

Pension Fund Committee Minutes



Wednesday 15 November 2023

PRESENT

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

Co-opted members: Michael Adam and Peter Parkin

Officers: Eleanor Dennis (Head of Pensions), Phil Triggs (Tri borough Director of Treasury and Pensions), Sian Cogley (Pension Fund Manager)

(Isio Group)

Jonny Moore
Andrew Singh

Marian George (Independent Investment Advisor)

1. ELECTION OF CHAIR

As the Chair of the Committee, Councillor Ross Melton, sent his apologies. The Committee elected Councillor Adrian Pascu-Tulbure to Chair the meeting.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Ross Melton and David Hughes.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the open and exempt minutes of the meetings held on 19th September and 24th October 2023 were approved.

Marian George (Independent Investment Advisor) requested some amendments to the exempt minutes (19th September 2023) which were noted in the closed session.

5. KEY PERFORMANCE INDICATORS

Eleanor Dennis (Head of Pensions) introduced the report which provided a summary of the performance of the Local Pension Partnership Administration (LPPA) for Q2 of the Pension Fund scheme year 2023/24. The Key Performance Indicators (KPIs) detailed in Appendix 1 of the pension administration report covered the period 1st July 2023 to 30th September 2023 inclusive. Whilst it was encouraging to see consistency of KPI performance from Q1 to Q2, it was disappointing that LPPA had not met their targets as promised across all case types. LPPA admit that there was improvement to be made and had acknowledged that this would take longer than hoped to achieve. This would continue to be closely managed by the Head of Pensions.

Councillor Adam Peter Lang thanked Eleanor Dennis for sharing the figures for the pensions opt out rate from the Local Government Association investigation. It was noted that there had been a significantly large number of members opting out of the pensions scheme across all LGPS Funds. He requested that Officers continued to monitor this matter.

Councillor Adam Peter Lang enquired how employer contribution for the pensions scheme was determined. In response Eleanor Dennis explained that the calculation varied across the board and was specific to the individual employer and their liabilities, economic stability, and membership.

Councillor Laura Janes expressed her concerns around the KPI's for active retirements, noting that Q2 only saw a small increase in comparison to Q1. She enquired when LPPA aimed to achieve their target of 95%. Eleanor Dennis noted that although the performance on this task area had seen some improvement, she agreed that this required further work. Based on the feedback received from LPPA the key challenges they faced relating to active retirement cases were mainly due to employers not engaging and data missing on leaver forms. The Head of Pensions and her team were working closely with LPPA to improve this process and mitigate any delays.

Councillor Florian Chevoppe-Verdier asked why there were no statistics in place for telephone helpdesk queries. In response, Eleanor Dennis confirmed that she would work with LPPA to provide the Committee with specific client Helpdesk data in the next report.

Action: Eleanor Dennis

Referring to page 32 of the agenda pack, Councillor Florian Chevoppe-Verdier requested that additional granular data be provided to the Committee in relation to the death in retirement figures. Eleanor Dennis noted that she had requested this information from LPPA but due to resource issues within

the organisation there had been a delay in receiving this. However, this would be circulated to the Committee outside of this meeting as soon as this was available.

Action: Eleanor Dennis

In response to a question asked by the Chair, Eleanor Dennis noted that she had drafted a formal letter to send to the Managing Director of LPPA. – This had been forwarded to Councillor Ross Melton to review and would also be circulated to the Committee for further comment.

Action: Eleanor Dennis

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. Challenges included increasing complex legislation, data challenges, limited resources, and difficulty in engaging with employers, which meant some issues would take months or years to resolve fully.

Councillor Florian Chevoppe-Verdier expressed his concerns around the service and the lack of information provided by LPPA. Referring to page 40 of the agenda pack, he asked for further clarification on the type of complaints received. In response Eleanor Dennis explained that she had requested more details around the nature of the complaints from LPAA. However, from her understanding majority of the complaints received related to the service delivered by LPPA. Once this information was available it would be circulated to the Committee.

Action: Eleanor Dennis

Councillor Adam Peter Lang commented that it was unsatisfactory to note that LPPA were currently unable to confirm when they would be in a position to clear the backlog of the 25 unresolved complaints. He requested that a discussion be held with LPPA so that a timeline was provided of when these would be resolved. Eleanor Dennis confirmed that this had already been requested by LPPA and that she would confirm outside of the meeting once she had received a response. .

Action: Eleanor Dennis

The Chair noted that it seemed as though LPPA were struggling with capacity issues throughout their organisation. He asked how confident Officers were, that there was a suitable plan in place to deal with these types of challenges going forward. In response Eleanor Dennis noted that it was vital for LPPA to deliver their core KPI's. However, she felt that they were not focusing enough

on BAU their strategy. She would continue to hold discussions with the LPPA management team to work towards recovery .

Councillor Florian Chevoppe-Verdier noted that it would be useful for the Committee to determine how many hours the Pensions Administration Team spent supporting LPPA and was concerned regarding the cost of the LBHF pension team resourcing propping up the LPPA service. In response Eleanor Dennis explained that the Team continued to record issues including bereavement cases and fed these back to LPPA to resolve and improve. Disappointingly , the Team was on average going back to LPPA around 4 to 5 times per issue.

Peter Parkin (Co-opted Member) asked what measures had been taken by the Committee to hold LPPA accountable. Members outlined that the Committee had scrutinised LPPA very strongly over the past year. LPPA had also been invited to extraordinary meetings to present to the Committee. The Committee continued to keep them under review and scrutiny. In addition, the formal letter draft addressed to the Managing Director outlining all of the concerns that was with the Chair for comment would also be circulated to the Pensions Committee.

