

# Pensions Board

## Agenda

Wednesday 7 June 2023, 7.00 pm  
Room 9 (1st Floor)- 3 Shortlands, Hammersmith, W6 8DA

### MEMBERSHIP

<b>Employer Representatives</b>
Councillor Ashok Patel (Chair) Councillor Nikos Souslous
<b>Scheme Member Representatives</b>
Neil Newton William O'Connell

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Date Issued: 30 May 2023

# Pensions Board Agenda

7 June 2023

<u>Item</u>		<u>Pages</u>
<b>1. APOLOGIES FOR ABSENCE</b>		
<b>2. DECLARATIONS OF INTEREST</b>		
	<p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.</p> <p>At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Standards Committee.</p>	
<b>3. MINUTES OF THE PREVIOUS MEETING</b>		4 - 8
	<p>To agree the minutes of the meeting held on 8 February 2023 as an accurate record.</p>	
<b>4. MINUTES OF PREVIOUS PENSION FUND COMMITTEE MEETINGS</b>		9 - 23
	<p><i>This item includes appendices that contain exempt information. Discussion of the appendices will require passing the proposed resolution at the end of the agenda to exclude members of the public and press.</i></p> <p>To note the minutes of the extraordinary meeting and meeting of the Pension Fund Committee held on 24 January and 28 February 2023 respectively.</p>	

- 5. PENSION ADMINISTRATION UPDATE** 24 - 31
- This paper provides a summary of activity in key areas of pension administration for the Hammersmith and Fulham Pension Fund.
- 6. KEY PERFORMANCE INDICATORS** 32 - 95
- This paper sets out a summary of the performance of the Local Pension Partnership Administration (LPPA) in providing a pension administration service to the Hammersmith & Fulham Pension Fund.
- 7. PENSION FUND QUARTERLY UPDATE PACK** 96 - 107
- This item includes appendices that contain exempt information. Discussion of the appendices will require passing the proposed resolution at the end of the agenda to exclude members of the public and press.*
- This paper provides the Pensions Board with a summary of the Pension Fund's:
- overall performance for the quarter ended 31 December 2022;
  - cashflow update and forecast; and
  - assessment of risks and actions taken to mitigate these.
- 8. DATE OF THE NEXT MEETING**
- The next meeting will be held on 6 February 2024.
- 9. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)**
- The Committee is invited to resolve, 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.

# Agenda Item 3

London Borough of Hammersmith & Fulham

## Pensions Board Minutes



Wednesday 8 February 2023

### PRESENT

**Committee members:** Councillors Nikos Souslous (Chair) and Rory Vaughan

**Co-opted members:** Neil Newton

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

**Clerk:** Debbie Yau

#### 1. APOLOGIES FOR ABSENCE

An apology for absence was received from William O'Connell, a co-opted member.

#### 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

#### 3. MINUTES OF THE PREVIOUS PENSIONS BOARD MEETING

##### **RESOLVED**

The minutes of the meeting held on 8 June 2022 were agreed as an accurate record.

#### 4. MINUTES OF PREVIOUS PENSION FUND COMMITTEE MEETINGS

##### **RESOLVED**

The minutes and exempt minutes of the Pension Fund Committee meetings held on 20 June, 7 September, 6 October and 15 November 2022 were noted.

#### 5. KEY PERFORMANCE INDICATORS

Eleanor Dennis (Head of Pensions) gave a summary of the performance of the Local Pension Partnership Administration (LPPA) in providing a pension administration service to the Hammersmith & Fulham Pension Fund (HFPF) in respect of the Key Performance Indicators (KPIs) for the period April 2022 – September 2022, i.e., Quarter 1 (Q1) and Quarter 2 (Q2) inclusive.



Councillor Rory Vaughan said he was pleased to see an improvement in LPPA's service between Q1 and Q2. Noting that the Pension Fund Committee (PFC) had scrutinised the performance of LPPA a few times and that some issues could be due to teething problem, he asked about the expected timing for LPPA's quarterly Service Level Agreement (SLA) performance to meet the target of 95% having regard that it was on board for one year already.

Eleanor Dennis considered that the poor performance of LPPA in Q2 was mainly due to the lack of resources and priority to its planning and preparation of migrating to a new software platform for all LPPA clients. In fact, the KPIs for Q3 and Q4 were relaxed to take into account the transition to the new system. In terms of a recovery plan to meet the target, she noted that the LPPA would have presented their business plan to PFC and all clients by the end of the month. Councillor Vaughan believed that the PFC would keep LPPA "on-track" and asked Eleanor to convey this Board's concerns to the LPPA.

**ACTION: Eleanor Dennis**

In response to Neil Newton's enquiry, Eleanor Dennis confirmed that the internal migration had completed as planned in December 2022. The outgoing platform service provider had exited earlier than anticipated and this was why the migration had caused a bigger impact on the services that had been anticipated for all LPPA's clients.

On the question of complaints received from scheme members raised by Neil Newton, Eleanor Dennis noted that there was not anything in the portal advising people on the quality of services. The LPPA did ask callers to feedback on customers' level of satisfaction which was 66% for Q2. However, the statistics were not fund specific and hence did not represent scheme members of HFPF. As regard how could a caller who had abandoned a call after waiting for 9 minutes express dissatisfaction, Eleanor noted that a formal complaint process was highlighted on the Fund's external website through which individuals might lodge complaints with the LPPA or HFPF as well as via the in-house pensions team. The LPPA were reporting the helpdesk statistics on a fortnightly basis to the Head of Pensions. In fact, her team had received a higher number of complaints at the beginning of the migration. To minimise the negative experience of the scheme members during the migration, staff in her team did take on queries to resolve directly with LPPA on the members' or employers' behalf to help those members who wanted to get in touch or with issues to resolve during the poor performance period.

Neil Newton remarked that the helpdesk call statistics had noted the wait time range when the calls were received which however did not cover the number of people who had abandoned their calls after waiting for certain minutes. Eleanor Dennis noted that abandoned rate was shared with her, but she would ask if this could be made available. She understood that the Managing Director had sat on the helpdesk, trying to understand the issues involved and work out measures that could help alleviate the number of the calls and minimise the wait time. The Chair noted that in January 2022, 90% of calls were answered. He asked whether the 10% unanswered calls were abandoned calls. Eleanor advised that the calls referred to those answered within 4 minutes. Councillor Vaughan considered that the "Calls Answered" statistics would have a higher reference value if it also counted unanswered calls abandoned,

say, after 5 mins. Eleanor undertook to ask LPPA for more information on abandonment rate.

**ACTION: Eleanor Dennis**

Councillor Vaughan considered a call-back service would be helpful in saving people hanging up. Eleanor Dennis said this had been raised by the PFC also and that call-back service was among the options the LPPA would look at in the future.

Noting that the number of calls had fallen during summer 2022 but it took longer for the calls to be answered, the Chair asked for the reasons. Eleanor Dennis said that less calls might be due to summer holiday and more people engaged online with the portal. For calls taking longer to answer, Eleanor highlighted that resources were stretched in planning for system migration during the summer months, taking away resources from the core service however noting that bereavement calls were triaged so that they went straight through to the bereavement team and did not sit on a queue. She said that there had been an improvement in service between Q1 and Q2 of LPPA providing an administration service to the Fund, however, there remained room for improvement from LPPA in terms of both the KPIs and on the Helpdesk calls.

#### **RESOLVED**

That the Board noted the report, in particular the complaint handling mechanism.

## **6. PENSION ADMINISTRATION UPDATE**

Eleanor Dennis (Head of Pensions) introduced the key areas of the Pension Administration Update report.

In reply to the concerns of Councillor Vaughan and Neil Newton on log recommendation #24 which was yet to start, Eleanor Dennis advised that the Communication Policy was a statement which detailed how information on the Fund would be made available ie via the LPPA portal and external website for reference of members and other stakeholders. She said that the Policy would be updated in line with the LPPA and Fund communication methods in the scheme year 2023/24. She confirmed once the policy was drafted it would be presented to the Pension Fund Committee and the log would be updated. Neil recalled that such information used to be included in the Fund's newsletter which was, in his opinion, a good channel to communicate with scheme members. Eleanor agreed that there should be a pensioners' newsletter issued by the LPPA and said she would find out the timeline of its issue with the LPPA.

**ACTION: Eleanor Dennis**

Neil Newton referred to log recommendation #5 which sought to actively seek to co-opt a non-voting Employee representative. As he understood, the Pensions Board had been set up by legislation to hold the PFC to account in terms of compliance, and to ensure effective and efficient administration of the HFPPF. He noted from the minutes of previous PFC meetings that the agenda of the Board meeting duplicated

what the PFC had already considered. As the recommendation was to co-opt a non-voting member onto the PFC, he questioned the need for the two bodies to co-exist and duplicate work.

Councillor Vaughan noted that the Pensions Board was set up by statute. He understood that it was not possible to co-opt voting scheme members onto the PFC.

Phil Triggs (Director of Treasury and Pensions) noted that according to the Council's Constitution, the PFC could co-opt non-voting independent members. Currently, the two co-opted members of PFC were ex-councillors who could share their knowledge and experience with other members. He suggested it was possible to amend the Constitution and give co-opted members voting rights.

Members exchanged views on the way forward and considered it necessary to seek the views of the Governance and Legal in this regard.

**ACTION: Governance**

**RESOLVED**

That the Board noted the content of the report and looked forward to the issuing of the pensioners' newsletter.

**7. PENSION FUND QUARTERLY UPDATE PACK**

Phil Triggs (Director of Treasury and Pensions) provided a summary of the Pension Fund's overall performance for the quarter ended 30 September 2022, its cashflow update and forecast, and assessment of risks and actions taken to mitigate these.

Members noted that the valuation of HFPF and the best funded scheme of Kensington & Chelsea stood at 105% and 154% respectively, based on the prevailing assumptions of valuation. Phil Triggs added that there would be an exercise by the Government's Actuary Department whereby all the client-based assumptions would be placed on a level-playing field to enable a meaningful comparison, probably from this April onward once all the processes being finalised. He said that the full report for the third quarter ending 31 December 2022 would be presented to the PFC at its meeting on 28 February 2023.

The Chair asked about the purpose of the ESG dashboard. Phil Triggs noted that it was a product developed by the LBHF to provide further accountability and allow members of the Fund to explore the impact of its investments. Being well received at the LGC Conference in Leeds in September 2022, the dashboard was anticipated to become a marketable item to generate some income for the Fund.

**RESOLVED**

That the Board noted the update.

**8. DATE OF THE FUTURE MEETINGS**

Members noted the dates of future meetings:

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Minutes are subject to confirmation at the next meeting as a correct record of the proceedings and any amendments arising will be recorded in the minutes of that subsequent meeting.

- 7 June 2023
- 6 February 2024

Meeting started: 7.00 pm  
Meeting ended: 7.50 pm

**Chair** .....

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London Borough of Hammersmith & Fulham

## Pension Fund Committee Minutes



Tuesday 24 January 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 (attended remotely) and Iain Cassidy

**Officers:** Eleanor Dennis (Head of Pensions)  
Paul Moore (Pensions Specialist, attended remotely)

**Clerk:** Debbie Yau

**Guest:** Greg Smith (Director of Strategy, LPPA)

### 1. **APOLOGIES FOR ABSENCE**

There were no apologies for absence.

### 2. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

### 3. **MINUTES OF THE PREVIOUS MEETING**

#### **RESOLVED**

The minutes of the meeting held on 15 November 2022 were approved as accurate records of meeting.

### 4. **PENSION ADMINISTRATION KEY PERFORMANCE INDICATORS**

Eleanor Dennis (Head of Pensions) introduced the report which set out a summary of performance of the Local Pension Partnership Administration (LPPA) in providing a pension administration service to the LBHF Pension Fund for Quarter 2 (Q2), i.e. for the period of July 2022 – September 2022.

Greg Smith (Director of Strategy, LPPA) outlined the casework performance against the Service Level Agreement (SLA) for all cases (page 23) and the performance standard (page 24). He also briefed members on the changes made to the processing of cases in order to improve the members' experience, including a thorough assessment of cases on the first day of

receipt and a check in the last two days of the SLA period. Greg confirmed that although there was a low SLA for “Deaths”, payments to beneficiaries were given priority. Greg agreed to review if the Chair’s request for “payment to beneficiaries” and “other administrative processes” be listed separately under the performance standard of SLA for “Deaths”. He noted that similarly, that he would review if a payment category would be listed separately for cases of “Retirements”.

**ACTION: Eleanor Dennis / Greg Smith**

In this connection, Councillor Florian Chevoppe-Verdier highlighted the importance for the LPPA to provide the granular data with greater details of explanation to enhance the understanding of Committee members as well as members of the public. To enable members to see a bigger picture, Eleanor Dennis noted that more detailed information on the number of cases missing the SLA deadlines and the extent of delay, e.g. a day or a week, should be provided. Councillor Laura Janes considered it more comprehensive to set out the targets on the tables and indicate the number of cases or percentages that fell outside the limit. The Chair suggested including the explanations provided at the meeting for each category.

**ACTION: Eleanor Dennis / Greg Smith**

Eleanor Dennis pointed out that death cases had been incorrectly recorded in Q2 reporting. Greg Smith assured the Committee that he would look into this and it would be corrected going forward.

Iain Cassidy expressed concern about the 135 cases under “Other”, with 96.3% of them meeting the unspecified targets. Greg Smith undertook to clarify and provide the relevant information. He believed “Other” might be divorce claims and child benefits etc.

**ACTION: Eleanor Dennis / Greg Smith**

Noting that the LPPA reduced its SLA target from 95% to 90% of high priority cases (death and retirement cases) and to 70% for all other cases because of the migration to the UPM platform in Q3 of 2022/2023, Councillor Adrian Pascu-Tulbure asked how long this would last. Greg Smith explained that LPPA knew that migrating clients to a new platform would have an impact on the Fund’s Key Performance Indicators as LPPA’s resources were stretched and there would be periods of system outage. As it took time for the clients to go live, Greg estimated that the reduction of SLA target would last for about one or two quarters.

Councillor Florian Chevoppe-Verdier referred to the Helpdesk Calls Performance (pages 26 & 27) and asked about the possibility of setting up a call-back system. Greg Smith advised that call-back system was one of the options that LPAA might look into to enrich the members’ journey. LPPA also aimed to increase communications on its website to provide the support to members in advance of cyclical events such as with annual allowance information with a view to minimising the surging call demands. Greg

highlighted the length of time required for staff to go through the training and induction to provide customer services over the phone.

Councillor Chevoppe-Verdier asked about the details of employers submitting monthly returns rather than members' data on an annual basis, noting this would allow members to see up to date information when logging on. Greg Smith noted that about half of the employers of other clients were uploading monthly returns after they had undergone the required 1 -2 months' training with the new system. The other half of the employers including those under LBHF would be engaged in a gradual process over several months to receive the training and get ready before switching to issuing monthly returns. Greg advised that the LBHF employers would be engaging the last year end process in April 2023 and individual employers would go through a gradual process to switching to monthly returns. At the request of the Chair, Greg agreed to provide a breakdown on the number of LBHF employers who had engaged with the monthly returns process.

**ACTION: Eleanor Dennis / Greg Smith**

### **RESOLVED**

The Committee noted the contents of the report.

## **5. PENSION ADMINISTRATION UPDATE**

Eleanor Dennis (Head of Pensions) gave a Pension Administration Update and outlined the log of recommendations.

Councillor Adam Peter Lang appreciated that 97% of annual benefit statements due for eligible members had been sent and hoped the good practice could be maintained.

Responding to the concerns of Councillors Adrian Pascu-Tulbure and Laura Janes about calls to the Helpdesk, Greg Smith (Director of Strategy, LPPA) noted that although the current average wait time of 5 to 6 minutes was not as low as 3 minutes in Q1 and Q2, it was significantly lower than the peaks in the past. Due to the need for members to re-register online and for some clients to go live pursuant to system migration, this had put significant strain on the Helpdesk. To ensure immediate assistance would be provided to those in need, priorities had been assigned for death and retirement cases. In reply to Councillor Florian Chevoppe-Verdier's enquiry about LPPA generating income through call waiting, Greg believed that the monies might be received by the phone companies rather than LPPA. He undertook to look into the matter and revert.

**ACTION: Eleanor Dennis / Greg Smith**

### **RESOLVED**

The Committee noted the contents of the report.

**6. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)**

**RESOLVED**

The Committee resolved, 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.

**7. FUND EMPLOYER CESSATIONS**

Eleanor Dennis (Head of Pensions) introduced the report which outlined the recommendations of the Actuary and Legal Advisor to pay exit credits or write off the deficits as detailed in the Exempt Appendix 1.

**RESOLVED**

1. The Committee resolved, 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.
2. The Committee agreed to pay exit credits and write off the deficits as detailed in the exempt Appendix 1.

**8. DATE OF THE NEXT MEETING**

The date of the next meeting was noted:

- 28 February 2023

Meeting started: 7.20 pm  
Meeting ended: 8.25 pm

Chair .....

