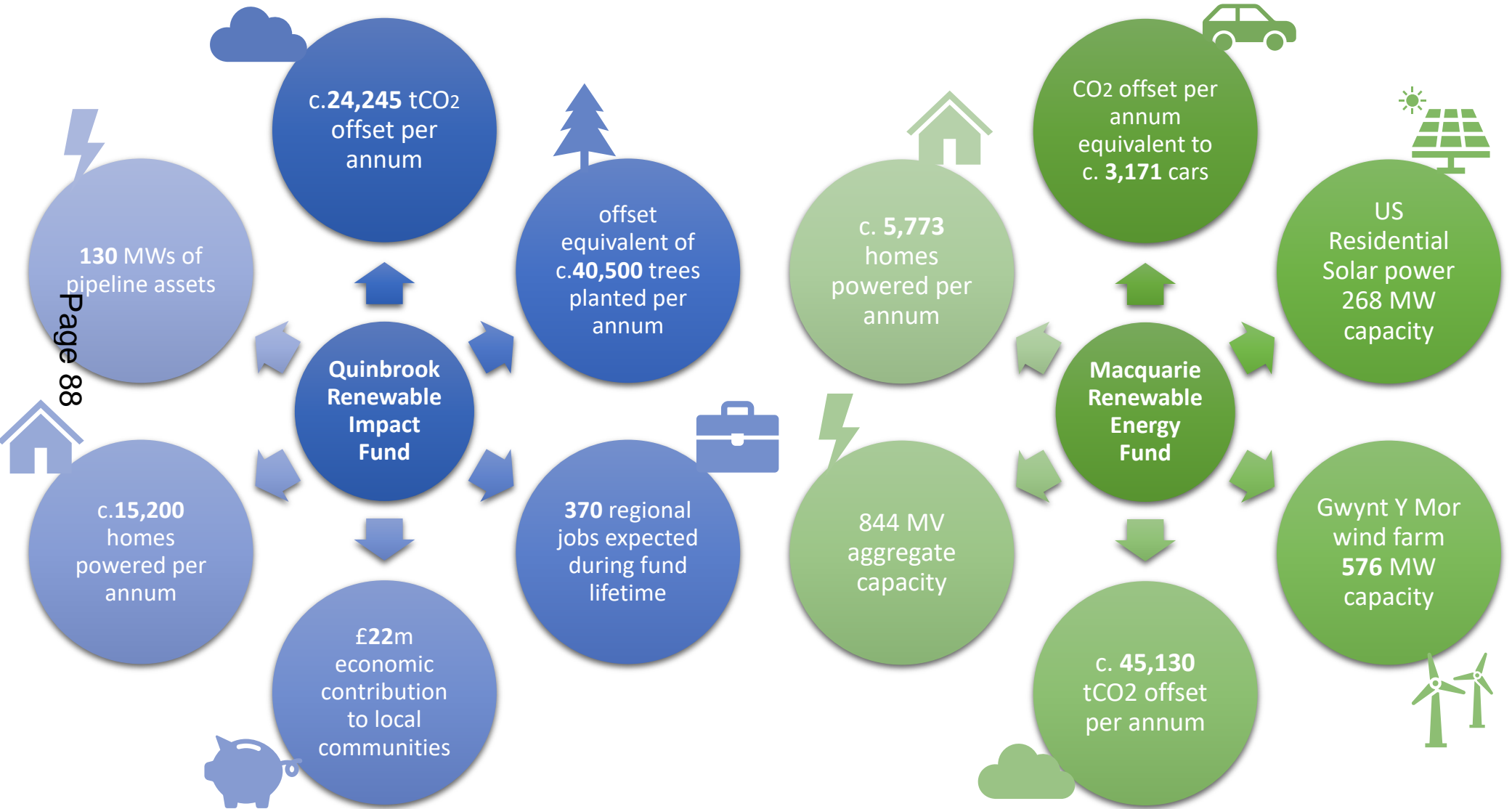
The following chart plots the absolute tonnes of CO₂ emissions (a different metric to graph illustrated on page 4) of the Pension Fund from 30 June 2019 to 31 December 2021. It is estimated that the Fund has reduced its CO₂ emissions by circa 65% over this period.

Where possible the Fund reports on scope 1, 2 and 3 emissions, however as this data can be difficult to collect, this may vary amongst the Fund's asset classes and managers.