Peter Parkin (Co-opted Member) noted that Eleanor Dennis and her Team had been very helpful in providing direct pensions advice to his members. He noted that it was helpful for members to have an inhouse team to discuss their pension queries who were knowledgeable and responsive.

RESOLVED:

That the Committee noted the update.

7. LOG OF RECOMMENDATIONS REPORT

Eleanor Dennis (Head of Pensions) presented the report and noted that the implementation of the recommendations was carried out by Officers from LBHF Pensions, Tri borough Pensions & Treasury and Tri borough Risk, Audit and Fraud. It was noted that the Fund's Officers had been effective in completing these recommendations which had increased the Fund's robustness in all governance areas.

Michael Adam (Co-opted Member) and Marian George (Independent Investment Consultant) enquired how often should the Council hold an independent review for the Fund going forward. In response Officers noted that governance reviews should be revisited between 3-5 years as good practice. Eleanor Dennis noted that the timing of the next review would need to be carefully considered from a resourcing, cost and capacity perspective in the future but would not be carried out in the short or medium term.

Action: Eleanor Dennis

RESOLVED:

That the Committee:

1. Noted that all recommendations were now complete and no there were no further outstanding actions.
2. That any future independent reviews were commissioned by LBHF to ensure that the risk, audit was owned by the Fund independently and aligned with Hammersmith & Fulham pension fund priorities.

8. PASSTHROUGH POLICY UPDATE

Sian Cogley (Pension Fund Manager) presented the report and provided an overview and outlined the current policy and what would change under the implementation of a passthrough policy. The policy would be an appendix to the Fund's Funding Strategy Statement shown in Appendix 1. A consultation had been undertaken with all employer bodies of the Fund. The consultation opened on 21 July 2023 and ran for seven weeks, closing on 8 September 2023. The LBHF Fund had only had one response from an employer, which was very positive.

Councillor Florian Chevoppe-Verdier asked if the consultation could be simplified to improve response input in the future. In response Eleanor Dennis said that other options would include attaching a covering letter alongside the full consultation to break down the main elements of the consultation. As well as potentially look at offering a webinar to verbally present the information to the Fund employers. However ultimately Fund employers would only see it as a priority to engage with issues that cost them more money.

RESOLVED:

That the Committee approved the draft Appendix to the Funding Strategy Statement and, subject to any comments or amendments, delegate final approval to the Head of Pensions in consultation with the Chair.

9. INVESTMENT STRATEGY STATEMENT

Sian Cogley (Pension Fund Manager) presented report and noted that following the review of the investment strategy that commenced in February 2023, this paper introduced the draft Investment Strategy Statement (ISS) for the LBHF Pension Fund, which was attached as Appendix 1 to this paper.

Councillor Florian Chevoppe-Verdier on behalf of Councillor Patricia Quigley passed on her congratulations to Officers on achieving the Pension Fund of the year award.

Peter Parkin (Co-opted Member) asked who from LBHF attended the award ceremony. In response Phil Triggs (Director of Treasury and Pensions) confirmed that the Tri-borough staff attended the event with no expectation of winning the award. Councillor Laura Janes asked that if the Council was

shortlisted in the future any representatives of the Committee and all Officers should be given the opportunity to attend.

Marian George (Independent Investment Advisor) felt that it was good practice for the Committee to review its own decision making from an investment perspective and this should be included as part of the annual business plan. She also suggested that the statement of the Fund's investment beliefs, which had been agreed at the Committee of 13 June 2023, would be a useful addition to the document. Sian Cogley agreed to include it this document as an additional appendix to the Investment Strategy Statement.

Rereferring to page 64 of the agenda pack, the Chair enquired if it would be appropriate to include the Environmental, Social and Governance (ESG) considerations that had been successful over the past 18 months as part of the Fund's overall strategy. In response Sian Cogley noted that the dashboard was currently being reviewed and updated and once this was completed then the dashboard could be included as an additional appendix to the next Investment Strategy Statement.

Referring to page 60 of the agenda pack the Chair asked for further clarification to be provided on the difference between infrastructure and liquid strategies. Phil Triggs provided an overview on both of the strategies, noting that infrastructure strategies related to tangible assets. However, with a liquid strategy the cash was tied up for a good period of time within various different investment classes.

Councillor Florian Chevoppe-Verdier enquired if there was any risk around not having direct control on access to information and the way the Funds pooled assets operated when working with LCIV. In response Phil Triggs said that close working relationships were essential with the LCIV and officers sought to maintain these.

RESOLVED:

The Committee commented on the ISS and delegated authority to the Director of Treasury and Pensions, in consultation with the Chair to publish the final ISS.

10. QUARTERLY PERFORMANCE UPDATE

Sian Cogley (Pension Fund Manager) introduced the report and noted that at the meeting of the 19th September 2023, the Committee agreed a 10% (£129m) allocation to Allspring Global. The first £43m of this commitment was due to be drawn by 15 November 2023. The Committee also agreed a 5% (£64.5m) allocation to LCIV Insight Buy and Maintain Bonds, with a 2.5% allocation to each of the short and long duration sub-funds. The full commitment was due to be drawn by 29 November 2023.

Members discussed the exempt appendices 2a and 2b in the closed session at the end of the meeting.

RESOLVED

That the Committee

1. Agreed that Appendices 2a and 2b are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. Noted the report.

11. DATE OF THE NEXT MEETING

It was noted that the next meeting is due to take place 20th Feb 2024

12. 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: 8:55pm

Chair

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