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# Pension Fund Committee Minutes



Tuesday 28 February 2023

## **PRESENT**

### **Committee members:**

Councillor Ross Melton (Chair)  
Councillor Florian Chevoppe-Verdier  
Councillor Adam Peter Lang  
Councillor Adrian Pascu-Tulbure

### **Co-opted members:**

Michael Adam  
Iain Cassidy

### **Other Councillors:**

Councillor Rowan Ree (Cabinet Member for Finance and Reform)

### **Officers:**

Eleanor Dennis (Head of Pensions) (joined remotely)  
Sukvinder Kalsi (Director of Finance) (joined remotely, left at 7:30pm)  
Phil Triggs (Director of Treasury and Pensions)  
Mathew Dawson (Strategic Investment Manager)  
Sian Cogley (Pension Fund Manager)  
Peter Parkin (Unison Representative)  
Katia Neale (Clerk)

### **Advisers:**

Kevin Humpherson (Deloitte)  
Jonny Moore (Deloitte)  
Marian George (Independent Advisor)

### **Guest:**

Steven Scott, FFA (Fund Actuary, Hymans Robertson LLP)

## **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Laura Janes.

## **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **3. MINUTES OF THE PREVIOUS MEETING**

#### **RESOLVED**

The minutes of the meeting held on 24 January 2023 were approved as accurate records of meeting.

Marian George (Independent Advisor) requested that all future minutes be proposed for approval only at regular meetings, not extraordinary ones.

**ACTION: Committee Coordinator**

#### **CHANGE OF AGENDA ORDER**

The Chair proposed, and it was unanimously agreed, to bring Items 7, 6 and 8 forward on the agenda, in this respective order.

### **7. TRIENNIAL VALUATION RESULTS AND FUNDING STRATEGY STATEMENT**

Sian Cogley (Pension Fund Manager) introduced the report presenting the draft Funding Strategy Statement (FSS) produced by the Fund's actuary (Hymans Robertson), following the 2022 triennial Actuarial Valuation.

The purpose of the FSS was to establish a clear and transparent fund-specific strategy that would identify how employers' pension liabilities were best met going forward and take a prudent, longer-term view of funding those liabilities.

The FSS incorporated the funding approach of the admitted and scheduled bodies, including admissions, new academies, bulk transfers and cessations. The strategy also took into consideration the impact which the McCloud case judgement might have on the pension liabilities. All of the Fund's employers had now received their schedules of future contribution rates with only two queries received from two employers, which had been addressed and resolved.

Steven Scott, FFA (Fund Actuary, Hymans Robertson LLP) stated that the improvement in the funding position was driven by strong investment returns over the past three years. He reported that the Fund was in a very healthy position.

Michael Adam (Co-opted member) asked that, based on the updated funding level at the end of the year and the potential decrease in the inflation level, what were the predictions for the new financial year and the rates the Council would need to pay into the Pensions Fund. He added that if a reduction on the contribution rates was not possible at this time, this Committee should have a discussion about it in the near future.

Steven Scott replied that it was expected that the inflation level would fall. The Pension Fund funding level had improved significantly since the Valuation, largely because higher investment returns were expected in the future than the level assumed at the date of the 2022 Valuation. However, at the same time, the value of the assets had fallen over that period and there were lots of uncertainties in the investment markets over the coming years. They would not recommend any changes to contribution rates due to short-term changes as they were funding for the long-term. In addition, they followed the guidance from an advisory board stating that contribution rates were not expected to be reduced as a result of relatively small improvements in funding levels. However, if there was a clear justification in the future, the contributions could be reduced.

Councillor Adam Peter Lang noted that higher inflation had led to higher primary contributions, leading to an expected additional cost to the Council of £3.6m per annum and, as a result, the primary employer contribution rate had risen to 20.6%. He asked how that would be monitored going forward and how that would affect employee contributions.

Steven Scott replied that employee contribution rates were set by legislation from the Central Government and were based on a salary level basis. He added that changes in the inflation rate and in the level of interest rates that reflected on future investment returns were monitored on a quarterly basis.

In answer to a question from Councillor Florian Chevoppe-Verdier, Sian Cogley replied that the FSS had been shared with employers for comments over a period of one week, due to tight deadlines. However, going forward they would share with employers for comments over a longer period, ideally over one month.

The Chair asked for a report addressing the lessons learned on the process for answering queries raised by employers on Actuarial Valuation.

**ACTION: Phil Triggs**

Councillor Florian Chevoppe-Verdier stressed the importance to adopt consultation best practices to ensure employers had time to understand and engage with the Valuation contents and ways to respond to their queries swiftly.

In response to a question from Peter Parkin (Unison Representative) regarding the same lessons learned reappearing triennially and the steps taken to resolve the issues with the Valuation, Steven Scott replied that all their work relied on the accurate and timely information provided by employers. As this was a very complex process, they had developed a portal to enable pension funds to give them their data, which included valuations, to capture most of the possible queries that could arise. This data was monitored in a continuous process of improvement. The reality was that the LGPS was becoming increasingly more complex driven by external factors such as number of employers and regulations.

Councillor Adam Peter Lang suggested that it would be useful, whenever possible, to have an executive summary clearly and succinctly explaining the main points made in the report to assist members understanding and to facilitate discussions at the Committee.

**ACTION: All report authors**

Steven Scott replied that the main point to make to scheme Members was that extreme market volatility did not affect the benefits, as they were guaranteed. The only impact it had was on the cost of those benefits and their funding over the long-term.

## **RESOLVED**

The Committee noted the Triennial Valuation Results and agreed the draft Funding Strategy Statement and to delegate the final approval to the Director of Treasury and Pensions in consultation with the Chair.

## **6. INVESTMENT STRATEGY STATEMENT**

Sian Cogley introduced the draft Investment Strategy Statement (ISS) for 2023, which reviewed the LBHF Fund's investment strategy in terms of the current asset allocation and funding position and highlighted some key areas the Committee should consider for the short and medium-term outlook of the Fund. The document was prepared by the Fund's investment adviser, Deloitte. It identified ways to further reduce risks within the portfolio.

## **RESOLVED**

The Committee agreed:

1. To reallocate 5% from equity to bonds.
2. To invest Aviva proceeds with another infrastructure manager and to rebalance the asset allocation.
3. To increase the strategic Alpha Real Capital Ground Rents allocation to 7.5%, with the additional 2.5% funded from Ruffer, and make an additional subscription to the fund.

## **8. PENSION FUND QUARTERLY UPDATE PACK**

Sian Cogley presented the report which provided a summary of the Pension Fund's overall performance for the quarter ended on 31 December 2022, the cashflow update and forecast, and assessment of risks and actions taken to mitigate these.

The overview of the Fund's performance was provided in Appendix 1 with a scorecard and included administrative investment and cash management performance for the quarter.

Exempt Appendix 2 contained information about the Investment Performance. The highlight over the quarter was that the market value of the assets had increased by £4.3 million.

Appendix 3 contained the Cashflow Monitoring Report which provided the cashflow forecast for the last quarter as well as cashflow forecast to September 2023.

Appendix 4 contained the Pension Fund Risk Registers with no risks added to the register or changes in scores. There had been three changes in trend: Risk 19 regarding inflation risk, Risk 28 regarding liabilities and Risk 31 regarding strain on smaller employers. Their trend came down to neutral as a result of the triennial valuation.

The report included a link to the ESG dashboard which was also available on the LBHF website.

## **RESOLVED**

The Committee noted the contents of the report.

#### **4. PENSION ADMINISTRATION – KEY PERFORMANCE INDICATORS**

Eleanor Dennis introduced the report setting out the key performance indicators in respect of the pension administration service provided by Local Pension Partnership Administration (LPPA) on key cases such as estimates, transfers, deaths and retirements for the period October to December 2022.

During this period LPPA processed 958 cases for the fund. However, in line with the challenges that were stated by the LPPA strategic director , performance for Quarter Three had been disappointing and continued to be below the agreed targets, in particular with deaths and retirements were 34 and 33 cases had fallen outside of the SLA. This was mainly down to challenges in the way that the death cases were processed whereby the clock started ticking before the case was actually being looked at by an administrator, and also whereby they were awaiting information coming through from a beneficiary, such as a probate or documents such as proof of residence.

Councillor Adam Peter Lang asked whether the Committee could provide any further support to Eleanor Dennis's team to help improve the disappointing performance and if targets could be set for the next quarter.

Eleanor Dennis thanked the offer of help and reiterated that it was disappointing and frustrating to work with LPPA because, despite being a proactive Administrator, they still needed to improve and meet their core service delivery. Greg Smith (Director of Strategy, LPPA) stressed that they were absolutely focused on getting the service right and were actually going to scale back some of their improvements and ambitions for the future to focus on the core service.

In terms of support she would be willing to bring LPPA back to the Committee to discuss poor performance or to challenge them in a different way. Regarding targets, the Committee could think about a minimum standard by which if LPPA's performance fell below that the Committee could decide on appropriate action and rather than waiting for their quarterly report, they could request an interim update on performance.

The Chair replied that he supported both points, an interim report from LPPA as well as holding them into account to achieve the targets they already have. He reinforced that the Committee would support Eleanor Dennis in any way to hold them into account. They could send them a letter on behalf of the Committee listing the particular concerns on performance deficit.

Councillor Adrian Pascu-Tulbure asked if there were other levers to be used to ensure they performed well and noted that in the private sector this poor performance would not be accepted.

Eleanor Dennis replied that when Greg Smith came to this Committee he had said that he would expect to see an improvement on Quarter Four. She challenged him on that and asked for a realistic and achievable target. He later said it would be Quarter One, therefore she thought that this could be a good trigger point. By this time they would have been with LBHF for just over a year and would have had the opportunity to improve.

Eleanor Dennis added that in terms of actions, the suggestion of a formal letter from the Committee to LPPA, for the attention of the Managing Director, to let them know their dissatisfaction with the service provided would be perfectly reasonable. She had recently been told that LBHF work was being prioritised, but that had not transcended in performance yet. There were issues that needed addressing and a formal letter from the Committee with a formal expectation of that timeline would be helpful.

She added that the private sector was a very different environment and they managed to deliver very well. In a private sector you would not get consistent average wait times of nine or ten minutes.

Peter Parkin stated that Unison' Members main concerns were the delays in receiving their entitled pensions, which was very stressful for Members and their families, especially in case of death.

Eleanor Dennis agreed that Members expected their retirement to be a smooth process, especially after having worked for a considerable amount of time. Therefore, there were certainly some actions that could be looked at, such as communicating timelines more clearly.

Councillor Florian Chevoppe-Verdier asked at what point should the Committee look at an alternative pension administrator and what the availability was on the market.

Eleanor Dennis replied that LPPA should be allowed a certain amount of time to improve due to the complexity in dealing with administration. In addition, no company was 100% perfect. It was a big exercise to change administrator as

it costed a large sum of money, and it took a long time and expertise. However, LPPA had disappointed on several fronts, and this was not to be expected as a new client.

The availability of moving to a new administrator could be considered, and if the Committee decided to send them a formal letter, they could be given the opportunity to perform in Quarter Four and Quarter One. And if necessary, making a decision how to proceed going forward, even if only testing the market availability and price. The danger was to go through the selection process, choose another administrator and have other similar performance issues as well as the time and cost to go through such an exercise.

Michael Adam asked how the performance that LBHF was receiving from LPPA compared to their other clients. As a background to the issue he mentioned the poor performance of the two previous Administrators, Capita and Surrey. Therefore there had been three consecutive bad experiences, but in his opinion it was not a public sector versus a private sector problem, but perhaps the bad performance was the result of historic issues.

Iain Cassidy added that the move from Surrey to LPPA took years and astronomical amounts of work and money. The main problem was that the data that Surrey had was a legacy from Capita. Therefore, the data problems were a decade old. He believed that the move from one organisation to another was really cumbersome.

It was suggested that the Committee letter to LPPA could include a deadline by which the Committee would expect better performance. And if that was not achieved the Committee could request a discount on the fees.

The Chair, noting that the next Committee meeting would not be until June, asked Eleanor Dennis if a letter to LPPA could be sent next month with some suggested text around a fee challenge.

Eleanor Dennis explained that a fee challenge would not be possible due to an agreement whereby the costs were shared. The cost of running the service was for all of their clients and LBHF paid a very small percentage based on the size of membership. Within that agreement there was no option for action in case of poor performance, so withholding fees for service would not be possible. However, she agreed the Committee could draft formal letter raising the concerns at this meeting.

**ACTION: Committee members**

## **RESOLVED**

The Committee considered and noted the contents of this report.

## 5. PENSION ADMINISTRATION UPDATE

Eleanor Dennis presented the paper setting out the summary of updates on key areas of activity in the pension administration function, the headlines being progressed of the legacy backlog, the increasing wait times on the help desk and, in particular, it requested the approval of the 23/24 budget proposal. The budget would be increasing from £384,000 to £493,000. The main reason behind this significant increase from LPPA was primarily to retain and recruit staff as they had a 32% staff turnover.

They also wanted to establish some new roles to allow them to be compliant in regulatory forthcoming changes and associated with cleansing data. The reality was that the system was not performing as it should be, and it required more resource from their own team. They needed extra funds to bring in expertise resource to get the system performing well, and in the long-term it would provide some cost savings in terms of the cost of the pension service delivery.

Councillor Adrian Pascu-Tulbure noted that in the private sector if a service was failing to deliver to a client they should not ask the client for more money to get more staff to address those failings. He did not understand why LBHF was expected to subsidise failure.

Eleanor Dennis agreed that this would be the case in the private sector. The issue here was that they did not have a contract but had a discharge agreement whereby the costs were shared amongst all clients. As a non-profit organisation there was no option to withhold increasing costs.

Councillor Florian Chevoppe-Verdier noted that the report stated that tackling the backlog began on 9 of January and 198 cases had been tackled in two months. That meant there were 542 left that needed to be tackled in one month. At that current rate they would probably conclude by mid-May, therefore missing on the target.

In terms of the backlog, Eleanor Dennis explained that it was very difficult to quantify the run rate because every case was different and there might be some complex work that needed to be done before completing the case. As Iain Cassidy had mentioned, the change of administrators from Capita to Surrey to LPPA meant there were inherent data issues and some of those legacy issues were not resolved properly by previous administrators and must be fixed before they would be able to complete each case. Therefore it was difficult to predict a realistic run rate because more complicated cases could take a significant amount of time just to get the record right before the actual identified task could be completed. She had recently heard that the backlog had been restricted further by a resources issue and she would update the committee outside of this meeting on the new timescale. LPPA had said that March was looking unlikely but had not given a realistic timeline.

**ACTION: Eleanor Dennis**

The Chair asked whether this would be a temporary administration increase with the anticipation that there would be future savings. He also asked what



options could be considered and whether they could go back to the Administrator to voice the Committee concerns regarding this request for an increased budget. They could stress that any increase would need to be matched with corresponding increase in performance.

Eleanor Dennis agreed that the right course of action was to send LPPA a formal letter outlining expectations on the understanding that the budget was approved based on performance being as agreed in the service agreement. And probably the only realistic one given the arrangement with the organisation.

The Chair expressed his frustration that their only two options were to either accept this increase or to accept it and then issue a letter. He asked about the nature of the discharge agreement with LPPA, and whether there were opportunities for it to be reviewed.

Eleanor Dennis replied that unfortunately, unless this contract was terminated, there would be no option to review the terms. The omission of a clause to recompense the Fund or fine for poor performance was highlighted by the legal team at LBHF prior to the signing of the documents but because there are shared , not for profit service Lancashire lawyers would not agree to such a clause being added. There was, however, a clause to protect the Fund if it incurred as a result of their poor service.

In view of no other option, the Chair proposed to accept this increase in budget stressing that it should be accompanied with a strong worded letter outlining the Committee's expectations for increases in performance. And secondly for the Committee to set an internal deadline for performance improvement and if that was not achieved, to start looking at alternative options. In addition, to request interim reports outlining their performance but to stress on the letter that the Committee would not accept this being used as an excuse for declining performance.

**ACTION: Eleanor Dennis**

Eleanor Dennis added that LPPA had mentioned moving towards regular monthly updates, but so far no report had been received. Greg Smith had promised he would look at that. However, she agreed with Councillor Florian Chevoppe-Verdier point that they would use this as an excuse for poor performance, stating that it was time consuming. But her argument was that they already had the data in order to manage their performance and delivery, so they should already be recording it. In fact the help desk information used to be a daily overview that she received on a weekly basis but currently it was just a summary. Therefore, reporting and presenting their data was an issue which was not reflected in the KPIs. It would be a challenge even if they issued those interim reports as the information would be quite restricted.

The Chair asked for an additional line on the letter to state that LPPA had promised interim reports which so far had not been delivered. However, he added that the Committee should expect that more interim reports were likely to be less detailed, but the Committee should still insist on more granular data on specific areas already requested at previous meetings.

**ACTION: Eleanor Dennis**

The Chair stressed that the Committee was extremely supportive of Eleanor Dennis and her team and appreciated their hard work managing the Administrator and keen to offer any support necessary. He was looking forward to seeing the draft letter within a couple of weeks.

Peter Parkin echoed the Chair's comment because, from the unions point of view, since Eleanor Dennis came on board Members were able to have direct access to her and her team and to receive a quick response regarding their pensions.

**RESOLVED**

The Committee noted the contents of this report and agreed the increase pension administration providers increased budget.

**9. DATE OF THE NEXT MEETING**

The date of the next meeting was noted to be on 13 June 2023. However, there were a number of actions to be taken before this date.

**10. AOB**

Marian George informed that the London CIV Annual Conference (LCIV) would be held on 4 and 5 of September. She urged Members of the Committee to attend as she thought it would be interesting. Normally only two people could attend, but if there were higher numbers they should let her know and she would ask LCIV to try to accommodate them.

