

Pension Fund Committee Minutes



Tuesday 19 September 2023

PRESENT

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

Co-opted members: Michael Adam

Officers: David Hughes (Director of Audit, Fraud, Risk and Insurance), Eleanor Dennis (Head of Pensions) and Phil Triggs (Director of Treasury and Pensions)

Guests:

Kevin Humpherson (Advisor, Isio Group)

Jonny Moore (Advisor, Isio Group)

Marian George (Investment Consultant)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Sukvinder Kalsi, Mathew Dawson and Sian Cogley.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the open and exempt minutes of the meetings held on 13th June and 31st July 2023 were approved.

4. DRAFT MINUTES OF THE PREVIOUS PENSION BOARD MEETING

RESOLVED

That the draft minutes of the meetings held on 8 February and 7 June were noted.

5. KEY PERFORMANCE INDICATORS

Eleanor Dennis (Head of Pensions) presented the report and gave a summary of the performance in all key areas of the Local Pension Partnership Administration (LPPA) in providing a pension administration service to the Council's Pension Fund. There had been a significant improvement in the performance of the pension administration service provided in Quarter 1 by LPPA. It was hoped that by Q2 LPPA delivered on its promise to meet SLA targets on all task areas. As well as further progress towards improving the quality and ensuring that cases were processed accurately as well as efficiently. Eleanor Dennis thanked the Committee for their support which had been beneficial to the improved service provided by LPPA during this period.

Councillor Adrian Pascu-Tulbure asked for further information to be provided on the survey's and if there were any communication plans with members. Eleanor Dennis explained that surveys were carried on the helpdesk and retirement areas. There was a commitment from LPPA to develop and improve on the quality of the surveys to achieve a higher response rate and enhance engagement with members.

Councillor Florian Chevoppe-Verdier noted that he was pleased to note that there was improvement in the performance in all areas. He asked if Officers had any insight on what had led to these improvements. In response Eleanor Dennis explained that it would be difficult to pinpoint the exact reasons. There seemed to be a multiple approach to tackle these issues. LPPA were aware that the Committee were not satisfied with the current performance. Feedback from the Committee had also helped to highlight any issues with LPPA and help improve the service delivery. They had also invested in a significant number of resources to mitigate any issues and improve service delivery.

Councillor Florian Chevoppe-Verdier noted that he was in favour of improving web accessibility for users. He enquired if there was any scope for LPPA to ensure their digital services and website were compliant of the Web Content Accessibility Guidelines (WCAG) particularly around colour schemes. Eleanor Dennis noted that she would discuss this with LPPA at her regular monthly meetings.

ACTION: Eleanor Dennis

The Chair enquired what measures were in place to maintain the pressure with LPPA and ensure performance would be maintained going forward. Eleanor Dennis noted that she felt cautious in terms of their ability to sustain the improved KPI performance without intervention. There were still a number of challenges faced by LPPA regarding resources (especially within the bereavement team) and increased legislation.

Eleanor Dennis was continually challenging LPPA to meet their SLA targets in Q1 and to provide accurate reporting metrics to enable LPPA's progress to be monitored effectively. However, there was not enough indicators for Q2 to ensure that there would be no dips in performance.

Councillor Laura Janes asked for further clarification to be provided around the work carried out by the Pensions Administration Team to ensure LPPA were achieving their KPI's. Eleanor Dennis explained the duties carried by her Team to assist LPPA with missing pieces of evidence and contact information particularly with bereavement cases. Officers continued to work with LPPA to improve the service and quality experienced by the stakeholders including members and beneficiaries. However, this took a significant amount of the Teams resources on a regular basis. She noted that this could be progressed by continuing to have high level discussions with LPPA relating to the Council's expectations and highlighting the areas that needed refining to deliver minimum errors.

Councillor Laura Janes enquired if there was any scope to keep a log of time spent by the Pension Administration Team to support LPPA. Eleanor Dennis said that she would explore options on how this could be quantified.

RESOLVED:

That the Committee noted the update.

6. PENSION ADMINISTRATION UPDATE

Eleanor Dennis (Head of Pensions) presented the report and gave a summary of activity in the key areas of pension administration for the Council's Pension Fund.

The pension administration service delivered by LPPA despite the challenges continued to show some signs of improvement, although this needed to be achieved in a faster timeframe and be maintained for consecutive periods. LPPA continued to work collaboratively with the Head of Pensions to improve the service.

Eleanor Dennis noted a correction to the Engagement figures quoted on page 48 of the agenda pack as follows:

"Q1 saw 25% of the membership being registered with the online portal. This is up 89% from the number registered 12 months ago."

