



CITY OF WESTMINSTER

MINUTES

Pension Board

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Board** held on **Wednesday 30 March at 6.30pm**, Room 18.06, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Terry Neville OBE (Chair and Scheme Member Representative), Councillor Guthrie McKie (Vice-Chair, Employer Representative), Marie Holmes (Employer Representative), Councillor Tim Mitchell (Employer Representative) and Christopher Smith (Scheme Member Representative).

Officers Present: Mathew Dawson (Senior Finance Manager, Tri-Borough Treasury and Pensions), Sarah Hay (Senior Pensions and Payroll Officer), Billie Emery (FM Pensions) and Tristan Fieldsend (Senior Committee and Councillor Co-ordinator).

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

1 MEMBERSHIP

- 1.1 There were no changes to the Membership.
- 1.2 Due to IT issues experienced by the Chair, the Vice-Chair, Councillor Guthrie McKie, chaired the meeting.

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 January 2022 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 Key Performance Indicator (KPI) data from Hampshire Pension Services (HPS) from December to 2021 to February 2022.
- 4.2 The Board considered the KPI data provided to Westminster in the December, January and February period and noted that the partnership reports by HPS showed a 100% KPI completion record. It was expected that overall cases processed by HPS would be approximately 100 per month which would maintain a healthy position with no backlogs. Details of two complaints submitted in January by members were provided in addition to the compliments received.
- 4.3 An update was provided on the additional resource provided by HPS to complete approximately 450 cases of unprocessed leavers. The cost of the work was expected to be £23,800 with the project running between April and September 2022. Following discussions at the last meeting, the Board reiterated its expectation that this sum would be recovered from Surrey.
- 4.4 Members discussed the interruption experienced by Hampshire County Council's data centre during Storm Eunice. Members were reassured that the data centre remained operational, service was maintained for users despite the disruption and the recovery and business continuity programme functioned as necessary. Members requested that IT attend a future meeting of the Board to provide details of the incident along with the features of the business continuity programme.
- 4.5 In response to questions from the Board, it was noted that the fund had asked all employers to submit their McCloud data by 31 January 2022. It was recognised that the data request was complex as many employers had a range of systems dating back to 2012 and therefore the retrieval of data could be problematic. It was noted that support had been offered to employers to complete the data work.
- 4.6 Finally, the Board was pleased to note that HPS had been certified as meeting the customer service excellence standards as independently assessed.
- 4.7 **ACTION:** That IT be invited to a future Board meeting to provide details of the data centre incident experienced during Storm Eunice, in addition to highlighting the features of the business continuity programme.
- 4.8 **RESOLVED:** That the Board noted the report.

5. COWPF LGPS PROJECTS AND GOVERNANCE UPDATE Projects (Agenda Item 5 on the Agenda Pack)

- 5.1 The Board received an update on the various projects and governance activities being undertaken by the Pension and Payroll Team to improve the administration of the COWPF LGPS.
- 5.2 The Board was informed that with regards to the exit from Surrey a letter had been received from Aquila Heywood confirming that data had been deleted at the end of January from Altair as requested. The project costs of exiting from Surrey were also provided and it was noted that these were within budget.
- 5.3 In terms of the pension website the Board was informed that the current website for the COWPF LGPS was being reviewed with respect to value for money with a focus on three key areas:
- Further integration with finance;
 - Diversity and inclusion; and
 - Digital value.
- 5.4 The Board held a detailed discussion about the website and was of the opinion that it did require updating in order to make it more accessible for members. It was recognised that the review had to consider value for money and all options needed exploring. The Board requested that members be asked for feedback on the website so that it can be taken into account as part of the updating exercise.
- 5.5 The Board was pleased to note the Guaranteed Minimum Pension project had been launched in March with Mercer and HPS with Mercer expected to start work in April after the Pensions Increase.
- 5.6 The Board discussed the governance around HPS contract monitoring and was informed that work was underway to put in place robust contract monitoring and governance processes. HPS were providing monthly partnership reports to COWPF with updates on Service Delivery KPIs and other relevant information which would be subsequently discussed at a monthly partnership meeting.
- 5.7 **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 which were set out in the report.
- 6.2 Detailed discussions over the identified risks took place and focused on the significant global economic uncertainty following events in Ukraine and that

whilst the pension fund was not directly affected by events things could change quickly due to the volatility of the situation. Another significant risk discussed was that UK price inflation was now significantly more than anticipated in the current actuarial assumptions. The Board also noted the increased scrutiny on environmental, social and governance issues and was pleased to note that Westminster had been at the forefront in fighting climate change, declaring a climate emergency in September 2019. Whilst the Council was well placed in this area it was recognised that going forward lots of work was still required.

6.3 The Board was interested to note the returns being received on cash. Further detailed discussions followed on the three-year cashflow forecast and the impact of inflation rate rises on 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 28 February 2022, together with an update of the funding position at 31 December 2021. The Board discussed and noted that the Fund had underperformed the benchmark net of fees by -2.71% over the quarter to 28 February 2022 and that the estimated funding level was 103.0% as of 31 December 2021.

7.2 It was noted that there was currently a high level of volatility and uncertainty in markets following events in Ukraine. The Board also interested to note that with the exception of one asset manager, all had underperformed with respect to their benchmarks. The Baillie Gifford Global Alpha mandate was the main detractor to performance and the Board was pleased to note that they had been invited to attend the next Committee meeting to discuss their recent performance. It was explained that overall however, over a three-year period there had been an under performance had been 0.5% which was not considered a significant under performance.

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. RESPONSIBLE INVESTMENT STATEMENT 2022
(Agenda Item 8 on the Agenda Pack)**

- 8.1 The Board received the Responsible Investment Statement 2022 which had been approved by the Pension Fund Committee at its meeting on 10 March 2022, pending some minor changes. The Board noted that the statement covered in detail topics such as: the investment horizon of the Fund, its carbon journey over the past 2.5 years and voting and engagement with key stakeholders.
- 8.2 The Board discussed the purpose and aim of the statement which was to make clear that the Pension Fund's approach was investing responsibly with the integration of environmental and social and governance (ESG) factors as part of the Pension Fund's investment strategy.
- 8.3 The Board expressed its satisfaction with the statement which now reflected some of the concerns expressed by the Board when the first draft was considered, and was a significant improvement on previous statements issued. The Board discussed options for disseminating it more widely to members and the possibility of circulating the link with a precis of its contents.
- 8.4 **ACTION:** Billie Emery to contact the Communications Team to assess options for circulating a link to the statement out to members along with a precis of its contents.
- 8.5 **RESOLVED:** That the Responsible Investment (RI) Statement for 2022 be noted.

9. ANY OTHER BUSINESS

- 9.1 The Board wished to place on record its thanks to Councillor Guthrie McKie, who was attending his last meeting, for all the valuable contributions he had made to the work of the Board over a significant period of time.

10. TERMINATION OF MEETING

- 10.1 The meeting ended at 7.48pm.

Chairman _____ **Date** _____