The Chair asked for the invitation to the London CIV Annual Conference to be sent to all Committee Members when it arrived.

**ACTION: Phil Triggs**

The Chair requested Mathew Dawson to restore the item on the agenda about the Committee's training requirements.

**ACTION: Mathew Dawson**

Meeting started: 7.15 pm  
Meeting ended: 10.25 pm

Chair .....

Contact officer: Katia Neale  
Committee Co-ordinator  
Corporate Services  
E-mail: [katia.neale@lbhf.gov.uk](mailto:katia.neale@lbhf.gov.uk)

# Agenda Item 5

LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Board

**Date:** 07/06/2023

**Subject:** Pension Administration Update

**Report author:** Eleanor Dennis, Head of Pensions

**Responsible Director:** Sukvinder Kalsi, Director of Finance

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## SUMMARY

One of the key priorities for this LGPS Fund is to pay and administer the pensions of its members and their beneficiaries. The Hammersmith & Fulham Pension Fund (HFPPF) delegates its administration duties to Local Pension Partnership Administration (LPPA). The Fund continues to strive to deliver an efficient and effective service to its stakeholders against a growing trend of an increasing numbers of tasks and challenges. Challenges include increasing complex legislation, data challenges, limited resources and difficulty in engaging with employers, which mean some issues will take months or years to resolve fully. This paper provides a summary of activity in key areas of pension administration for the HFPPF.

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## RECOMMENDATIONS

The Pension Board is asked to consider and note the contents of this report.

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**Wards Affected: None**

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for pension fund members, the Council and the council tax payer.

## **Finance Impact**

The costs of the contract for the pensions administration service, including costs of additional work commissioned, provided by LPPA are met from the Pension Fund.

Sukvinder Kalsi, Director of Finance 17th May 2023

## **Legal Implications**

Under Regulation 53 of the Local Government Pension Scheme Regulations 2013, the Council, as the administering authority of the Pension Fund “is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate administering authority under these Regulations”. Therefore, it is responsible for ensuring that the Pension Fund is administered in accordance with the Regulations and wider pensions law and other legislation. It discharges this obligation under the terms of a contract with Lancashire County Council dated 26th January 2022 which, in turn, sub-contracts its obligations to the Local Pensions Partnership Limited under a separate contract of the same date. This report seeks approval for an increase in the budget to be paid to LCC for 22/23 from £384,084 plus VAT to £399,000 plus VAT because of increased IT and resourcing costs and to £399,000 in 23/24 for the additional work anticipated for regulatory change for the pensions dashboard and Mc Cloud judgement, as well as further investment in the training and development of staff. Clause 5.1 of the Discharge Agreement with LCC deals with how the budget is set annually – by LCC sending a proposed budget for the next financial year to be agreed by the Council. This report finalises the process and recommends that the budget proposed by LCC is agreed.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 19<sup>th</sup> May 2023

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## **Background Papers Used in Preparing This Report**

**None**

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## **DETAILED ANALYSIS**

### **Analysis of Pension Administration**

The Hammersmith & Fulham Pension Fund began its new partnership with the Local Pension Partnership Administration (LPPA) on 28 January 2022 and has completed a full 12 months of service.

1. The service delivered by LPPA continues have challenges that are monitored closely by the LBHF Head of Pensions. LPPA have acknowledged their unsatisfactory service and are committed to improving the service going

forward with initiatives such as the introduction of a client relationship manager, a centralised mailbox and client forums in 2023.

## **Update on key areas**

2. Employers – The LBHF in house team are working with fund employers to engage with the employers to ensure they have a discretions policy in place and provide a copy to the Fund. LPPA have offered online training sessions for employers regarding the monthly submission process which will be introduced in April 2023 with attendance around 78%. The end of year process is underway and although the official deadline of 28<sup>th</sup> April has passed, the inhouse team are working closing with our fund employers and LPPA to ensure as many of these are received in order for the prompt issuing of the annual benefit statements.
3. Backlog – The processing of the backlog of over 740 cases inherited from the previous pension administrators commenced on 9<sup>th</sup> January 2023 with completion due by the end of March 2023. All 740 cases have been processed by 30<sup>th</sup> April 2023. There is no outstanding backlog with LPPA of LBHF cases.
4. Communications – The average wait times to the Helpdesk have remained around 6 minutes, unfortunately the Head of Pensions is unable to report how many calls were received in respect of the LBHF as LPPA no longer record this information. Though the number of calls to the Helpdesk for all clients has increased significantly over quarter 4. Whilst LPPA have recruited more call handlers it is disappointing that this is taking some time to follow through to the average wait time.
5. Engagement – There continues to be a positive trend from all membership groups engaging with the online portal. As this has increased again to 4043 in Q4 (from Q1 by 2379, 3502 in Q2 and Q3 3761) for the period December to March 2023.
6. Pensioners - Pension increases were paid at the end of April at 10.1% and P60's issued. The pensioner newsletter has been delayed until end of May 2023.
7. Regulatory – The pensions dashboard has been paused until further notice by Department of Work and Pensions to allow a more achievable timeline for the platform to be established. LPPA has issued emails to employers who are still outstanding legacy data required for the McCloud exercise.
8. Pension Administration services budget – LPPA have increased their forecast for 2022/23 budget from £384,000 to £399,000 because of increased IT and resourcing costs as detailed in appendix 1. In addition, they have issued their 23/24 budget which increased costs have been smoothed over 3 years that mean the cost per member for 23/24 will increase from £23.03 to £26.56. This increase is due to increased resources costs in particular for the additional work anticipated for regulatory change for the pensions dashboard and Mc Cloud judgement, as well as further investment in the training and development of LPPA staff.

## **Conclusion**

The pension administration service delivered by LPPA despite the challenges continue to show signs of improvement, although this needs to be achieved in a faster timeframe and be maintained for consecutive periods. LPPA continue to work collaboratively with the Head of Pensions. The Head of Pensions continues to work with LPPA to improve the service and quality experienced by our stakeholders including members and beneficiaries.

## **Equality Implications**

9. None

## **Risk Management Implications**

10. None

## **Climate and Ecological Emergency Implications**

11. None

## **Consultation**

12. None

## **Appendices**

Appendix 1 – 2023-24 Revised LPPA Budget Proposal

LOCAL PENSIONS PARTNERSHIP ADMINISTRATION

# 2023/24 Annual Budget

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London Borough of Hammersmith & Fulham

MARCH 2023



# Budget Considerations

- The latest published UK inflation rate puts CPI as 10.4% at February 2023, a significant increase from 5.1% in November 2021
- The increase in inflation has impacted our cost base which is mainly fixed costs and is driving the budget proposal for 2023/24
- LPPA have deferred some costs from the 2022/23 budget and the 2023/24 budget to the following years to 'smooth out' the cost
- A number of our third party IT costs including systems and licenses have increased by 12.5% inflation going into the new financial year
- Full benefits of system migration will be realised from 2024/25 onwards, with initial productivity benefits from 1 Jan 2024 as we deliver system enhancements during 2023/24 and deliver training to our administration staff
- We are currently undertaking a review of Transfer Pricing and early conclusion is that we will need to apply a transfer pricing mark up to our pricing at the end of the financial year to comply with UK tax legislation. We will provide more information on this throughout the course of the year

# Revised 2023/24 Budget Proposal

Hammersmith & Fulham	2022/23 Budget	Prior Year Plan for 23/24	Proposed 23/24 Budget	Budget 23/24 v Budget 22/23		Budget 23/24 v Prior Year Plan		Provisional 2024/25	Provisional 2025/26
				£	%	£	%		
Budgeted Fee £'000	£384	£386	<b>£468</b>	£84	22%	£82	21%	£502	£494
Total Membership	16,676	16,676	<b>17,626</b>	950	6%	950	6%	17,890	18,159
Cost per Member	£23.03	£23.16	<b>£26.56</b>	£3.53	15%	£3.40	15%	£28.05	£27.23
*CPM in real terms (exc inflation)			<b>£24.00</b>					£25.47	£24.85

\*CPI real terms base line is Nov21 when the 22/23 Budget was set and looks to show CPM movement excluding inflation 22/23 Membership as at August 2021. 23/24 Membership as at August 2022 with 1.5% year on year increase thereafter.

**Cost per member (CPM)** under the previous 2023/24 budget proposal provided in January 2023 was £27.98. The revised provisional CPM for both 24/25 and 25/26 includes £0.15 which relates to the true-up carried forward from 2022/23 and £0.45 which is the 'smoothing cost' to reduce the 2023/24 budget figure.

**Regulatory changes** for estimated costs of McCloud and Pensions Dashboard included within the proposed CPM account for £1.59 increase in 23/24. This is 5.7% of recoverable costs.

**Resilience roles** which we brought in to support with PACE in the 22/23 budget and originally assumed would drop out after December 2022 have been retained to support the business in improving productivity whilst UPM continues to be embedded in order to bring us back into agreed service levels. Additional resources have also been included in the 2023/24 proposal to support with this and ensure we are improving both quality as well as productivity. Impact of this on the proposal is £1.65 CPM. These roles we will look to drop out of the costs from Jan 2024 as we see the UPM benefits of further automation. Resilience roles account for 5.9% of recoverable costs.

**Inflation** is significantly higher with an average 11.1% supplier inflation reflected in the proposal compared to this time last which assumed 2.5% cost inflation which results in a CPM increase of £0.30. We are not proposing pay increases in line with current cost inflation, however, with the current cost of living increase this is proposed at 4% higher than we'd originally planned for 12 months ago which is an increase of £0.67 CPM

# Key Budget Assumptions

- 2023/24 Budget cost breakdown: Staff costs 78%, IT/Systems costs 12% and other third-party costs 10%
- Service demand (pension administration casework volumes) remaining consistent with current year
- In line with October 2022 ONS CPI figure of 11.1% on unknown renewal costs, or supplier advised rates where advised which range from 10.7% to 12.5%.
- Resilience roles retained to support returning to agreed service levels and improved quality
- Pay uplift of an average of 7% with consideration of impact on pension contributions following triennial review
- Investment in training and staff to support retention, improve understanding and quality as well as and attraction of experienced staff
- Productivity savings from January 2024
- Estimated headcount and system costs for McCloud and Dashboard regulatory changes (excluding McCloud system development costs)
- No costs have been included for regulator change outside of McCloud and Dashboard i.e. Exit Cap
- In 2023/24, if there is an underspend against the budget, a refund will be paid. If there is an overspend, we will recover this via a true-up at the end of the financial year. We propose to handle under or overspend against the budget at the end of the financial year.

# Agenda Item 6

LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Board

**Date:** 07/06/2023

**Subject:** Key Performance indicators

**Report author:** Eleanor Dennis, Head of Pensions

**Responsible Director:** Sukvinder Kalsi, Director of Finance

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## SUMMARY

This paper sets out a summary of the performance of the Local Pension Partnership Administration (LPPA) in providing a pension administration service to the Hammersmith & Fulham Fund. The Key Performance Indicators (KPIs) for the period October 2022 – March 2023, i.e, Quarter 2 (Q2) and Quarter 4 (Q4) inclusive, are shown in Appendix 1.

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## RECOMMENDATIONS

The Pension Board is asked to consider and note the contents of this report.

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**Wards Affected:** None

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council tax payer.

## Finance Impact

There are no direct financial implications as a result of this report. Costs of the pensions administration service, including costs of additional commissioned work provided by LPPA are met from the Pension Fund.

Sukvinder Kalsi, Director of Finance, 17<sup>th</sup> May 2023

## Legal Implications

Under Regulation 53 of the Local Government Pension Scheme Regulations 2013, the Council, as the administering authority of the Pension Fund “is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate administering authority under these Regulations”. Therefore, it is responsible for ensuring that the Pension Fund is administered in accordance with the Regulations and wider pensions law and other legislation. It discharges this obligation under the terms of a contract with Lancashire County Council dated 26<sup>th</sup> January 2022 which, in turn, sub-contracts its obligations to the Local Pensions Partnership Limited under a separate contract of the same date. The Service Levels are set out in the Addendum to Schedule 1 of the contract with Lancashire County Council. This report asks that the Pension Fund Committee notes the performance against those Service levels.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 19<sup>th</sup> May 2023

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## Background Papers Used in Preparing This Report

None

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## DETAILED ANALYSIS

### Analysis of Performance

1. The KPIs have been set out in the discharge agreement between the LPPA (Local Pension Partnership Administration) and the London Borough of Hammersmith & Fulham (LBHF). The Head of Pensions ensures performance measures are discussed and reviewed between both parties on a monthly basis in accordance with Code 14 of the Pension Regulator’s Code of Practice that states that the scheme manager should hold regular meetings with their service providers to monitor performance.
2. This report covers the performance of our administration partner LPPA over Q3 and Q4 of the pension fund scheme year 2022/23. The KPI’s detailed in Appendix 1 of the pension administration report cover the period 01 October 2022 to 31 December 2022 and 01 January 2022 to 31 March 2023 inclusive.
3. During the period October 2022 to March 2023, LPPA processed 2168 SLA cases, a decrease of 21 cases from Q1 and Q2 for the Hammersmith & Fulham Fund. The KPI performance target of 95% was only met for 3 case types in Q3 and 4 case types in Q4. However overall KPI’s increased from 82.2% to 91.9%.
4. There is no KPI measure for the telephone Helpdesk, but the service provision continues has improved, in Q3 average call wait times were 11 minutes which LPPA were successful in bringing down as in Q4 this fell to around 6 minutes at the end of Q4.

## Performance in key areas

5. Retirements – Performance on this task area has seen a much needed improvement. For active retirements a KPI of 73.3% in Q3 and a disappointing 68.8% in Q4. The processing of deferred retirements saw a KPI of 75.9% with a improved KPI of 96.1% in Q4.
6. Deaths – The processing of death cases was particularly poor in Q3 with only 44.3% of cases being completed on time in Q3, this improved slightly to 73% processed within the 5 day SLA in Q4. The Head of Pensions continues to work with the LPPA team to improve this performance.
7. Transfers – There were 210 transfer cases in total (an increase of 56 cases from Q3), that were received by LPPA in Q4.
8. Refunds – Despite the number of cases processed in Q4 nearly double that processed in Q3, there was a significant increase in cases processed within SLA from 79.4% of cases in Q3 versus the 91 % of cases in Q4.
9. LPPA entered the final phase of migrating 9 clients (300,000 members) to their new pension administration platform UPM in Q3, between October 2022 to January 2023 inclusive. This will have impacted on the Fund's KPI's particularly for Q3 and the first part of Q4 as LPPA resources are stretched and there were periods of system outage alongside reporting challenges that have impacted the accuracy of past reporting. In addition to acknowledging the resource challenges LPPA reduced their SLAs from 95% for high priority cases (which are death and retirement cases), being processed on target to 90%. With all other cases including transfers, refunds and estimates falling from 95% to 70%. We hope Q1 will show further recovery in the meeting of KPI targets and the provision of accurate reporting metrics to enable LPPA's progress to be monitored effectively.

## Summary

10. We have seen a small improvement in the pension administration service provided between Quarter 3 and Quarter 4 by LPPA. However, there remains room for improvement from LPPA in particular in the processing of death cases that saw a very poor performance in Q3. The Head of Pensions hopes to see continued improvement in KPI performance, the quality and accuracy of reporting and quality of the processing in the next quarter with further progress towards reaching SLA targets after receiving assurances from the LPPA senior leadership team.
11. None

## Risk Management Implications

12. None

## **Climate and Ecological Emergency Implications**

13. None

## **Consultation**

14. None

## **LIST OF APPENDICES**

**Appendix 1 – LPPA Pension Administration report (Q3) October – December 2022**

**Appendix 2 – LPPA Pension Administration report (Q4) January – March 2023**

**Appendix 3 – LPPA 12 month pension administration activity overview**





Page 36

# LPP

Local Pensions Partnership  
Administration

Hammersmith & Fulham Pension Fund

## Quarterly Administration Report

1st October – 31st December 2022

[lppapensions.co.uk](http://lppapensions.co.uk)



# CONTENTS

Section	Page
Definitions	3
Our Core Values	4
Casework Performance Against SLA	5
Helpdesk Calls Performance	8



# DEFINITIONS

## Page 6

### Casework Performance Against SLA

Performance is measured once all information is made available to LPPA, to enable them to complete the process. All casework has a target timescale in which to complete the process, and performance is measured as the % of cases that have been completed within that timescale.

## Page 7

### Casework Performance Against SLA

The category of 'Other' on this page covers cases including, but not limited to:

- Benefit revisions
- Maternity/paternity cases
- Ill Health cases
- Scheme Opt-Out cases
- Cases raised to cover 'Member Online Portal' registration queries
- P60 queries
- 50/50 scheme changes
- APC / AVC queries

Please note the number of cases brought forward, does not match the corresponding number of outstanding cases reported in the previous quarter (due to reasons including the deletion of cases during the current reporting period).

## Page 9 & 10

### Helpdesk Performance

Average wait time measures the time taken from the caller being placed into the queue, to them speaking with a Helpdesk adviser.

The percentage of calls answered does not include calls that are abandoned by the caller where the wait time is less than 2 minutes.

All figures reported in this section are non-client specific, as not all member calls are dispositioned at client level. This means that call volumes and wait times are not at client level - however, as calls are answered (through our various IVR options) in relation to wait time, performance across all LPPA clients is broadly the same

As the needs of our business, Clients and Members change, we adapt our reporting to suit the current trends and ensure sight of common topics.

