

Pension Fund Committee Minutes



Tuesday 20 February 2024

PRESENT

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

Co-opted members: Michael Adam, Peter Parkin

Officers: Phil Triggs (Tri borough Director of Treasury and Pensions), Sian Cogley (Pension Fund Manager), Mathew Dawson (Strategic Investment Manager), David Hughes (Tri borough Director of Audit Risk Fraud) and Eleanor Dennis (Head of Pensions)

Marian George (Independent Investment Advisor)

External

Andrew Singh and Jonny Moore (Isio Group)
Heather Brown and Darryl Murphy (Aviva Investors)

1. **APOLOGIES FOR ABSENCE**

Apologies of absence were received from Councillor Adam Peter Lang

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

Marian George (Independent Investment Advisor) requested that the following be amended under page 64 under (Investment strategy statement):

*The word **liquid** to be placed with the word **illiquid** in the second and fourth lines as it affects the meaning.*

RESOLVED

That the open and exempt minutes of the meetings held on 15th November 2023 were approved.

4. 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 Q3 Pension Fund scheme year 2023/24. The Key Performance Indicators (KPIs) detailed in Appendix 1 of the pension administration report covered the period 1 September 2023 to 31st December 2023 inclusive.

During this period LPPA processed 1409 SLA cases, which was an increase of 254 cases from Q2 for the Hammersmith & Fulham (H&F) Pension Fund. The overall quarterly KPI performance was 96.9%. However, although performance was achieved in 90% of all cases it fell short of the target 95% in case types, estimates, refunds, deaths, and active retirements. LPPA did however take onboard constructive feedback on areas in which they needed to improve. This would continue to be closely managed by the Head of Pensions.

Councillor Florian Chevoppe-Verdier thanked Eleanor Dennis and her team for their hard work in achieving the improvement with LPPA's performance. Referring to page 13 of the agenda pack, he asked for further clarification about the changes in LPPA being constructive with the Council. In response Eleanor Dennis noted that LPPA had changed their operations director, who had been very responsive to issues and engaged well with the team. Additionally, service level agreement (SLA) performance was being reviewed on a weekly basis, ensuring improved planning was in place.

Councillor Adrian Pascu-Tulbure commented that he was pleased to see an improvement in performance, particularly the reduction in wait time for calls. He suggested that now would be a good time to measure performance for deaths against the targets set by the pension Fund. Eleanor Dennis noted that LPPA were planning to examine how they measure performance in 2024/25 and assess if the SLAs were realistic to achieve. An update would be provided at a future Committee.

Councillor Laura Janes commented that the report was very helpful and encouraging to see KPI's improving in the right direction. She enquired about the areas that were underperforming, including how LPPA planned to meet their KPI's in those areas and if they had shared a plan on when they would improve in those areas. Eleanor Dennis confirmed that regular client meetings were being held on a monthly basis to review SLA performance. LPPA were actively engaging with officers and gathering feedback from officers regarding any concerns or issues raised. Additionally, they had implemented more robust systems and made changes within the bereavement teams to ensure more effective ways of working. Given continued increase in the number of priorities such as McCloud, pensions dashboard and the employers monthly file submission they had not provided a timeline of when they would achieve targets in all areas. However were committed to continually improving KPI performance.

Councillor Ross Melton echoed thanks to the LBHF pensions team.

RESOLVED

That the Pension Fund Committee considered and noted the contents of this report.

5. 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. Engagement with employers had increased with 73% now having submitted a monthly file however 48% were not up to date.

Challenges included increasing complex legislation, data challenges, limited resources, and difficulty in engaging with employers. Therefore, implementation of solutions and improvements often took months or years to be fully adopted and the full benefits to be realised. It was noted that the LPPA budget 2024/25 would be brought to the next meeting. In addition, it was highlighted that the annual customer engagement event was scheduled for later this year and Eleanor Dennis would be attending this.

Referring to page 28 of the agenda pack, Councillor Florian Chevoppe-Verdier asked for further clarification to be provided on the nature of the complaints and how LPPA were providing clearer reporting to officers. Eleanor Dennis noted that LPPA received a total of 10 new complaints in December 2023, this primarily related to retirement cases. 4 complaints were carried over from Q2. The reporting allowed officers to review the number of cases closed or upheld within a particular month and the nature of the complaints raised. He also thanked Eleanor Dennis for continued commitment to the Fund and liaising with other clients to understand shared experiences.

RESOLVED

That the Pension Fund Committee considered and noted the contents of this report.

6. PENSION FUND CONSULTANT REVIEW

Sian Cogley (Pension Fund Manager) provided a summary of the key points. It was noted in line with best practice, the performance of the investment consultant against the objectives should be reviewed on an annual basis and the objectives updated at least every three years or when there had been a material change in investment approach. As shown in Appendix 1, the consultant's performance over the past year had been to a generally 'Excellent' standard and the Pension Fund remained pleased with the work that the consultant continued to carry out in advising the fund on its investment strategy.

