

TFL Pension Consultative Council (PCC)

Summary of minutes of Meeting 131 held on the 25 January 2024

Election of Chair

In accordance with Clause 6 of the constitution, the election of a Chair is required at the start of the year. Eddie Darroch was proposed and was seconded. As there were no further nominations, Eddie Darroch was re-elected unopposed. He took the Chair and thanked the Councillors.

Election of Vice Chair

For Vice Chair Mark Harding was proposed and seconded. With there being no other nominations, he was duly elected.

Report of Trustee Board Meeting held 1 December 2023:

Chris Miller presented the report

As of 30 September 2023, the funding level of the Fund remained in a good position above 100%.

The Pensions Funding Agreement between the Trustees and TfL requires TfL to contribute additional funds if the scheme's funding position worsens. All things being equal the 2024 valuation is expected to show a surplus, as it will reflect current market conditions.

The Trustees were pleased with the Fund's asset performance, driven by diversification into alternative assets. The strategy aims to reduce exposure to volatile equity holdings, focusing on more stable investments. Penfida, the external covenant advisors, assessed TfL's business plan and funding. The credit agency Moody's has rated TfL as less risky than previously.

TfL is not currently planning changes to the pension scheme, and no consultation has taken place yet. The Capital Agreement between TfL and the Government mandates that TfL must begin consultation by 1 July 2024 if changes are proposed, but no changes are currently planned.

Following the Trustee Board's meeting with the Pensions Regulator last year, the Fund received positive feedback, with only minor recommendations related to record keeping and a succession plan for the Chair of Trustees. A response to the Regulator will be provided by February 2024.

The Trustees agreed to reduce exposure to China due to concerns about political stability and ethics.

The Trustees requested a higher pension increase for New Members above the 5% cap, similar to the request made in 2011, but TfL declined the request, citing concerns about long-term financial risk.

A question was raised as to whether a surplus could be used to cover the protected earnings for London Underground Customer Service Managers and Chris Miller clarified that surpluses could only improve benefits for members generally and could not be directed at specific groups.

A Trustee mentoring programme is available for Trustees seeking guidance from more experienced colleagues.

An overview of the last Investment Committee meeting was provided.

The triage telephony service has improved the number of calls answered. The updated website has gone live to improve user experience. The Operations Committee is reviewing overseas pension payment providers to improve service and rates for members, following unsatisfactory service from the existing provider.

Work on GMP reconciliation is ongoing, with no plans to reduce pensions due to the rectification process.

Testing for the Regulator's dashboard is underway, with no further updates at this time.

Sonja Folarin sought clarification on the Lifetime Allowance, which was addressed by Stephen Field.

The Fund's financial position remains strong. The Trustees are managing the Fund's investments strategically to reduce volatility and exposure to riskier assets. No immediate changes are planned for the pension scheme, and consultation requirements are being monitored. The Fund continues to improve its operations, with enhanced telephone services and website updates.

Administration Report for Quarter ended 30 September 2023

The PCC noted the service provider's report to the Trustee of the TfL Pension Fund.

Trustee News Update

The Committee had no comments on the news update.

Pensioners' Forum Meeting Minutes held on 9 November 2023 & Agenda for 8 February 2024

The Minutes and Agenda were noted.

PWG meeting minutes 30 October 2023

The Minutes were noted.