For this reason it is necessary to update and add new topics in the reason for calls. To accommodate the multitude of reasons we have created a "Other" category which includes (but not limited to) 'Information Only', 'Website', 'Resend Documents'.

# OUR CORE VALUES

This administration report is produced in accordance with the Service Level Agreement (SLA) for the provision of pension administration services.

The report describes the performance of Local Pensions Partnership Administration (LPPA) against the standards set out in the SLA.

Within LPPA, our values play a fundamental role in guiding our behaviour as we grow our pensions services business and share the benefits with our Clients.



# Casework Performance Against SLA

## In this section...

- Performance – All cases
- Performance Standard

# CASEWORK PERFORMANCE AGAINST SLA

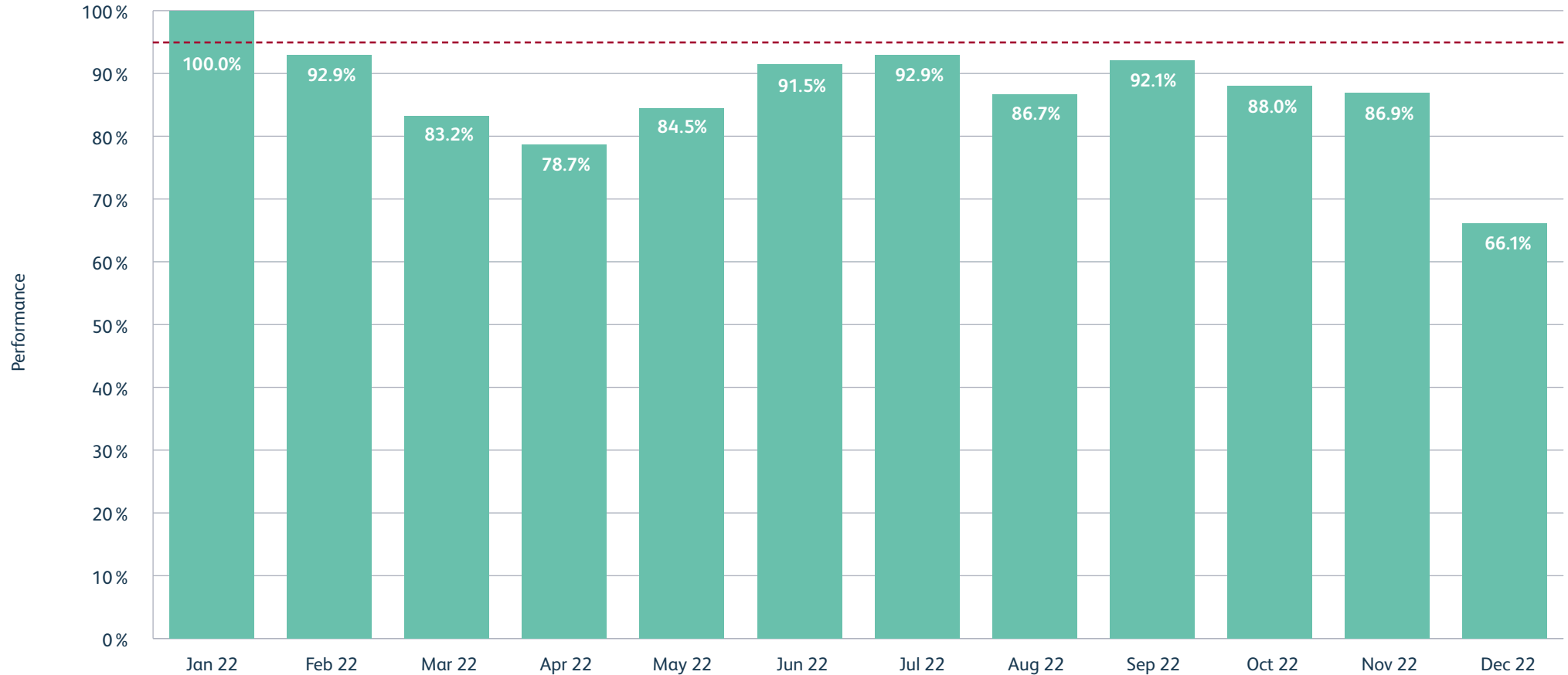


PERFORMANCE – ALL CASES

CLIENT SPECIFIC

--- Target (95%)

The quarterly SLA performance was 82.2%



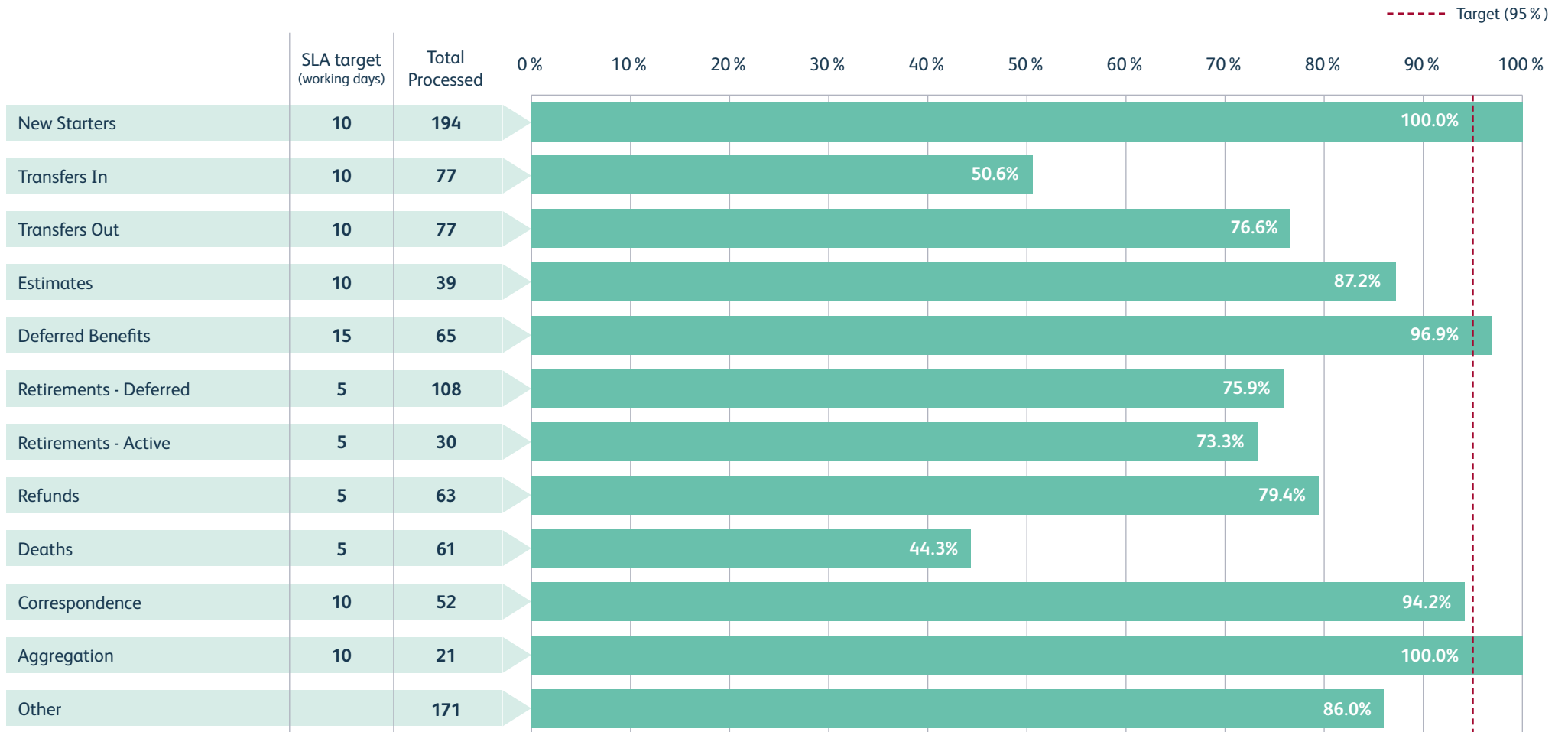
# CASEWORK PERFORMANCE AGAINST SLA



## PERFORMANCE STANDARD

## CLIENT SPECIFIC

Page 42



# Helpdesk Calls Performance

The Helpdesk deals with all online enquiries and calls from Members for all funds that LPPA provide administration services for.

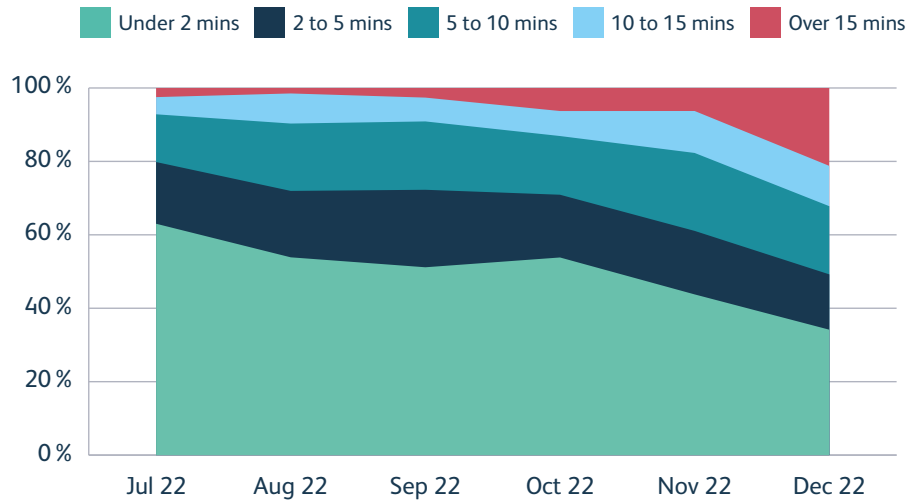
## **In this section...**

- Wait time range
- Calls answered (%)
- Total calls

# HELPDESK CALLS PERFORMANCE

## WAIT TIME RANGE

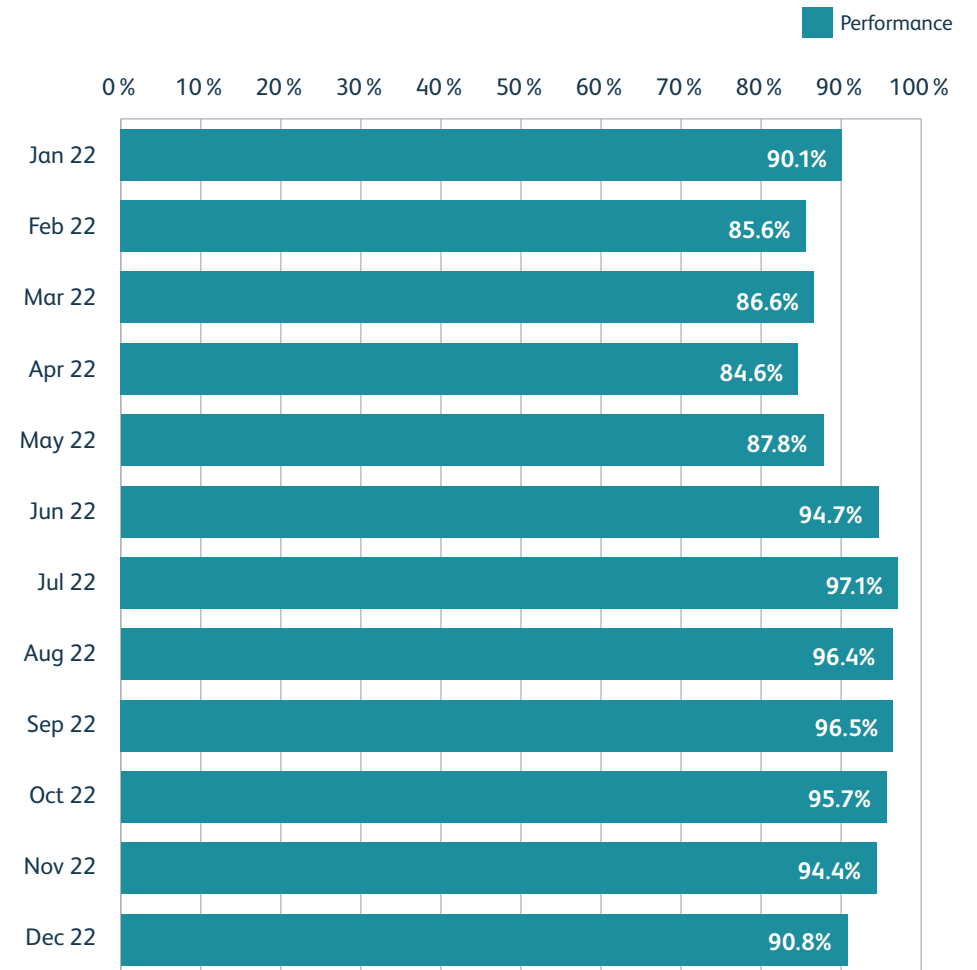
ALL LPPA



	Under 2 mins	2 to 5 mins	5 to 10 mins	10 to 15 mins	Over 15 mins
Jul 22	63.0%	16.8%	13.0%	4.7%	2.5%
Aug 22	53.9%	18.1%	18.3%	8.2%	1.5%
Sep 22	51.2%	21.1%	18.6%	6.5%	2.6%
Oct 22	53.8%	17.1%	16.0%	6.8%	6.3%
Nov 22	43.8%	17.3%	21.2%	11.4%	6.3%
Dec 22	34.2%	15.1%	18.6%	11.0%	21.2%

## CALLS ANSWERED (%)

ALL LPPA

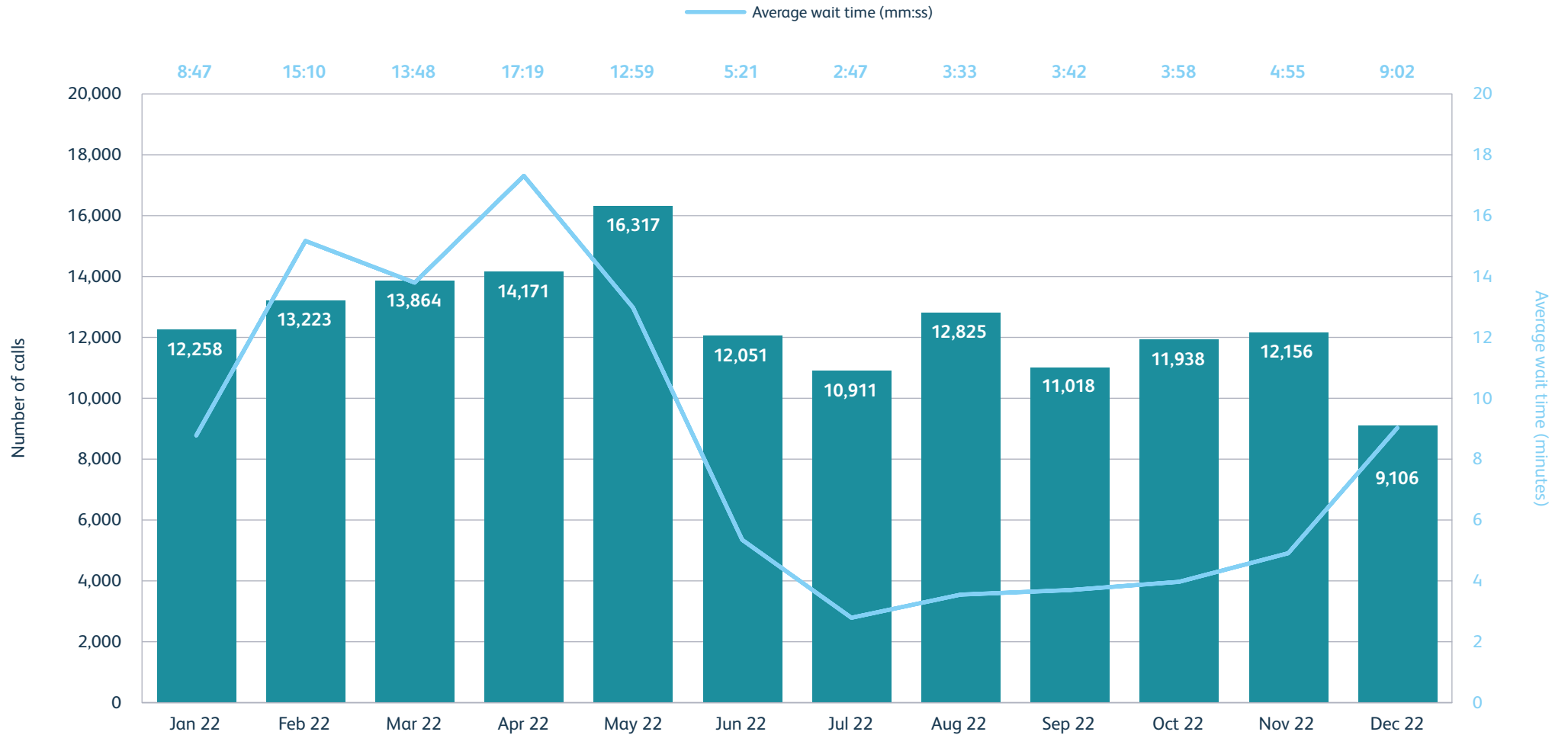




# HELPDESK CALLS PERFORMANCE

## ↓ TOTAL CALLS

ALL LPPA



# LPP

Local Pensions Partnership  
Administration



**LPP**

Local Pensions Partnership  
Administration

Hammersmith & Fulham Pension Fund

# Quarterly Administration Report

1st January – 31st March 2023

[lppapensions.co.uk](http://lppapensions.co.uk)

# CONTENTS

Section	Page
Definitions	3
Our Core Values	4
Annual Plan	5
Executive Summary	6
Fund Membership	8
Casework Performance Against SLA	10
Helpdesk Calls Performance	13
Customer Satisfaction Scores	16
<b>PensionPoint</b> : Member Online Portal	19
Employer Engagement & Communication Activity	21
Data Quality	28





# DEFINITIONS

## Page 9

### Total Fund Membership

Total Fund Membership is the number of Member records held on the LPPA pensions administration system that are contributing to, awaiting benefits, or receiving benefits from the pension fund.