Please note the Pantheon infrastructure portfolio carbon emissions are not included within this graph, the Macquarie infrastructure fund emissions include only one of the Fund assets and the Quinbrook portfolio capitalises emissions over the life of assets, once these assets become operational they will be disclosed. As data becomes available, this will be incorporated into the analysis.

Renewables Impact Modelling



Based on a fund target size of GBP 500 million and Westminster's commitment of GBP 60 million, and once pipeline is fully drawn down. Data based on a Fund portfolio of 467 MW solar, 746 MW BESS, 620 MVA Synchronous Condenser; the information is based on the Quinbrook Renewables Impact Fund Model. Please note all figures have been estimated, so may not be a true reflection of actual impact.

Based on Westminster's commitment of EUR 55 million, circa 3.4% of total fund size, and includes CO₂ offset estimates based on the two assets currently held in the fund. Please note all figures have been estimated, so may not be a true reflection of actual impact.

Task Force on Climate Related Financial Disclosures



The Department for Work and Pensions (DWP) has announced a phased introduction of the planned new mandatory measures that ensure trustees are legally required to assess and report on the financial risks of climate change within their investment portfolios.

Although not yet compulsory for public sector pension schemes, it is anticipated these regulations will be extended to the public sector and therefore the LGPS by 2023.

The proposed new measures will ensure that trustees are legally required to assess and report on the financial risks of climate change within their portfolios, in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations. The Financial Stability Board’s Task Force on Climate Related Financial Disclosures is a global, private, independent body formed in December 2015.

The Board has advised a number of TCFD recommendations in relation to climate change, which can be split into four thematic areas.

<p>Governance: Establish and maintain oversight of relevant climate risks and opportunities for your scheme.</p>	<p>Strategy: Identify climate risks and opportunities which will affect the scheme’s investment strategy and consider the resilience of the strategy.</p>	<p>Risk Management: Establish and maintain processes to identify, assess and manage relevant climate risks and opportunities.</p>	<p>Metrics and Targets: Select and monitor a minimum of three climate metrics for the scheme’s investment portfolio, setting targets to measure performance against annually.</p>
<ul style="list-style-type: none"> • Define clear roles and responsibilities for the management of climate-related risks/opportunities. • Formulate governance policies, including roles and responsibilities in relation to climate change. • Improve training and knowledge in relation to climate change. 	<ul style="list-style-type: none"> • Identify related risks and opportunities and define clear goals over the short, medium and long term. • Conduct scenario testing for the scheme’s assets and liabilities e.g. how a temperature rise of 1.5C to 2.0C will affect the Fund. 	<ul style="list-style-type: none"> • Create a risk register of climate-related risks and maintain assessments over the short to long-term horizons. • Incorporate these risks into the wider integrated risk management process. 	<ul style="list-style-type: none"> • Establish the quality of data available to identify an appropriate third climate metric for the scheme. • Select at least one appropriate target and measure performance against and review annually.

ESG Case Studies

Environmental



Social



Governance



Environmental, Social and Governance factors are key indicators in measuring the sustainability and suitability of an investment. There is growing research which suggests, when integrated into business decisions and portfolio construction, these can offer stability in future returns.

The Fund expects managers to integrate ESG factors into investment analysis and decision making. Monitoring these effectively can assist with resolving issues at early stages through effective engagement with companies and board members. The Fund expects asset managers where possible to engage and collaborate with other institutional investors, as permitted by relevant legal codes to ensure the greatest impact.

The measurement of ESG performance is still developing and benefitting from significant improvements. There are several performance benchmarks and disclosure frameworks that exist to measure the different aspects of available ESG data which include carbon emissions and a variety of social impact scores.

Environmental: Residential Solar case study

The Macquarie Renewable Energy Fund has a 50% holding in a 268-megawatt portfolio of residential solar panels located across 18 US states.

The fund has invested in a portfolio of operating contracted residential solar assets, which are owned and managed by Sunrun Incorporated. The solar assets are diversified across the US, with over 36,000 homes powered. The majority of solar assets are located within 5 US states, with 47% of assets in California alone, this follows a state mandate requiring all new homes to have rooftop solar fitted from 2020.

The assets have a 35 year lifespan, with avoided emissions forecast at 164,000 tonnes of CO₂ per annum. This equates to c. 2,763 tonnes of CO₂ avoided per year for the City of Westminster Pension Fund.



