

Pension Fund Committee Minutes



Thursday 6 October 2022

PRESENT

Committee members: Councillors Ross Melton (Chair), Florian Chevoppe-Verdier, Laura Janes and Adrian Pascu-Tulbure

Co-opted members: Michael Adam and Iain Cassidy

Other Councillors: Councillors Alexandra Sanderson (Cabinet Member for Children and Education) and Rowan Ree (Cabinet Member for Finance and Reform)

Officers: David Hughes (Director of Audit, Fraud, Risk and Insurance), Eleanor Dennis (Head of Pensions) and Debbie Yau (Clerk)

Guest: John Crowhurst (Commercial Director, Local Pension Partnership Administration)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Adam Peter Lang.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED

The open and exempt minutes of the meeting held on 7 September 2022 were both approved as accurate records of the meeting.

4. PENSION ADMINISTRATION KEY PERFORMANCE INDICATORS

The Chair welcomed John Crowhurst, Commercial Director of the Local Pension Partnership Administration (LPPA) who was joining the meeting for the first time.

John Crowhurst introduced the report which set out a summary of the performance of the LPPA in providing a pension administration service to the Hammersmith & Fulham (H&F) Fund. He detailed the casework performance

against the Service Level Agreement (SLA) and helpdesk calls performance as set out in Appendix 1.

Noting that only two out of the 12 case types met the KPI performance target of 95% during the period between April and June 2022, Michael Adam asked about the key issues leading to the situation. John Crowhurst advised that accurate information from the employers was indispensable for the cases, in particular those involving active members, to proceed to the next step. It also took time for staff to communicate with the members back and forth.

Councillor Laura Janes also asked for more detail in the reports on the evaluation of KPI performance in terms of the number of cases not meeting the target of 95% and the number of days lagged behind. John Crowhurst confirmed he would ask for that granular detail to be included.

In reply to Councillor Florian Chevoppe-Verdier's enquiry, John Crowhurst said that he would check what the charge was for members' making calls to LPPA. Councillor Adrian Pascu-Tulbure asked if the LPPA had considered a call-back service to reduce wait times. John Crowhurst said they had not considered that but could explore it further. He noted the company was looking at giving callers a queue number.

Councillor Pascu-Tulbure noted with concern that the processing of death cases saw a dramatic decline in the number of cases processed on time, due to reduced resources with only 48.8% (i.e. 86 cases) being processed within the 5-day SLA. He sought information on the number of staff involved in processing the 86 cases from April to June 2022. In response, John Crowhurst advised that among some 200 administrative staff, 35 of them were in the Bereavement Team. In view of the LPPA's potential adoption of a client-centric approach and increasing staff turnover, arrangements were made for colleagues to receive cross-departmental training with a view for them to becoming more resilient under the new regime.

Councillor Janes expressed concern that payment might be discharged late to beneficiaries upon a member's death. She considered a tougher threshold should be set in this regard. John Crowhurst highlighted the work of the dedicated Bereavement Team which would breakdown the eligible pension benefits among the beneficiaries and arrange payment once the required paperwork was completed.

Councillor Alexandra Sanderson considered it important that beneficiaries' calls were answered in less than 5 minutes. Councillor Janes suggested setting up a special hotline for bereavement cases. John Crowhurst remarked that there was a separate queue for beneficiaries and the waiting time was generally less.

The Chair considered the KPI performance target of 95% was ambitious and preferred a more realistic target. John Crowhurst said that the KPIs had been set out in the discharge of the SLA and the performance measures were discussed and reviewed on a monthly basis. While the KPIs in the first quarter of 2022 had improved since Q4 of 2021, there might have an impact on the Fund's KPIs in early next year as LPPA resources would be stretched when it

was migrating to the new pension administration platform by the end of 2022. John Crowhurst stated that the KPIs might need to be reviewed, with more achievable ones to be set in the future.

RESOLVED

The Committee noted the report.

5. **PENSION ADMINISTRATION UPDATE**

Eleanor Dennis (Head of Pensions) introduced the report which provided a summary of activity in key areas of pension administration since 26 January 2022 when the H&F Pension Fund began its new partnership with LPPA. She said that the commencement of the service with LPPA had been challenging for all stakeholders, as LPPA had been implementing and familiarising themselves with the new software (UPM) and new processes while being hampered by system outage and errors coupled with large call volumes.

At the request of Councillor Laura Janes, Eleanor Dennis and David Hughes (Director of Audit, Fraud Risk and Insurance) outlined the background of John Raisin's review report and recommendations. The report made 32 recommendations concerning governance arrangements, investment and stakeholder management. Councillor Janes asked for a copy of the independent review report.