### Current Age Demographic

The age profile of the Membership is split across three types of status:

*Active Members* – Members who are currently contributing toward their pension benefits.

*Deferred Members* – Members who hold a deferred benefit in the fund.

*Pensioner Members* – Pensioners and Dependants who are currently receiving a pension.

## Page 11

### Casework Performance Against SLA

Performance is measured once all information is made available to LPPA, to enable them to complete the process. All casework has a target timescale in which to complete the process, and performance is measured as the % of cases that have been completed within that timescale.

## Page 12

### Casework Performance Against SLA

The category of 'Other' on this page covers cases including, but not limited to:

- Benefit revisions
- Maternity/paternity cases
- Ill Health cases
- Scheme Opt-Out cases
- Cases raised to cover 'Member Online Portal' registration queries
- P60 queries
- 50/50 scheme changes
- APC / AVC queries

Please note the number of cases brought forward, does not match the corresponding number of outstanding cases reported in the previous quarter (due to reasons including the deletion of cases during the current reporting period).

## Page 14 & 15

### Helpdesk Performance

Average wait time measures the time taken from the caller being placed into the queue, to them speaking with a Helpdesk adviser.

The percentage of calls answered does not include calls that are abandoned by the caller where the wait time is less than 2 minutes.

All figures reported in this section are non-client specific, as not all member calls are dispositioned at client level. This means that call volumes and wait times are not at client level - however, as calls are answered (through our various IVR options) in relation to wait time, performance across all LPPA clients is broadly the same

As the needs of our business, Clients and Members change, we adapt our reporting to suit the current trends and ensure sight of common topics. For this reason it is necessary to update and add new topics in the reason for calls. To accommodate the multitude of reasons we have created a "Other" category which includes (but not limited to) 'Information Only', 'Website', 'Resend Documents'.

## Page 17 & 18

### Customer Satisfaction Scores

The overall Helpdesk and Retirement satisfaction scores includes the percentage of people who provided a satisfied or neutral response.

## Page 20

### Member Online Portal

The number and % of Members that are registered for the Member Online Portal, including a quarterly view.

## Page 29

### Common/Conditional Data Fails

The Pension Regulator requires Administrators to keep Member data up to date to ensure benefits are accurately paid. This is split by Common Data (details that are specific to the Member) and Conditional Data (data that is related to the pension).

Individual Fails shows the total number of unique Members that have a single or multiple number of Common Data or Conditional Data fails. On both charts, the Accuracy Rate (%) then compares the number of Individual Fails to the total number of Scheme Members.

For more detail on the Data Items / Error types presented in these charts, please visit either the [TPR](#) or [PASA](#) (The Pension Administration Standards Association) websites.

## OUR CORE VALUES

This administration report is produced in accordance with the Service Level Agreement (SLA) for the provision of pension administration services.

The report describes the performance of Local Pensions Partnership Administration (LPPA) against the standards set out in the SLA.

Within LPPA, our values play a fundamental role in guiding our behaviour as we grow our pensions services business and share the benefits with our Clients.



# ANNUAL PLAN

✓ COMPLETED    📅 DUE

	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23
Annual Benefit Statement and Newsletter to Deferred Members					✓							
Pension Increases		✓										
P60s and Newsletter to Pensioners		✓										
Annual Benefit Statement and Newsletter to Active Members					✓							
Pension Saving Statements							✓					
HMRC Scheme Returns							✓					
IAS19 data											✓	

# EXECUTIVE SUMMARY

Forward thinking...  
 Working together...  
 Doing the right thing...  
 Committed to excellence...

## This performance report covers the reporting period of Q4 2022/23 (January – March 2023)

The second phase of the PACE migration to move to our new pensions administration system is now complete.

To help us manage this significant change programme, we agreed a period of temporary relaxed SLAs for all clients between March – May 2022 and then again between November – January 2023.

The usual overall SLA target is 95 %, and this target was relaxed as follows:

- High priority relaxed SLA for 3-months post go live (relaxed to 90 % target SLA)
- Other cases relaxed SLA for 3-months post go live (relaxed to 70 % target SLA – with the exception of no breach in statutory deadlines, disclosure or a guarantee period)
- Ill-health estimates/retirements prioritised
- Helpdesk call and web form wait times are likely to increase and we will manage this by proactively updating messages on our website, in the IVR when we receive calls and when a web-form is submitted to us

PRIORITY	CASE TYPE
HIGH	Deaths • Retirements deferred • Retirements active
OTHER	New Starters • Refunds • Transfers Out • Transfers In Divorce • Aggregation • Deferred Benefits • Estimates – member Estimates – employer • Correspondence

### Payroll

No disruption to pensioner payroll or lump sum payments (this equates to over £100m, across all clients, in pension payments per month).

### Statutory Deadlines

No statutory deadlines were due during the period.

### Casework SLA Performance

Casework performance for the period was impacted by the final Phase 2 Pace migration, and this migration contained the largest number of clients in a single go live (5 clients). The spikes in work created by the migrations adversely impacts performance. Relaxed SLAs applied through to the end of January to support Pace transition.

As outlined in previous quarterly performance reports, casework performance measures to the end of Q3 from UPM were not directly comparable with how they were measured from the previous system and were in excess of contractual obligations. Significant activity has taken place to ensure that we can measure performance in line with contractual obligations. The Q4 performance report is now measuring performance in line with contractual obligations.



## EXECUTIVE SUMMARY CONTINUED

Forward thinking...  
Working together...  
Doing the right thing...  
Committed to excellence...

### Satisfaction Scores

Helpdesk satisfaction scores has reduced slightly during the period. At the end of Q3, satisfaction was 80%, at the end of Q4 satisfaction was 78%.

Retirement satisfaction scores remained the same during the period. At the end of Q3, satisfaction was 64%, at the end of Q4 satisfaction was also 64%. Satisfaction scores have been impacted by the phase 2 migrations and spikes in work which we currently have plans in place to work through.

### Pensions Helpdesk

Helpdesk performance for the period has seen average wait times remain slightly higher, average 9 minutes, than our non-contractual target of 4 minutes. In January the average wait peaked at 10 minutes as performance was adversely impacted by higher call volumes at the start of the month, driving up average wait times.



# Fund Membership

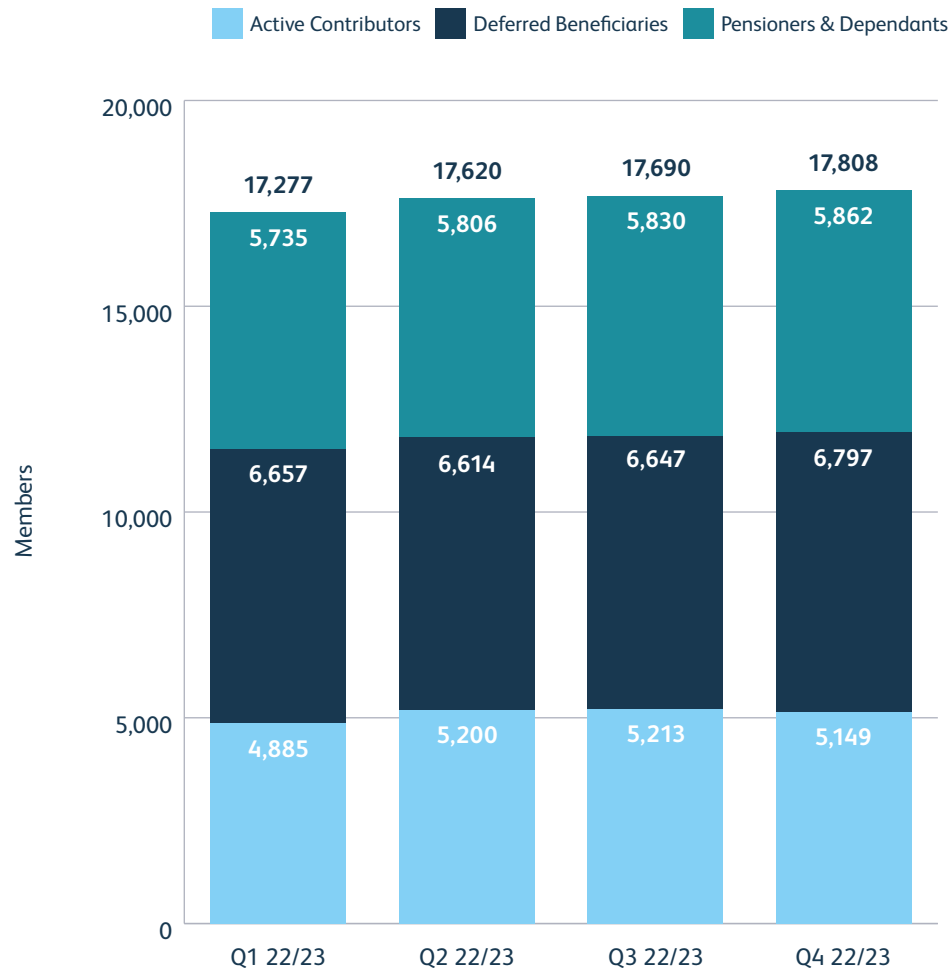
## In this section...