Councillor Adam Peter Lang commented that he was pleased to note the improvements achieved across the key areas of the service provided by LPPA. He enquired if Officers were confident that the requirements put forward by the pension regulator to issue McCloud statements would be achieved within the provided timescales. In response Eleanor Dennis provided a brief summary of the McCloud remedy legislation. It was noted that LPPA were being proactive in preparing for this. LPPA would be working with the Fund and the Council's employers to ensure they had the data to comply with this requirement. A data cleanse exercise would also take place in due course.

Councillor Adam Peter Lang asked that the Committee be informed on the progress on this matter.

ACTION: Eleanor Dennis

RESOLVED

That the Committee noted the update.

7. COMMUNICATION POLICY

Eleanor Dennis (Head of Pensions) presented the report and gave a summary of the key points. The reasons for a requirement of a communications policy for the Council's Pension Fund were outlined. Appendix 1 detailed the revised policy.

Councillor Florian Chevoppe-Verdier noted that he was impressed with the accessibility statement and thanked and congratulated Eleanor Dennis for producing a comprehensive policy. However, expressed some concern as to the detail on how the Fund communicated with its membership being readily available to the public. He enquired how officers would mitigate any risks associated with Fraud. Eleanor Dennis explained that organisations including the Council and the pension Fund had a regulatory obligation to publish the communications policy and such detail so had to be transparent and accessible. She also outlined the strategy in place to defer fraudulent activity from taking place and safeguarding members and their benefits. This included issuing scam leaflets and a pension industry wide system for identifying potential fraud for transfers.

Councillor Adrian Pascu-Tulbure asked for clarification to be provided on the number of people who had opted out on receiving information via email. Eleanor Dennis noted that she will obtain this information from LPPA and circulate to members outside of the meeting.

ACTION: Eleanor Dennis

Councillor Adam Peter Lang asked for further clarification to be provided on the accessibility features for the LPPA, Pension Fund and Hammersmith and Fulham websites. Eleanor Dennis noted that all the websites complied with the Wireless Application Protocol (WAP).

Councillor Adam Peter Lang suggested that feedback from scheme members be gathered to help enhance the accessibility across all of the websites. Eleanor Dennis noted that this was a good initiative and would discuss this with LPPA.

RESOLVED

That the Committee approved the revised 2023 Communications Policy for the Hammersmith & Fulham Pension Fund.

8. BUY AND MAINTAIN CREDIT MANAGER SELECTION

Phil Triggs (Director of Treasury and Pensions) presented the report and provided an overview of the background to the decisions to be made following the extraordinary meeting of the Pension Fund committee on 31 July 2023.

Members discussed Appendix 1 in the exempt session at the end of the meeting.

RESOLVED

That the Committee:

1. Agreed to appoint both the London CIV (Insight) and Allspring in facilitating the 15% allocation to Buy and Maintain Credit. (5% to the London CIV (Insight) and 10% to Allspring).
2. Delegated authority to the Director of Treasury and Pensions in consultation with the Chair to allocate 5% of the London CIV's allocation to the short duration Fund, subject to further discussions being held with the London CIV regarding the Committee's concerns on the LCIV's (Insight) Fund's duration.

9. NEXT STEPS ON INVESTMENTS GOVERNMENT CONSULTATION

Phil Triggs (Director of Treasury and Pensions) presented the report and gave an overview of the consultation response included in Appendix 1.

Councillor Adam Peter Lang relating to question 9 asked for further clarification to be provided around the implications for not supporting the reporting proposals on levelling up investments. In response Phil Triggs explained that the levelling up allocation of 5% was not mandatory and would be considered satisfactory if this allocation could meet at least one of the 15 levelling up requirements. He also outlined the other government ambitions for asset allocation and the risks associated with these. In addition it was noted that the Council currently complied with all its reporting obligations, including the annual accounts and pension fund annual report.

Councillor Adrian Pascu-Tulbure commented that the response put together by officers was well drafted and was a bit apprehensive regarding the Government's suggested asset allocation approach.

Michael Adam (Co-opted Member) suggested that it would prove beneficial to add more emphasis around the Fund's fiduciary responsibility to its beneficiaries.

Councillor Florian Chevoppe-Verdier requested that further clarification be sought from the Government of what was classed as 'local' under question 7.

ACTION: Phil Triggs

Marian George (Investment Consultant) in relation to question 2 agreed with the timelines suggested by Officers and that the process to transfer pooled assets should be progressed in the right order. She noted that strategic asset allocation was the Fund's remit, and this should be considered as part of question 3. Relating to question 11 she recommended that any divestment decisions needed to be consistent with the Fund's investment strategy.