ACTION: Debbie Yau

Councillor Rowan Ree requested that Eleanor Dennis continued to update members on the progress made against the outstanding recommendations that concerned pension administration. Eleanor Dennis advised that she would present the report going forward with the remaining pension administration actions to be provided to the Committee. She noted that there were other higher priority tasks such as the discretions policy outside the report's recommendations that would be undertaken by the Pensions Administration team, that meant that at times there would be no change to the status of the report.

Councillor Ree was keen to ensure that the outstanding Annual Benefit statements could be delivered in November 2022. John Crowhurst said that subject to information to be provided by the employers, those statements would be sent with acknowledgment of receipts by the end of November.

Noting that there were approximately 740 cases in one of the two backlogs waiting to be processed, Councillor Adrian Pascu-Tulbure said the amount was considerable and sought information on the types involved. Eleanor Dennis said as she understood, some of these cases were requesting transferring out quotes, while cases relating to active or deferred retirement were relatively few. She added that with the past administration the backlog had consisted of over 1,700 cases. Confirmation had already been provided by LPPA that they could commence work on the backlog in October 2022.

Noting the summary on the employer end of year process, Councillor Florian Chevoppe-Verdier asked about the types of employers which did not submit

the required information and the consequence for failing to do so by the deadlines. Eleanor Dennis said that they tended to be schools and contractors like cleaning companies, or employers that no longer existed. As pension administration was not part of their core business, they thought they had no obligation to undertake related work such as storing relevant legacy payroll data. The Pensions Administration team had been working hard to remind these employers of their responsibilities and obligations under the law. Eleanor Dennis confirmed that those employers who chose not to engage despite these efforts might be fined by the Fund in line with the pension administration strategy.

Councillor Chevoppe-Verdier was concerned whether compensation was made to LBHF due to the system outage and errors. John Crowhurst noted that it had happened only at the commencement of the service during which LPPA was completely aware of the situation and provided daily update. As a non-profit making entity, LPPA had not entered into a penalty clause on this in the SLA. However, if similar problems lasted for more than 12 weeks, LPPA was required to devise a remedy plan, details of which would be included in the monthly risk and compliance report.

On Councillor Janes' enquiry about feedback and complaints, if any, from members and employers, Eleanor Dennis advised that the in-house pension administration team were accessible to all stakeholders to support with any issues they might have, which included by phone as each member of the team had a direct phone line to enter into dialogue or receive complaints about the services. Both employers and members could make use of the Employers' Portal to express their satisfaction or otherwise.

Councillor Chevoppe-Verdier asked if members might resort to paper form if they were cut off digitally. John Crowhurst advised that members might contact LPPA via paper correspondence or face-to-face notwithstanding that the LPPA had recently relocated its London office to Preston. The Chair remarked that it was important alternative routes were available to suit individuals' needs.

The Chair thanked the attendance of John Crowhurst and looked forward to LPPA's updates in the future. John Crowhurst said he or his colleagues in members engagement team would be pleased to join the Committee's future meetings.

RESOLVED

The Committee noted the contents of the report.

6. DISCRETIONARY POLICY

Eleanor Dennis (Head of Pensions) introduced the report which detailed why there was a discretionary policy for the H&F Pension Fund and recommended the Committee to approve the revised discretionary policy set out in Appendix 2.

In reply to Councillor Florian Chevoppe-Verdier's enquiry on the definition of "spouse", Eleanor Dennis said spouse referred to individuals that were free to

marry/enter a civil partnership with each other, or cohabiting partners. To claim payment under the Cohabiting Pension, the surviving partner might need to produce supporting documentation including shared bills.

Councillor Chevoppe-Verdier noted that the LHBF might need substantial resources to handle the discretionary policy statements submitted by individual Fund employers. Eleanor Dennis advised that the discretions had been compiled in accordance with the required pensions legislation and the Local Government Pension Scheme regulations. If required, temporary resources would be deployed to meet the challenges, and to remind employers of their obligation.

Members approved the revised discretions policy for the H&F Pension Fund set out in Appendix 2, and agreed for the Head of Pensions to finalise, publish and engage Fund employers in respect of the revised discretions policy.

ACTION: Eleanor Dennis

RESOLVED

The Committee approved the revised discretions policy for the H&F Pension Fund set out in Appendix 2.

7. DATES OF FUTURE MEETINGS

The dates of future meetings were noted:

- 15 November 2022
- 28 February 2023

Members requested a briefing about the impact of the mini-budget on the investment strategy and strategic asset allocation.

ACTION: Phil Triggs

Meeting started: 7.00 pm
Meeting ended: 8.10 pm

Chair

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