- Total Fund membership
- Current Age Demographic

# TOTAL FUND MEMBERSHIP

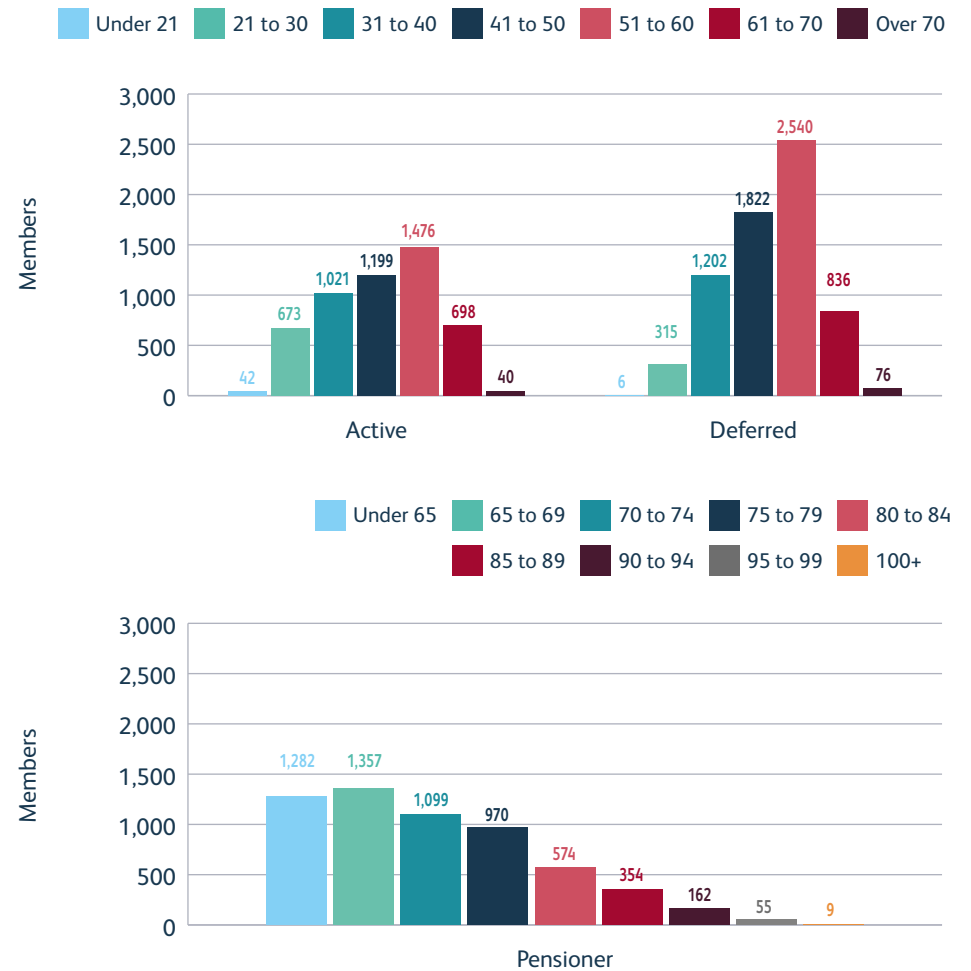
## TOTAL FUND MEMBERSHIP

CLIENT SPECIFIC



## CURRENT AGE DEMOGRAPHIC

CLIENT SPECIFIC



# Casework Performance Against SLA

## In this section...

- Performance – All cases
- Performance Standard

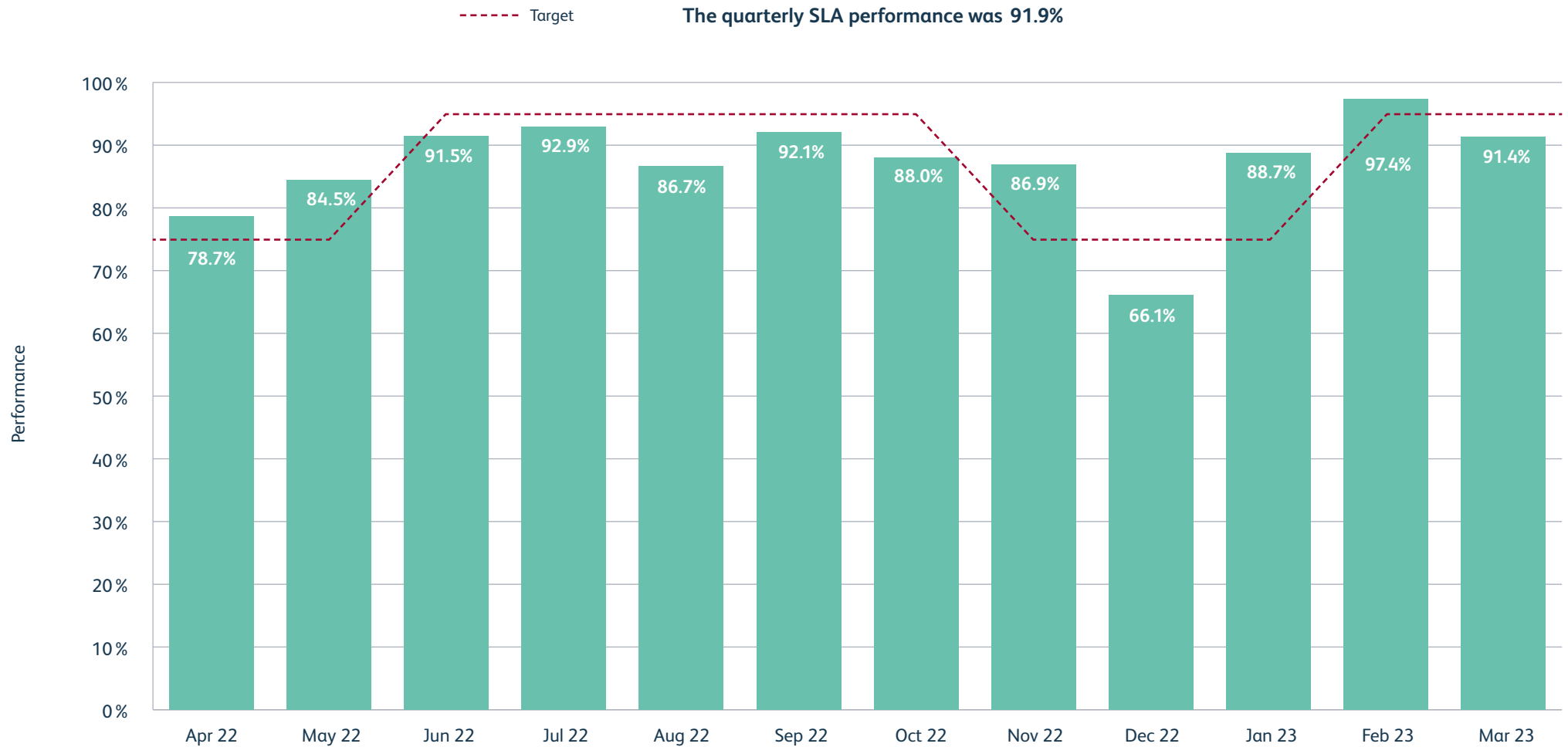
# CASEWORK PERFORMANCE AGAINST SLA

For annual data, please see the **Annual Appendix – page 5**



## PERFORMANCE – ALL CASES

CLIENT SPECIFIC



# CASEWORK PERFORMANCE AGAINST SLA

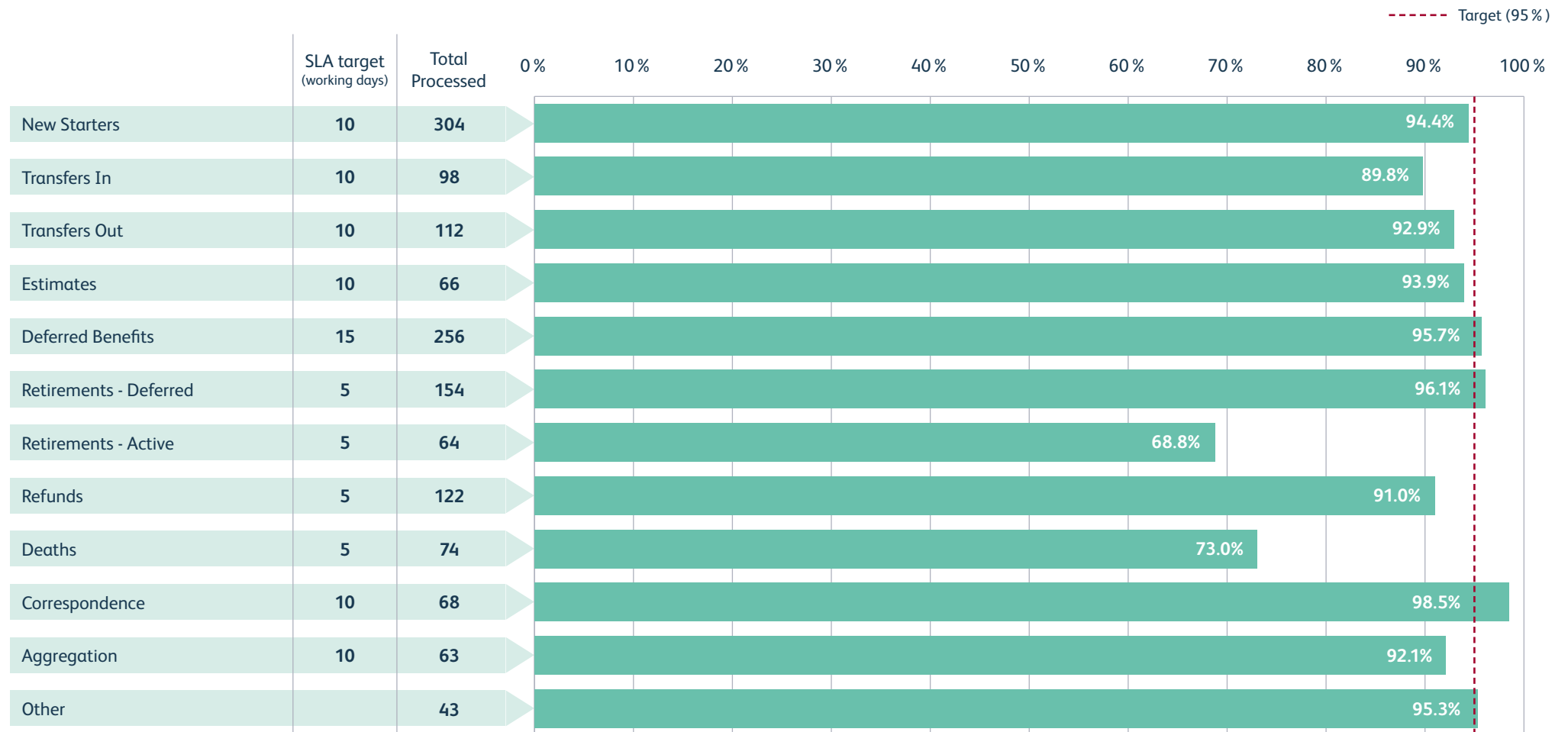
For annual data, please see the **Annual Appendix – page 6**



## PERFORMANCE STANDARD

## CLIENT SPECIFIC

Page 58



# Helpdesk Calls Performance

The Helpdesk deals with all online enquiries and calls from Members for all funds that LPPA provide administration services for.

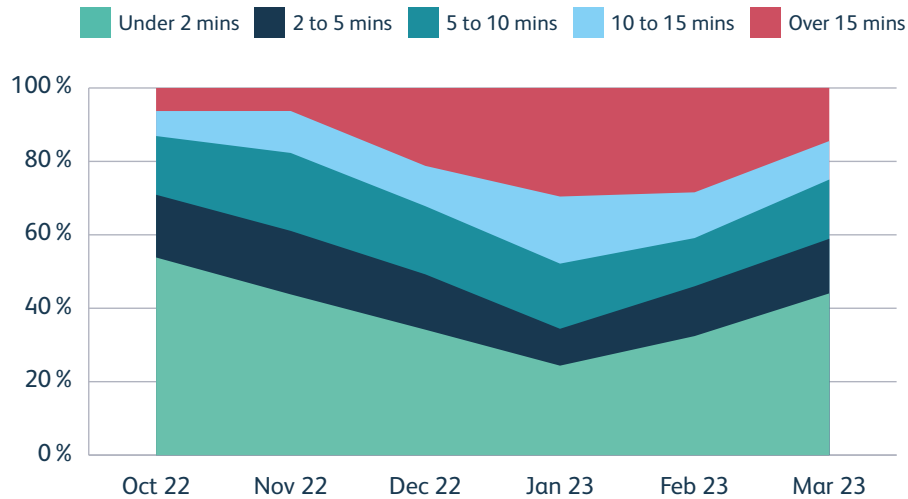
## **In this section...**

- Wait time range
- Calls answered (%)
- Total calls

# HELPDESK CALLS PERFORMANCE

## WAIT TIME RANGE

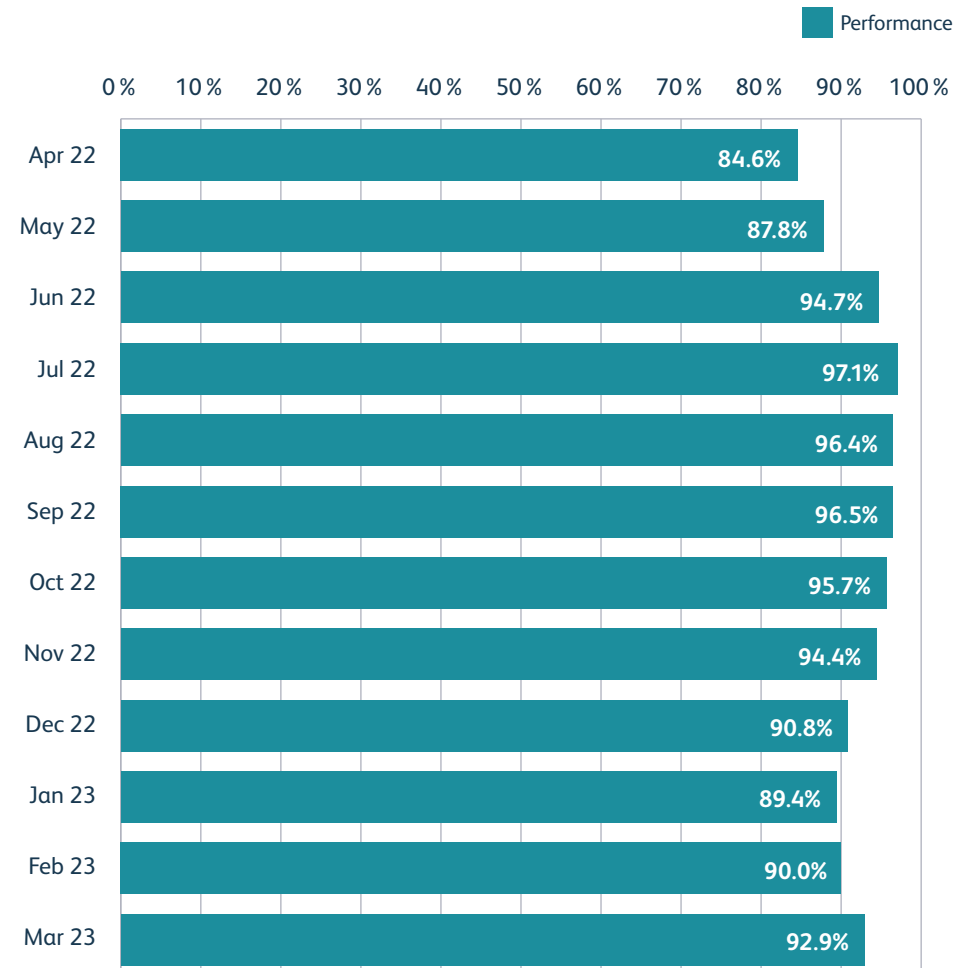
ALL LPPA



	Under 2 mins	2 to 5 mins	5 to 10 mins	10 to 15 mins	Over 15 mins
Oct 22	53.8%	17.1%	16.0%	6.8%	6.3%
Nov 22	43.8%	17.3%	21.2%	11.4%	6.3%
Dec 22	34.2%	15.1%	18.6%	11.0%	21.2%
Jan 23	24.4%	10.0%	17.8%	18.3%	29.6%
Feb 23	32.4%	13.6%	13.1%	12.5%	28.4%
Mar 23	44.1%	14.9%	16.1%	10.5%	14.5%

## CALLS ANSWERED (%)

ALL LPPA

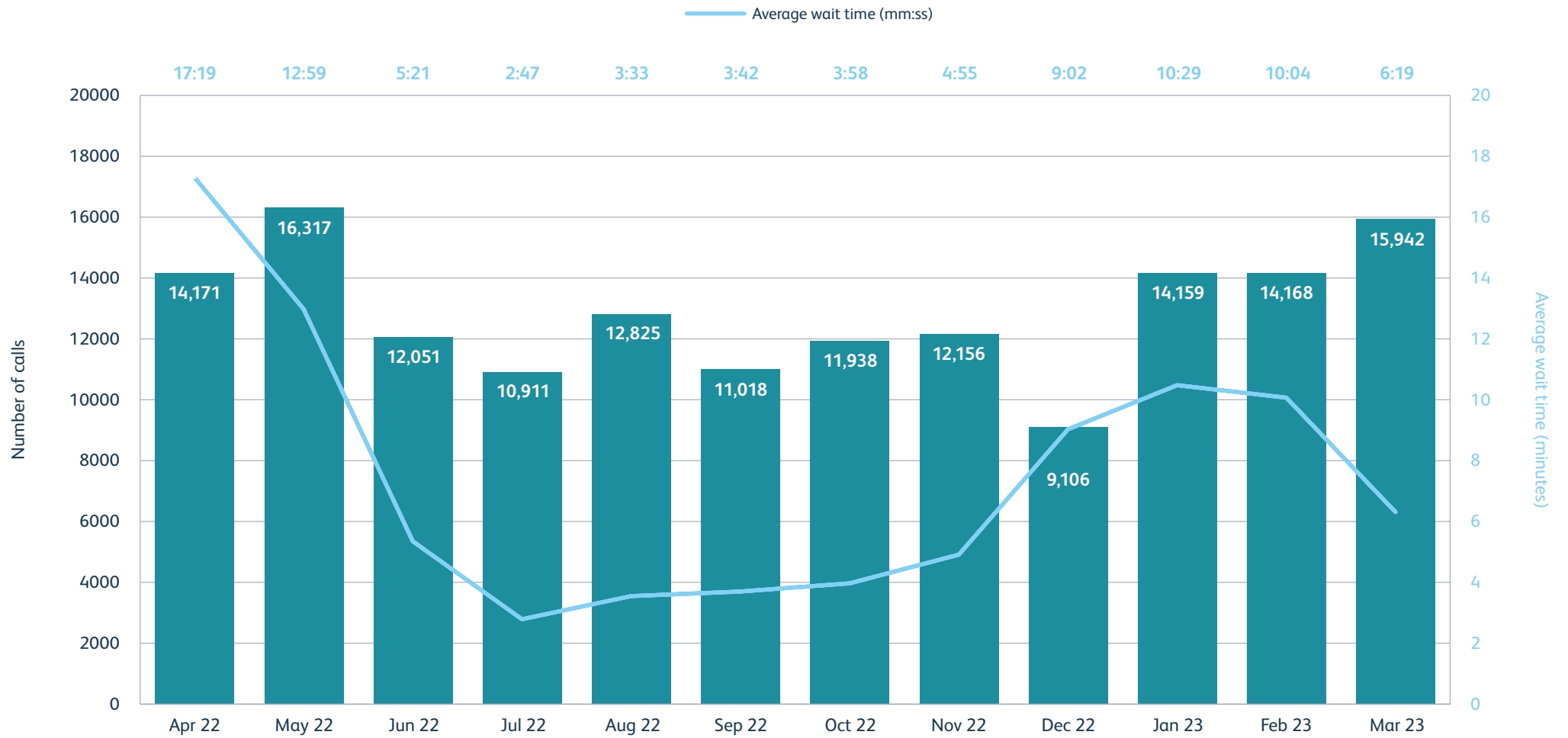




# HELPDESK CALLS PERFORMANCE

## ↓ TOTAL CALLS

ALL LPPA



# Customer Satisfaction Scores

## In this section...

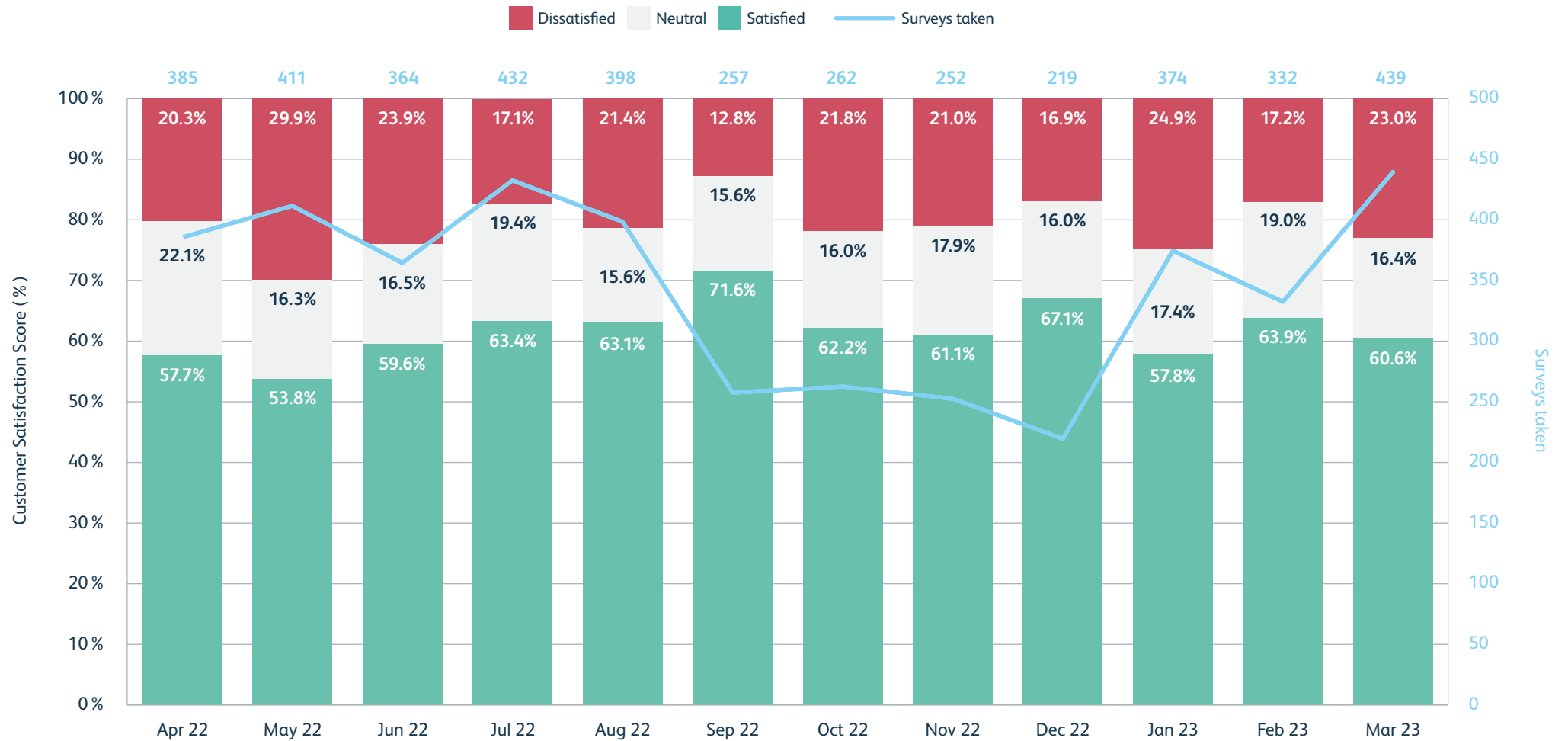
- Helpdesk calls satisfaction
- Retirements