Source: Macquarie Renewable Energy Fund

Social: Nintendo case study

The Pension Fund holds, Nintendo, within its LGIM Future World Equity portfolio. The company is a Japanese multinational video game company, with headquarters in Kyoto. LGIM's main focus within Japan remains greater diversity within company boards, particularly on the gender diversity front, with only 3% of the TOPIX 100 having at least 30% female board representation.

LGIM have been engaging with Nintendo for a number of years on this issue and have emphasized the need to improve diversity and independence of the board and increase discussion and disclosures on board diversity. Following on from this engagement, the company committed to appointing its first female board member and to increase the number of independent members. Both of which have since been fulfilled. Alongside this, Nintendo has improved its disclosures by publishing their annual report in English and included information on cross holdings. However, there is still further engagement needed on workforce flexibility, including maternity leave policy and commitment to increasing the female workforce to 25%.



Source: LGIM Active Ownership Report 2020

Governance: AJ Gallagher case study

Within the London CIV (Baillie Gifford) Global Alpha Equities portfolio, the Pension Fund has exposure to AJ Gallagher, a global insurance brokerage and risk management company. As part of the LCIV's strategy of holding companies to account for fiscal responsibility, they approached Baillie Gifford to engage with AJ Gallagher's executive management team to discuss fair taxation.

Over the last couple of years AJ Gallagher has purchased clean coal credits, which have substantially reduced its effective US taxation rate, whereby a company can reduce their tax liability by reducing their carbon, sulphur and nitrogen oxide emissions. Whilst acknowledging the positive benefits of this green taxation initiative on reducing greenhouse emissions, the LCIV expects managers to consider corporation tax as a social license rather than a cost to minimise.

The company have committed to implementing a fair taxation policy going forward and have signalled their intention to review their current approach, with the asset manager encouraged with the engagement so far.



Source: London CIV Stewardship Outcomes Report 2021

Voting & Engagement

The Committee has delegated the Fund's voting rights to the investment managers, who are required, where practical, to make considered use of voting in the interests of the Fund. The Committee expects the investment managers to vote in the best interests of the Fund. In addition, the Fund expects its investment managers to work collaboratively with others if this will lead to greater influence and deliver improved outcomes for shareholders and more broadly.

The Fund will continue to collaborate with the London CIV on maintaining a shared voting policy for the equity managers on the London CIV platform and actively seek to align these policies with manager insights. Lobbying with other London CIV clients will give the Pension Fund greater control and impact over our voting choices and a centralised process will ensure our voting remains consistent and has the greatest impact.

The Pension Fund views engagement with companies as an essential activity and encourages companies to take positive action towards reversing climate change. The Westminster Pension Fund is a responsible owner of companies and cannot exert that positive influence if it has completely divested from all carbon intensive producing companies. The Pension Fund will continue to encourage positive change whilst officers will continue to engage with the investment managers on an ongoing basis to monitor overall investment performance, including carbon and other ESG considerations.

Engagement: Mizuho case study

As part of the LGIM Future World Fund, LGIM have been engaging with Mizuho Financial Group, a global bank based in Japan, over a number of years on climate-related issues.

LGIM have maintained continual engagement with the company as part of their Climate Impact Pledge and monitored the company's progress.

At Mizuho's 2020 AGM, LGIM supported a climate-related shareholder resolution for disclosure of a Paris-Aligned business strategy for the company. This was the first such resolution of its kind within the Japanese banking sector.

Following this, in June 2021, Mizuho published its first TCFD report ahead of its 2021 AGM, with the report committing to accelerate the banks coal phase-out by 10 years. Alongside this, Mizuho has addressed concerns over lack of scope 3 emissions disclosure and pledged to set and disclose interim scope 3 targets by the end of 2022.



MIZUHO

Source: LGIM Investment Report 31 December 2021

LCIV Global Sustain



53

Total Management Meetings



41

ESG Engagements

ESG Engagements by Topic:



30

Environment



22

Social



17

Governance

Of which, engagements on:



28

Climate Change



14

Diversity



5

Cyber Security

Source: Morgan Stanley ESG Report Q3 2021

LGIM Future World



800

Total number of engagements



584

Number of companies engaged with

ESG Engagements by Topic:



410

Environment



178

Social



385

Governance

Top 5 engagement topics:

1. Climate Impact Pledge

Climate Impact Pledge

3. Company Disclosures

Company Disclosures

2. Remuneration

Remuneration

4. LGIM ESG Score

LGIM ESG Score

5. Climate Change

Climate Change

Source: LGIM Engagement Data to 30 September 21

LCIV Global Alpha



168

Total number of engagements



69

Number of management meetings

ESG Engagements by Topic:



41

Environment



33

Social



33

Governance

Of which, engagements on:



30

Climate Change



11

Diversity



12

Tax

Source: Baillie Gifford Engagements 2021

Connected Organisations



The Pension Fund recognises that significant value can be achieved through collaboration with other stakeholders. The Pension Fund works closely with its LGPS pool company, other LGPS funds and member groups such as the Local Authority Pension Fund Forum (LAPFF), Pensions and Lifetime Savings Association (PLSA) and ShareAction to ensure corporate interests are aligned with the Pension Fund's values.

The Pension Fund actively contributes to the engagement efforts of pressure groups, such as the Local Authority Pension Fund Forum (LAPFF) and requires investment managers to vote in accordance with the LAPFF's governance policies. In exceptional cases, investment managers will be required to explain their reason for not doing so, preferably in advance of the AGM.

Local Authority Pension Fund Forum

The Local Authority Pension Fund Forum are a collection of 84 local authority pension funds and 7 asset pool companies, with assets under management of over £300bn, promoting the highest standard of governance with the aim of protecting the long-term value of pension funds. The LAPFF engage directly with companies, on behalf of all asset owners and pension fund trustee members, on issues such as executive pay, reliable accounting and a transition to a net carbon zero economy.

LAPFF Case Study

The LAPFF produce quarterly engagement reports, covering all ESG related issues from climate change, governance, human rights and cyber security.

Over the quarter to 30 September 2021, the LAPFF engaged with 82 companies, including Shell, Rio Tinto and the National Grid.

During early September 2021, LAPFF met with Shell's new Chairman to discuss concerns regarding the company's carbon trajectory, business strategy and financial performance.

LAPFF expressed their apprehensions over the company's poor returns to shareholders over the last 10 years and noted that net zero carbon objectives would not enable the company to achieve Paris-Aligned climate targets. LAPFF welcomed the Chair's willingness to engage, however, inconsistencies within their business and climate strategy persist.

Source: LAPFF Quarterly Engagement Report 30 September 2021



Pensions and Lifetime Savings Association

The City of Westminster Pension Fund is a member of the PLSA, who aim to raise industry standards, share best practice and support members. The PLSA works across a range of stakeholders including governments, regulators and parliament to help the implementation of sustainable policies and regulation. They represent pension schemes providing retirement income to more than 30m savers, with assets under management totalling £1.3tn, including those in the public and private sectors.

The PLSA provide an important source for training, support and guidance on regulations and pension support services.

PLSA Case Study

During January 2022, the PLSA published its response to the DWP proposals regarding a new Paris-Alignment portfolio metric that pension schemes will need to report in mandatory TCFD reports. As well as new guidance on Statements of Investment Principles and Implementation Statements.

The PLSA welcomed the proposals set out in the DWP consultation paper on Paris-Alignment metric to mandatory TCFD reports.

However, they expressed concerns on the timings, in that they do not allow sufficient time to enable trustees to appropriately prepare for an additional metric.



Source: PLSA Response to MHCLG's Consultant Paper

ShareAction ShareAction»

ShareAction is a registered charity who promotes responsible investment, working with investors to help influence how companies operate their business on a range of Environmental, Social and Governance (ESG) factors. This includes areas such as climate change, gender diversity, living wages, decarbonisation, biomass and healthy markets.

Healthy Markets Case Study

Since 2019, ShareAction has been working on a Healthy Markets coalition group. The Healthy Market Initiative aims to make food retailers and manufacturers take accountability for their role and impact on people's diets. The City of Westminster is a member of the Healthy Markets coalition and along with other members, represents over \$2 trillion in assets under management.

As per ShareAction research, 1 in 3 children and 2 in 3 adults are classified as overweight or obese, with over one million hospitalisations during 2019/20 linked to obesity. The four largest supermarket retailers account for two thirds of the UK's grocery market and 71% of packaged food and drink product sales in the UK are high in fat, salt or sugar.

ShareAction engage with target companies in a number of ways, including, investor-signed letters, meetings with target companies, questions posed at AGMs and shareholder resolutions once other avenues have been exhausted.

Source: <https://api.shareaction.org/resources/reports/Healthy-Markets-Impact-Report.pdf>



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