The Chair asked for the further clarification to be provided on the timelines for consultation response. Phil Triggs noted that the response needed to be submitted to the Government by 2 October 2023. The deadline for requiring administering authorities to transition listed assets to their LGPS pool was 31 March 2025. However, there should be a degree of flexibility, recognising that this may not be possible for all funds. 31 March 2026 seemed more sensible.

RESOLVED

That the Committee noted the update.

10. DRAFT ANNUAL REPORT 2022/23

Phil Triggs (Director of Treasury and Pensions) presented the report and gave a summary of the key points. It was noted that the Pension Fund annual report 2022/23, which included the draft Pension Fund accounts 2022/23, was a regulatory requirement and was required to be approved by the Pension Fund Committee. The draft Pension Fund report for 2022/23 was attached as Appendix 1.

Referring to page 93 of the agenda pack, Michael Adam (Co-opted Member) enquired why the Council's Pension Fund was below the London average league positioning for the cost of administration per member. In response Phil Triggs explained that this was due to changing administrative platform providers, transitioning of data, and bringing the admin team back in-house. This resulted in several one-off costs during the period of 2021-22.

Councillor Adrian Pascu-Tulbure suggested that a footnote be included which stated that the Council had changed its administrator to LPPA and substantial effort was being made to improve the performance.

Councillor Adam Peter Lang welcomed and thanked Officers for the draft annual report. He enquired if there was any scope to include the LGPS fund of the year award (awarded in September 2023) and the recent member training provided by Officers in this document. In response Phil Triggs noted that the events that took place in 2023 would be listed in the next annual report (2023/24).

Members were not keen on the appropriateness of the photo included on page 107 of the document and requested that this be changed.

Phil Triggs paid tribute to Sian Cogley (Pension Fund Manager) on compiling a successful set of audited accounts in collaboration with the administration team and a well-received pension fund annual report. The Chair asked that the Committee's thanks and congratulations be passed on to Sian.

ACTION: Phil Triggs

RESOLVED:

That the Committee approved the draft Pension Fund annual report for 2022/23 and delegated the approval of the final version to the Director of Treasury and Pensions in consultation with the Chair.

11. INTERNAL AUDIT RESULTS

Phil Triggs (Director of Treasury and Pensions) presented the report and gave a summary of the key points. With regard to the internal audit's audit finding's opinion, a rating of 'Satisfactory Assurance' had been given, such that the internal controls relied upon at the time of the audit were suitably designed, consistently applied and effective in their application. He outlined the four areas of improvement raised by the internal audit, including the completion of the 2019 governance report recommendations.

Councillor Florian Chevoppe-Verdier asked for further clarification to be provided on the custodian contract. In response Phil Triggs outlined the reasons why the Council preferred to work with its current global custodian. The value of the contract was minimal, and the exact costs would be circulated to the Committee.

ACTION: Phil Triggs

Marian George (Investment Consultant) suggested that training be included as an agenda item to outline the various training sessions undertaken by Members for the purpose of good governance and transparency.

The Chair requested that the log of recommendations report be reinstated in time for the Pension Fund Committee meeting due to take place on 15th November 2023. The Committee's expectation was that a completed log should be submitted as soon as possible.

ACTION: Sukvinder Kalsi

RESOLVED

That the Committee noted the update.

12. PENSION FUND QUARTERLY UPDATE PACK

Phil Triggs (Director of Treasury and Pensions) introduced the report.

Jonny Moore gave a summary of the Pension Fund's overall performance for the quarter ended 30 June 2023, cashflow update and forecast and the assessment of risks and actions taken to mitigate these. He also outlined the current situation on the equity markets.

The Chair noted that he had received some feedback from the Friends of the Earth. He would review their recommendation and respond accordingly.

Councillor Adam Peter Lang enquired what the implications were for the Fund when investing outside of the UK, for example the war in Ukraine. In response Kevin Humpherson explained that typically this was delegated to the investment managers who considered this when building and managing a portfolio.

Councillor Adam Peter Lang enquired why Aviva Investors was still appearing within the report. In response, officers noted that the Fund had requested full

redemption in June 2022. It was anticipated that Aviva would liquidate the Fund's holdings prior to 31 December 2023 in line with the provisions of the investment contract.

Phil Triggs noted that Kevin Humpherson was leaving the Isio Group and the Committee thanked him for all his hard work and input provided over the years.

RESOLVED

That the Committee noted the update.

13. DATES OF FUTURE MEETINGS

The Committee noted the dates of future meetings:

- 15 November 2023
- 20 February 2024

14. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)

The sub-committee agreed, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

Meeting started: 7:00pm
Meeting ended: 9:40pm

Chair

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