# CUSTOMER SATISFACTION SCORES



## HELPDESK CALLS SATISFACTION

ALL LPPA

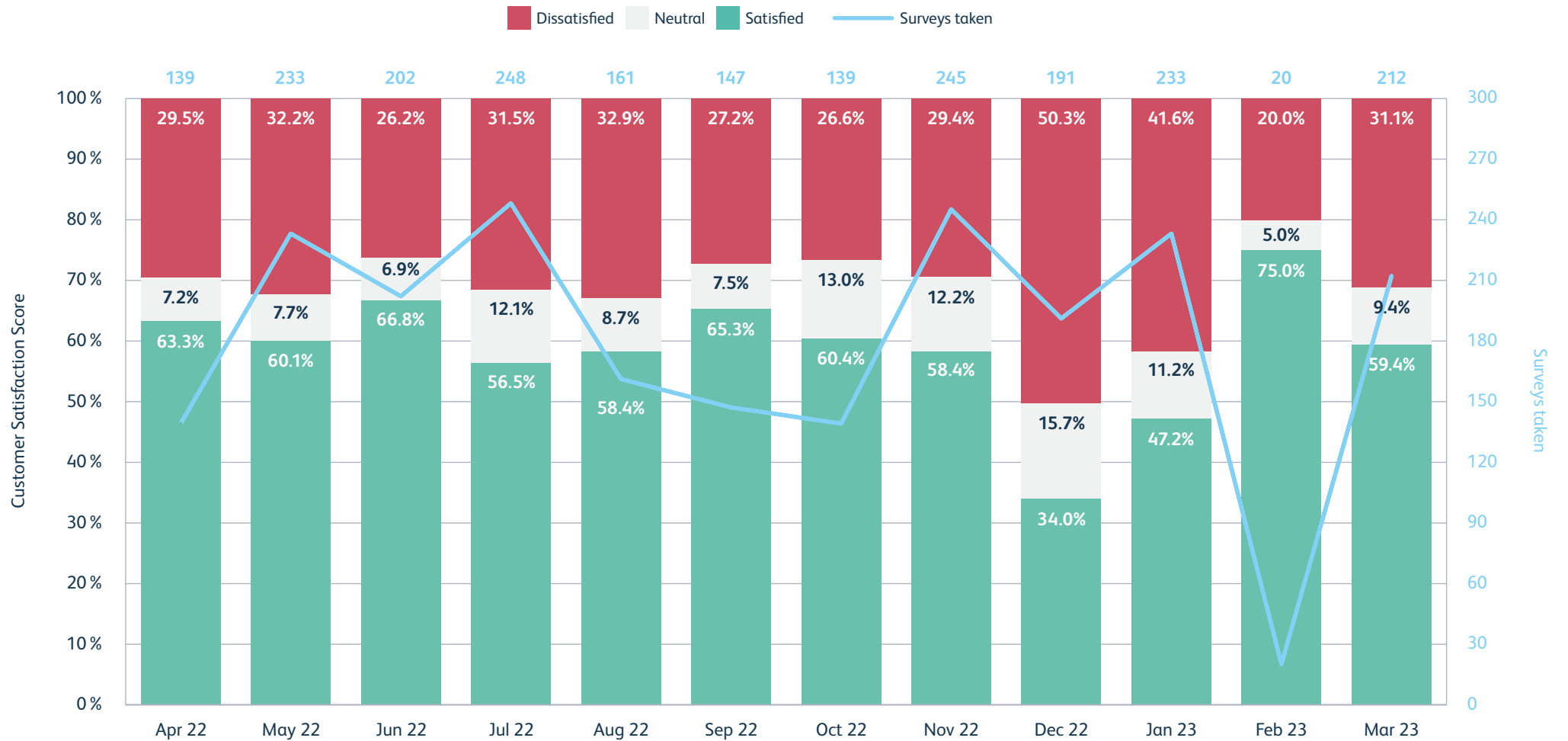


# CUSTOMER SATISFACTION SCORES

**Please note:**

Surveys were paused in February and reinstated in March, following a review of the process. Some surveys were being issued before payment had been made to the member – the timing of the survey has now been updated to correct this.

RETIREMENTS ALL LPPA





# Member Online Portal

In this section...

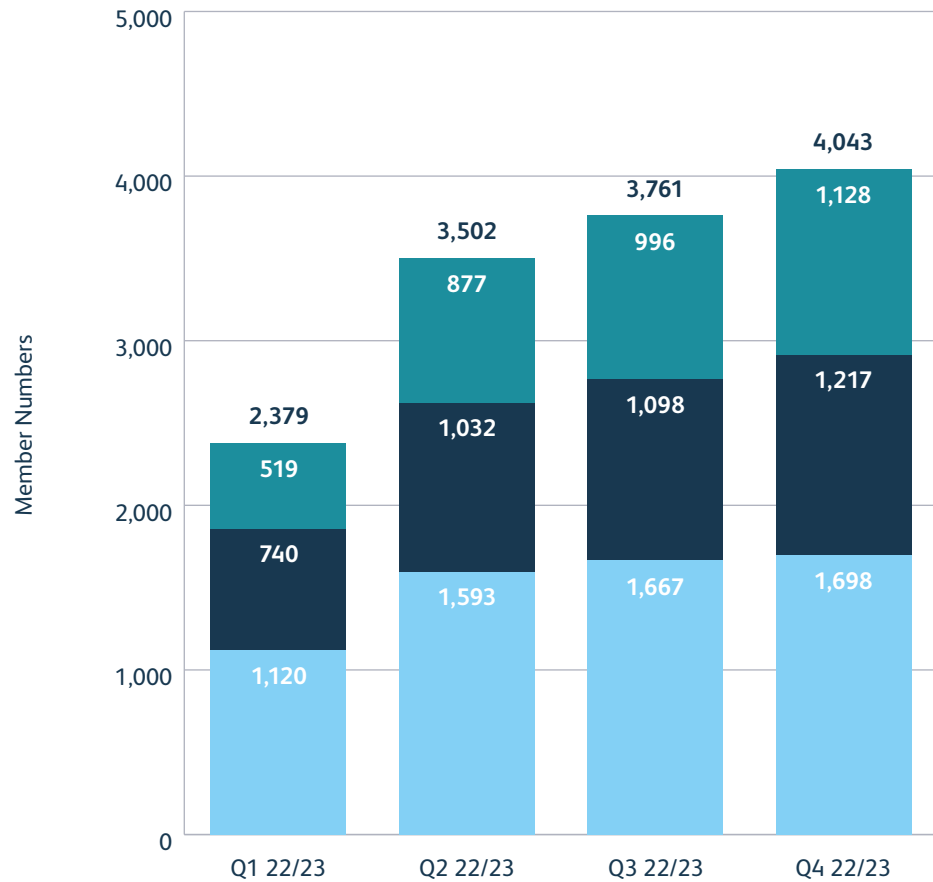
- Members registered



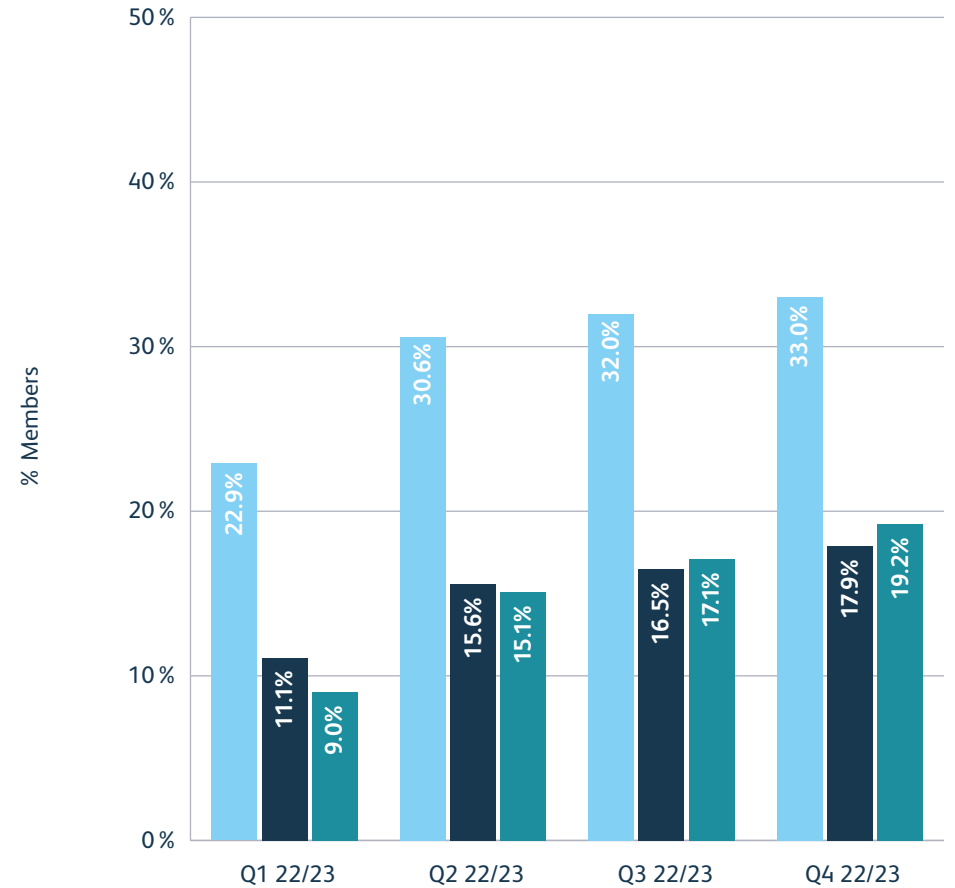
MEMBERS REGISTERED

CLIENT SPECIFIC

Active Deferred Pensioner



Active Deferred Pensioner



# Employer Engagement & Communication Activity

## In this section...

- Delivered
- Scheduled
- Engagement communications

For annual data,  
please see the  
**Annual Appendix –  
pages 7-18**

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED

ALL LPPA

Page 68

1. A [member panel email](#) was issued, asking for feedback on the new LPPA Help Hub, which was launched in December on the LPPA website.
2. Emails, to a cross-section of members from all clients, inviting them to [join the member panel](#) were sent out in January.
3. A pension increases web page was created to update members on the latest pension increases.
4. Further website developments (additional pages) went live in Q4 including:
  - [New Joiners](#)
  - [Member contribution rates \(23/24\)](#)
  - [Additional Pension Contributions \(APC\)](#)
  - [Pension pay dates \(23/24\)](#)
  - [Updating Your Bank Details](#)
  - [Retirement Guide for Leavers](#) (updated)
  - [Tier 3 Ill Health Retirement](#) (updated)
5. In preparation for McCloud remedy, [further communications](#) were issued to fund employers to ensure that historic data submissions have been accurately supplied (specifically hours worked and service break data).
6. A [McCloud roadmap webpage](#) was also created for our clients.
7. [Several bite-sized video FAQs](#) were developed to help answer some of the more popular member questions, including opting out, and information on the 50:50 option.
8. New Frequently Asked Questions (FAQs) were added to the LPPA website, following the Spring Budget, [including updates on Lifetime Allowance \(LTA\) and annual allowance](#). A news story was also added to the [website](#).
9. The automated Helpdesk (recorded) message was updated to include details of how to access P60 documents for retired members (from April).
10. [A joint press release was issued with Civica](#), following the completed switch to the UPM administration platform.
11. LinkedIn posts were issued in Q1 covering a wide range of topics including:
  - Pension health checks
  - LPPA's Cyber Essentials Plus certification
  - Pension increases
  - Safer internet day
  - PensionPoint ('register to enjoy the benefits')
  - Employer Monthly Return training
  - LGBT history month
  - Chinese New Year
  - '100,000' members registered on PensionPoint
  - International Women's Day
  - LPPA Client forum
  - Spring Budget (2023)
  - Monthly Returns



# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED CONTINUED

ALL LPPA

Page 69

- Happy Easter
  - Happy Ramadan
12. **Pension Pulse bulletin** – a UPM special was issued to employers in January, followed by a '**financial year end**' special in March.
  13. Employer training sessions were delivered with a focus on monthly returns and navigating the UPM employer portal, including:
    - UPM employer portal training (sessions to support with general navigation and submitting the monthly return data file)
    - Monthly Return Training – regular training sessions available for employers to attend, with a demonstration of the upload of Monthly Return file via UPM employer portal.
    - Remote employer visits conducted to support with navigating the UPM employer portal.
    - Employer visits (training sessions and support meetings) continue to be delivered remotely.
  14. Member Sessions were delivered, all bookable via the LPPA Member Training page, including:
    - Making Sense of your Pension (online sessions are aimed at members to help improve their knowledge of their pension, whether they have recently joined the scheme, or have been in the scheme a while).
    - Making Sense of Retirement (sessions are aimed at Members who are reaching retirement age (age 55 and over) to help improve their knowledge of the retirement process and claim their pension).

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



## SCHEDULED

ALL LPPA

1. All employers will be required to provide monthly data submissions to LPPA from the 10 May 23 (previously only employers of specific funds supplied monthly data files), and training will continue to be delivered by the engagement team in support of this.
2. P60's will be uploaded to members online accounts (PensionPoint) before the end of May, and email notifications will be issued across the period April to May (paper copies will be mailed to members who have requested them).
3. The LPPA online Spring Newsletter for retired members will be issued around the same time as P60's.
4. ABS notification activity will be planned in Q1, with communications scheduled for delivery in line with statutory deadlines (by the end August).
5. The LPPA online Summer Newsletter for Active and Deferred retired members will be issued around the same time as ABS communications.

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



## ENGAGEMENT COMMUNICATIONS

CLIENT SPECIFIC

- 3 Hammersmith and Fulham employers or payroll providers attended Year End Training
- Monthly return training was delivered and 5 employers in attendance across 4 sessions
- 1 employer attended UPM Employer Portal Training
- Scheme Leavers training was delivered and 2 employers attended
- Monthly member sessions were delivered, with 2 Hammersmith and Fulham Pension Fund members attending the Making Sense of your Retirement session and 1 member attending the Making Sense of your Pension session

Page 71



# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY

## EMPLOYERS

CLIENT SPECIFIC

Date	Employer	Activity	Number in attendance
17 Jan	LB Hammersmith and Fulham	Submitting Monthly Returns	2
02 Feb	Mortlake Crematorium	Submitting Monthly Returns	1
02 Feb	BT	Submitting Monthly Returns	1
22 Feb	BT	Submitting Monthly Returns	1
02 Mar	Sacred Heart School	Submitting Monthly Returns	1
02 Mar	Urban Partnership Group	Submitting Monthly Returns	1
07 Mar	Sacred Heart School	UPM Employer Portal	1
09 Mar	Urban Partnership Group	Scheme Leavers	1
09 Mar	BT	Scheme Leavers	1
21 Mar	Sacred Heart School	Submitting Monthly Returns	1
23 Mar	LB Hammersmith and Fulham	Year End training	2
23 Mar	Prospects	Year End training	2
23 Mar	HR Connect	Year End training	1

Page 72

## MEMBERS

CLIENT SPECIFIC

Date	Employer	Activity	Number in attendance
06 Mar	H&F Pension Fund Members	Making sense of your pension	1
09 Mar	H&F Pension Fund Members	Making sense of retirement	2

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY

For annual data, please see the **Annual Appendix – pages 17 & 18**

## EMAILS – EMPLOYERS

CLIENT SPECIFIC

### January

- Pension Pulse (UPM Special)
- Monthly data returns training

### March

- Annual returns / Important information on 2022 / 23 submissions (Reminder)
- Pension Pulse
- McCloud Data Collection (first)
- McCloud data file collection (follow up)

Page 73

## EMAILS – MEMBERS

CLIENT SPECIFIC

### January

- Member training - Making Sense of Your Pension / Retirement

### February

- Member panel / News Hub (small selection across multiple funds)

### March

- Member panel / invitation (small selection across multiple funds)

# Data Quality

## In this section...

- Common data
- Conditional data

# DATA QUALITY (TPR SCORES)

## COMMON DATA

CLIENT SPECIFIC

Data Item	Active	Deferred	Pensioner / Dependant
Invalid or Temporary NI Number	6	21	20
Duplicate effective date in status history	5	23	14
Gender is not Male or Female	0	0	0
Duplicate entries in status history	17	28	16
Missing (or known false) Date of Birth	0	0	0
Date Joined Scheme greater than first status entry	10	8	1
Missing Surname	0	0	0
Incorrect Gender for members title	0	0	0
Invalid Date of Birth	5	0	0
No entry in the status history	3	0	0
Last entry in status history does not match current status	23	13	12
Member has no address	47	801	95
Missing Forename(s)	0	0	0
Missing State Retirement Date	0	0	0
Missing postcode	47	828	135
Missing Date Joined Pensionable Service	3	0	0
<b>Total Fails</b>	<b>166</b>	<b>1,722</b>	<b>293</b>
<b>Individual Fails</b>	<b>107</b>	<b>880</b>	<b>182</b>
<b>Total Members</b>	<b>5,149</b>	<b>6,797</b>	<b>5,862</b>
<b>Accuracy Rate</b>	<b>97.9%</b>	<b>87.1%</b>	<b>96.9%</b>
<b>Total accuracy rate</b>	<b>93.4%</b>		

Page 75

## CONDITIONAL DATA

CLIENT SPECIFIC

Data Item	Fails
Divorce Records	0
Transfer In	40
AVC's/Additional Contributions	45
Deferred Benefits	18
Tranches (DB)	30
Gross Pension (Pensioners)	30
Tranches (Pensioners)	188
Gross Pension (Dependants)	10
Tranches (Dependants)	25
Date of Leaving	430
Date Joined Scheme	441
Employer Details	2
Salary	486
Crystallisation	425
Annual Allowance	886
LTA Factors	117
Date Contracted Out	98
Pre-88 GMP	552
Post-88 GMP	516
<b>Total Fails</b>	<b>4,339</b>
<b>Individual Fails</b>	<b>3,256</b>
<b>Total Members</b>	<b>17,808</b>
<b>Accuracy Rate</b>	<b>81.7%</b>

# LPP

Local Pensions Partnership  
Administration





# LPP

Local Pensions Partnership  
Administration

Hammersmith & Fulham Pension Fund

## Administration Report – Annual Appendix

1st April 2022 – 31st March 2023

[lppapensions.co.uk](http://lppapensions.co.uk)



# CONTENTS

Section	Page
Annual summary	3
Casework Performance Against SLA	4
Employer Engagement & Communication Activity	7



# ANNUAL SUMMARY

During 2022-23 LPPA completed a significant change programme to implement a new pension administration system. This also involved rationalising other historic systems and moving to a new operating platform.