Councillor Florian Chevoppe-Verdier asked for further clarification to be provided on who carried out the evaluation for the consultant review. In response Sian Cogley noted that that it was conducted by officers.

Marian George (Independent Investment Advisor) commented whilst it was good practice to measure the performance of the investment consultant, she suggested extending the practice to assess her role as an independent advisor by circulating a survey to the Committee.

Action: Phil Triggs

Michael Adam (Co-opted Member) enquired whether there was a set rule in place regarding the duration for which an investment consultant could be appointed before needing to select a different candidate. In response Phil Triggs (Tri borough Director of Treasury and Pensions) noted that there was no specific rule in place. However, once the current contract with Isio had expired, officers would explore the market for a refresh of available options and present them to the Committee.

The Chair asked for further clarification to be provided around how long Isio had been advising the Pension Fund. Phil Triggs confirmed that the Council's relationship with Deloitte started in 2012.

RESOLVED

That the Pension Fund Committee noted and commented on the report with a view to approving for the Pension Fund's investment consultant, Isio.

7. PENSION FUND BUSINESS PLAN OUTTURN 2022-23

Sian Cogley (Pension Fund Manager) provided a summary of the key points. The second business plan was presented to the Pension Fund Committee on 28 February 2022. This report compared the outturn against the forecast made at that time, and comments on each objective outlined.

Referring to Page 42 of the agenda, Councillor Adrian Pascu-Tulbure, commented that he had noticed a disparity between the expected and received contract fees. He requested additional clarification regarding this matter. Sian Cogley explained that officers had anticipated this at the time, due to transition in house with LPPA from Surrey County Council. She also mentioned that auditor fees were expected to increase by a third.

RESOLVED

That the Pension Fund Committee noted the 2022/23 business plan outturn, shown as Appendix 1.

8. PENSION FUND BUSINESS PLAN 2024/25

Sian Cogley (Pension Fund Manager) provided a summary of the key points. This was the third pension fund business plan presented to the Pension Fund Committee and sets out the short-term objectives and a financial forecast for 2023/24 and 2024/25. It was attached at Appendix 1.

An outturn report would be presented to the Pension Fund Committee to update members on progress and present outcomes with an outturn cost summary.

RESOLVED

That the Pension Fund Committee:

1. Considered the 2024/25 business plan (at Appendix 1).
2. Approved the 2024/25 attached business plan (included at Appendix 1).

9. AVIVA PRESENTATION

Phil Triggs (Tri borough Director of Treasury and Pensions) provided a summary of the key points. At the meeting of the 20th June 2022 the Pension Fund Committee decided to redeem their allocation from the Aviva Investors Infrastructure Income Fund. The redemption monies were due back to the Council's Pension Fund by 31 December 2023.

Officers had been informed that there would be a delay to the receipt of the full redemption. The first tranche of redemption payments (£5m) was paid on 30th January 2024, but the remainder of the redeemed monies would not be available to be paid back to the Fund until Q2 2024.

Michael Adam (Co-opted Member) asked for further clarification on the total value of the remaining redeemed monies to the Council. In response, officers confirmed that it was approximately £20mil.

Councillor Florian Chevoppe-Verdier enquired about the level of confidence officers had regrading Aviva's ability to meet their redemption deadline. In response Phil Triggs noted that his confidence level had diminished since his last engagement with Aviva. He suggested that the Committee needed to apply some pressure to address this concern when Aviva arrived.

Peter Parkin (Co-opted Member) enquired how the Council could protect itself from a similar situation occurring in the future. Phil Triggs explained that the initial appointment process for Aviva was robust and had a thorough due diligence process. The Investment Advisors, Isio, brought the recommendation to review the investment at the first inkling of the decline in product quality. Officers then brought the recommendation to disinvest to the Committee at the next meeting, who agreed with the recommendation and decided to divest. Officers and advisers would continue to apply the same high standard of monitoring in the future. Marian George and Andrew echoed his views.

Councillor Laura Janes requested that a short lessons learned/ review paper be brought to a Committee meeting upon receipt of the total outstanding redemption.

Action: Phil Triggs

The remainder of the discussion was held in the exempt session.

RESOLVED

That the Pension Fund Committee

- 1. Agreed that Appendix 1 is not for publication on the basis that it contains 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. Discussed the redemption process with Aviva.

10. PENSION FUND QUARTERLY UPDATE Q3 23-24

Sian Cogley (Pension Fund Manager) provided a summary of the key points. It was noted that this paper provided the Pension Fund Committee with a summary of the Pension Fund’s overall performance for the quarter ended 31 December 2023.

RESOLVED

That the Pension Fund Committee

- 1. Agreed that Appendices 2a and 2b were not for publication on the basis that it contains 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 contents of the report.

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

The 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: 7pm
Meeting ended: 10:15pm

Chair

Contact officer: Amrita White
Committee Co-ordinator
Governance and Scrutiny
E-mail: Amrita.White@lbhf.gov.uk