



CITY OF WESTMINSTER

MINUTES

Pension Board

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Board** held on **Tuesday 3rd March, 2020**, Room 18.06, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Terry Neville (Chairman and Scheme Member Representative), Councillor Guthrie McKie (Vice-Chairman and Employer Representative), Councillor Tim Mitchell (Employer Representative), Marie Holmes (Employer Representative), Martin Colwell (Scheme Member Representative) and Chris Smith (Scheme Member Representative).

Officers Present: Mathew Dawson (Senior Finance Manager, Tri-Borough Treasury and Pensions), Billie Emery (Pension Fund Manager), Eleanor Dennis (Lead Pensions Specialist), Sarah Hay (Senior Pensions and Payroll Officer) and Toby Howes (Senior Committee and Governance Officer).

Also Present: Barry McKay (Westminster City Council's Pension Fund Actuary, Barnett Waddingham).

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 Terry Neville (Chairman and Scheme Member Representative) declared that he is a councillor at the London Borough of Enfield, however he is a scheme member of the Westminster Pension Fund.

3 MINUTES

3.1 That the minutes of the meeting held on 27 November 2019 be signed by the Chairman as a correct record of proceedings.

4 PENSION ADMINISTRATION UPDATE

- 4.1 Sarah Hay (Senior Pensions and Payroll Adviser) presented the report and advised that the key performance indicators (KPIs) were generally good. She referred to the appendix of the report which provided further details concerning the KPIs. Sarah Hay also advised that Surrey County Council had appointed a new Pension Fund Manager.
- 4.2 Members expressed concern about the number of data inaccuracies that had been identified. The Board requested that a letter be sent to Surrey County Council on its behalf expressing concerns regarding Surrey County Council's performance and asking what plans it was putting in place to make the necessary improvements. The Board also welcomed the new Surrey County Council Pension Fund Manager to attend the next meeting to answer questions that Members may wish to raise.

5 DRAFT INVESTMENT STRATEGY STATEMENT AND INVESTMENT BELIEFS

- 5.1 Mathew Dawson (Strategic Finance Manager, Treasury and Pensions) presented the report and advised that this was the first time that the Fund had produced some investment beliefs. The investment beliefs focused on long term objectives and the importance of asset allocation was emphasised.
- 5.2 Members welcomed the report and noted the proposals.
- 5.3 **RESOLVED:**

That the draft Strategy Statement and Investment Beliefs be noted.

6 DRAFT FUNDING STRATEGY STATEMENT

- 6.1 Barry McKay (Westminster City Council's Pension Fund Actuary, Barnett Waddingham) from the Council's actuary gave a presentation on the Funding Strategy Statement and the 2019 valuation of the Fund. The Board heard what had been involved in the valuation and the assumptions that were factored in, In addition, Barry McKay explained how this linked in with the Funding Strategy Statement. Members were then informed of the policies that were considered during the process of reviewing the Funding Strategy Statement.
- 6.2 In reply to questions from Members, Barry McKay confirmed that those taking retirement at 55 years of age were factored into the assumptions for the valuation. In respect of the McCloud case, he advised that there would be consultation on what action to take as a result of this in the spring, and by summer the picture maybe clearer, however extra prudence would apply to the discount rate because of the current uncertainty.
- 6.3 **RESOLVED:**

1. That the attached draft Funding Strategy Statement be noted.

2. That it be noted that draft Funding Strategy Statement was approved at the Pension Fund Committee on 23 January 2020, pending consultation with the employers, and authority delegated to the Director of Treasury and Pensions in consultation with the Chairman to publish the final Funding Strategy Statement.

7 FUND FINANCIAL MANAGEMENT

7.1 Billie Emery (Pension Fund Manager) presented the report and referred to the five current top risks to the Fund. Members noted the cashflow monitoring situation.

7.2 During discussions, Members asked if pandemics, such as coronavirus, were included in the Risk Register. Members also asked what action was being taken in respect of the impact of the UK leaving the EU.

7.3 In reply, Billie Emery advised that coronavirus appeared as Risk 9 on the Risk Register for Investment. This risk was likely to appear higher on the Risk Register over time as coronavirus spreads more widely.

7.4 Mathew Dawson advised that an officer from the Treasury and Pensions team sat on a group that considered the implications of the UK's' withdrawal from the EU.

7.5 RESOLVED:

1. That the risk registers for the Pension Fund be noted.
2. That the cashflow position, the rolling 12-month forecast and the three-year forecast be noted.
3. That the forward plans for 2019/20 – 2020/21 be noted.

8 QUARTERLY PERFORMANCE REPORT

8.1 Billie Emery presented the report and advised that the Fund had outperformed its benchmark in the last three months to 31 January by 0.63%. Over the year, the Fund had underperformed by 0.39%, largely as a result of underperformance within the Longview and Standard Aberdeen mandates.

8.2 Members welcomed the savings made in fund manager fees and noted the reduction in equity asset allocation. In noting that the Fund was 100% funded, Members asked if there would be changes in how this would be calculated in future.

8.3 In reply, Mathew Dawson stated that the funding level calculations were constantly changing as a result of continual changes in circumstances and many simulations and assumptions were used.

8.4 RESOLVED:

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

9 ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT

- 9.1 The Board discussed the future arrangements for Members training. Mathew Dawson agreed to contact Members individually to discuss their preferences.
- 9.2 The Chairman thanked Members for their participation during his time as the Chairman and he advised that the Board was to elect a Chairman from the Employer side and the Vice-Chairman from Scheme Member side for the municipal year 2020-2021 at the next meeting.

The Meeting ended at 8.24 pm.

CHAIRMAN: _____

DATE _____