The reason for this decision was to partner with a supplier who had a technology roadmap aligned to our own. This was the most transformational activity LPPA had undertaken and understandably resulted in challenges. The transition from the old system to the new platform was carried out over a phased basis.

Some of the challenges were pre-empted and resulted in relaxing SLAs with partners during the implementation periods as is shown in this document.

Pensions in payment continued to be paid on a monthly basis, thus meeting the expectations of members and employers.

Forward thinking...  
Working together...  
Doing the right thing...  
Committed to excellence...

## Digital Transformation



# Casework Performance Against SLA

## In this section...

- Performance – All cases
- Performance Standard

# CASEWORK PERFORMANCE AGAINST SLA

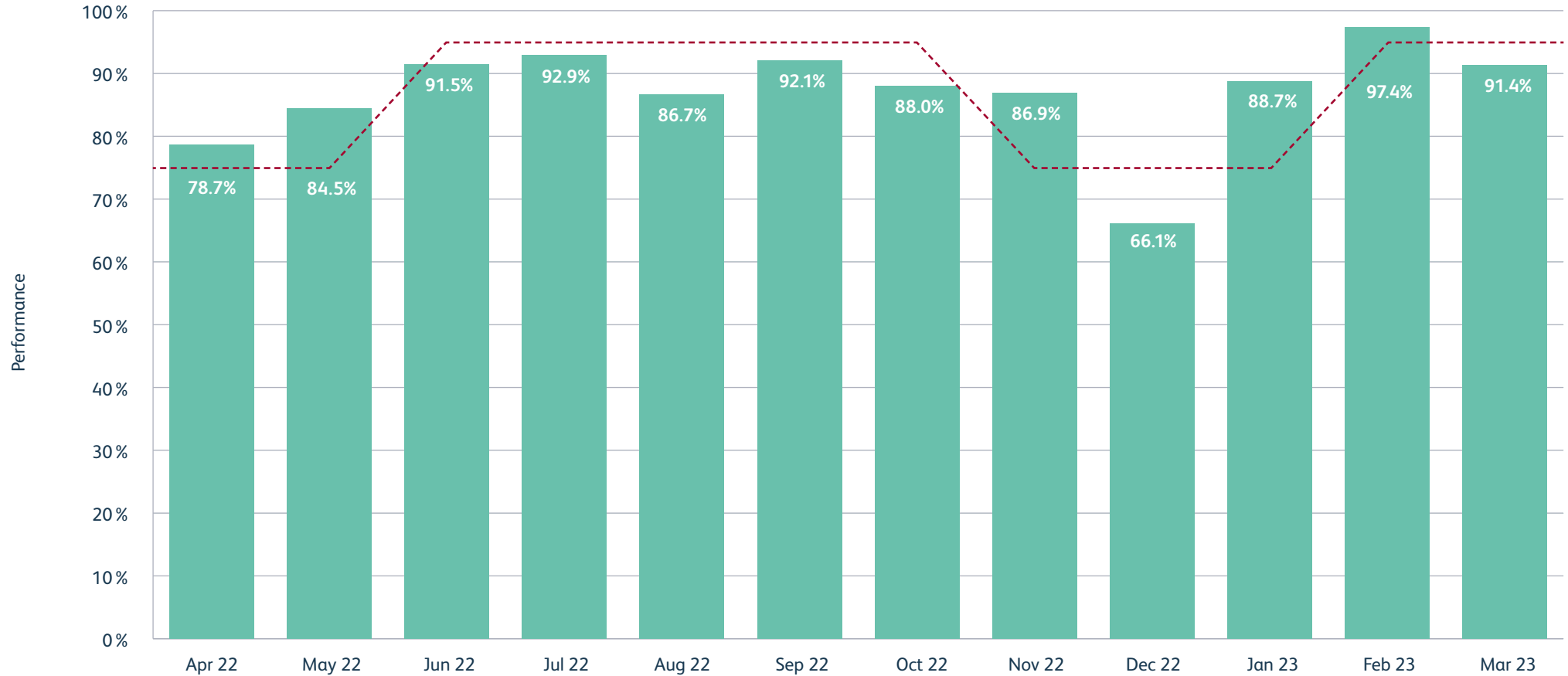


PERFORMANCE – ALL CASES

CLIENT SPECIFIC

--- Target

The annual SLA performance was 88.1%



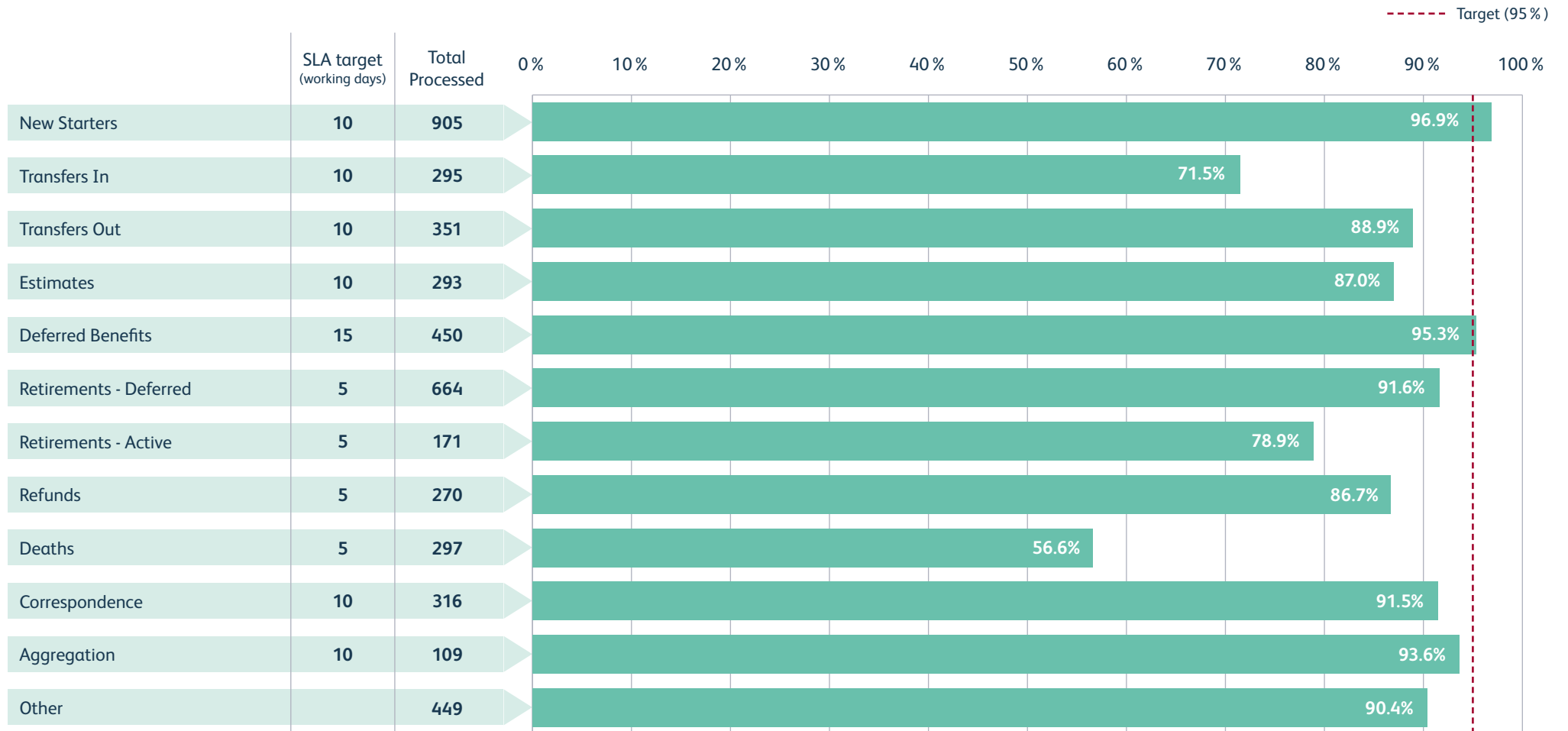
# CASEWORK PERFORMANCE AGAINST SLA



## PERFORMANCE STANDARD

## CLIENT SPECIFIC

Page 82



# Employer Engagement & Communication Activity

## In this section...

- Delivered
- Engagement communications

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 1

ALL LPPA

1. Getting ready for retirement - an email is sent once we have received a member's intention to retire. It advises them of the process and gives them the option to download a retirement checklist and to watch LPPA's [retirement video](#)
2. Member surveys - emails are sent after retirement, helpdesk interactions, bereavements, and joining the scheme, to allow LPPA to gather feedback and continue to improve the experience across the processing teams
3. P60 emails have been issued to retired members, explaining that their P60s are available to view through their online portal (paper copies have been issued to members who requested them)
  - [Pension Point P60 email](#)
  - [My Pension Online email](#)
4. ABS emails for deferred members started to be issued in Q1, before active members are scheduled to receive them in Q2. The email explained that their Annual Benefit Statements is available to view in their online portal ([My Pension Online example](#))
5. Spring newsletter – this was made available in a new online format for retired members, and emailed to contactable retired members.  
[View spring newsletter \(retirees\)](#)
6. [Additional member video guides](#) (LPPA website) – these have been added to the LPPA YouTube channel including 'How to use the PensionPoint Retirement calculators' (videos have been important in supporting the launch of PensionPoint, the new online member portal)
7. Welcome to the Engagement Team email – this was issued and introduced some new LPPA team members and how they can offer employer support.  
[View Engagement Team email](#)
8. Pension Pulse employer newsletters sent out in April and May
  - [April Pension Pulse](#)
  - [May Pension Pulse](#)



# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 1 CONTINUED

ALL LPPA

9. A new employer training page has been created and included on the LPPA website (making it easier for employers to book ongoing training sessions).

[View new training page](#)

**The Employer Engagement team has continued to deliver employer support sessions including:**

10. Scheme Leavers Essentials training – for any employers in need of support with submitting leaver details to LPPA, this session cover what to do and how to do it
11. LGPS Scheme Essentials – for any employer that wants more knowledge of the LGPS pension scheme and support with calculating final pay, CARE pay and Absence and Pensionable Pay
12. Year-end file submission training and support for UPM employers

**There have also been training sessions delivered to members (all bookable via the LPPA website member training page) including:**

13. Making Sense of your Pension (online sessions) - these are aimed at members to help improve their knowledge of their LGPS pension, whether they have recently joined the scheme, or have been in the scheme a while
14. Making Sense of Retirement (online sessions) – these are aimed at Members who are reaching retirement age (age 55 and over) to help improve their knowledge of the retirement process and claiming their LGPS pension

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 2

ALL LPPA

1. [Getting ready for retirement email](#) – issued when LPPA have received a member’s intention to retire. It advises them of the process and gives them the option to download a retirement checklist and watch LPPA’s retirement video.
2. Member survey emails – issued following completion of several processes including retirement, helpdesk interactions, bereavements, and joining the scheme, to allow LPPA to gather feedback and continue to improve the member experience across the business.
3. ABS activity (active and deferred members) – ABS communications activity with active and deferred members receiving email notification that their ABS was available via their online member portal. Those who chose to receive their ABS in the post, received them by the end of August 22 (statutory deadline).
4. [Active/deferred member newsletter](#) – in a new online format, which allows members to view and share articles in an easy-to-read, mobile-friendly format.
5. Member Sessions – all bookable via the LPPA Member Training page, including:

## **Making Sense of your Pension**

These online sessions are aimed at members to help improve their knowledge of their pension, whether they have recently joined the scheme, or have been in the scheme a while.

## **Making Sense of Retirement**

These sessions are aimed at Members who are reaching retirement age (55 and over) to help improve their knowledge of the retirement process and claim their pension.

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 2 CONTINUED

ALL LPPA

6. Employer Communications - various emails have been sent to employers including:
  - [Teams training dates email](#) – promoting training sessions to help employers and members get a better understanding of pension processes
  - [Address reminder email](#) – reminder emails issued to employers (address to return member documents to LPPA, link to example is for Lancashire employers)
  - Various PACE planning emails, including [Road map](#) (Lancashire fund example) and [training dates](#) communications
  - Pension Pulse employer bulletin sent out in [July](#) and [September](#)
7. During Q2 the Engagement team supported several LG Fund clients in their valuation activities, as well as delivering training to employers in readiness for the Phase 2 launch of UPM and the new employer portal (from October through to December). This included:
  - UPM employer portal system navigation
  - Submitting monthly returns (process and new template)
8. The Employer Engagement Team launched an online Employer Panel, with employers registering to be part of the panel. The first panel meeting included discussions around the employer training requirements, and how the LPPA website can be used to support their activities.
9. Ongoing Website Development – updates to the LPPA website are ongoing, additional content in Q2 included:
  - [New PACE page created \(with timeline included\)](#)
  - [New submitting employer information page](#)

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY

DELIVERED – QUARTER 3

ALL LPPA

1. An [email](#) was issued to members of the LPPA member panel to share results of a survey focusing on the new online newsletter (active and deferred members), whilst also asking for feedback on the FAQ (Frequently Asked Questions) section of the LPPA website.
2. [Help Hub](#) was launched on the LPPA website, a new member help and support section that consolidates all resources (FAQ's, videos, forms and documents, training) into one easily accessible area. The 'search' function has also been improved so that members can access the information they need quicker and easier.
3. [News Hub](#) was launched at the same time, a website page that enables quick and simple access to all LPPA new articles, blogs and research stories. It also includes links to all the latest LPPA newsletters.
4. The [LPPA employer toolkit page](#) was made available to help all employers communicate the benefits of PensionPoint to their members in the workplace. This includes access to content for internal emails, posters and intranet articles.
5. Member Sessions were delivered, all bookable via the LPPA Member Training page, including:

## **Making Sense of your Pension**

These online sessions are aimed at members to help improve their knowledge of their pension, whether they have recently joined the scheme, or have been in the scheme a while.

## **Making Sense of Retirement**

These sessions are aimed at Members who are reaching retirement age (age 55 and over) to help improve their knowledge of the retirement process and claim their pension.

6. [Emails](#) were issued to clients and employers to highlight planned maintenance days and details of system downtime (w/c 31 Oct, with reminders issued w/c 14 and 21 Nov).



# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 3 CONTINUED

ALL LPPA

7. [Pension Pulse](#) (employer newsletter) was issued in Q3, with features on UPM employer portal training, industry news and links to LGA bulletins.
8. [Training invites](#) were issued both to employers who are currently providing monthly data returns, as well as those which will be submitting from May 23 (training is scheduled every two weeks throughout 2023). The communication also provided employers with access to the monthly returns [online support page](#).
9. Details of the LPPA Christmas opening hours were provided to clients ([email](#)) and employers / members on the LPPA website.

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 4

ALL LPPA

Page 90

1. A [member panel email](#) was issued, asking for feedback on the new LPPA Help Hub, which was launched in December on the LPPA website.
2. Emails, to a cross-section of members from all clients, inviting them to [join the member panel](#) were sent out in January.
3. A pension increases web page was created to update members on the latest pension increases.
4. Further website developments (additional pages) went live in Q4 including:
  - [New Joiners](#)
  - [Member contribution rates \(23/24\)](#)
  - [Additional Pension Contributions \(APC\)](#)
  - [Pension pay dates \(23/24\)](#)
  - [Updating Your Bank Details](#)
  - [Retirement Guide for Leavers](#) (updated)
  - [Tier 3 Ill Health Retirement](#) (updated)
5. In preparation for McCloud remedy, [further communications](#) were issued to fund employers to ensure that historic data submissions have been accurately supplied (specifically hours worked and service break data).
6. A [McCloud roadmap webpage](#) was also created for our clients.
7. [Several bite-sized video FAQs](#) were developed to help answer some of the more popular member questions, including opting out, and information on the 50:50 option.
8. New Frequently Asked Questions (FAQs) were added to the LPPA website, following the Spring Budget, [including updates on Lifetime Allowance \(LTA\) and annual allowance](#). A news story was also added to the [website](#).
9. The automated Helpdesk (recorded) message was updated to include details of how to access P60 documents for retired members (from April).
10. [A joint press release was issued with Civica](#), following the completed switch to the UPM administration platform.
11. LinkedIn posts were issued in Q1 covering a wide range of topics including:
  - Pension health checks
  - LPPA's Cyber Essentials Plus certification
  - Pension increases
  - Safer internet day
  - PensionPoint ('register to enjoy the benefits')
  - Employer Monthly Return training
  - LGBT history month
  - Chinese New Year
  - '100,000' members registered on PensionPoint
  - International Women's Day
  - LPPA Client forum
  - Spring Budget (2023)
  - Monthly Returns

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 4 CONTINUED

ALL LPPA

Page 91

- Happy Easter
  - Happy Ramadan
12. [Pension Pulse bulletin](#) – a UPM special was issued to employers in January, followed by a [‘financial year end’](#) special in March.
13. Employer training sessions were delivered with a focus on monthly returns and navigating the UPM employer portal, including:
- UPM employer portal training (sessions to support with general navigation and submitting the monthly return data file)
  - Monthly Return Training – regular training sessions available for employers to attend, with a demonstration of the upload of Monthly Return file via UPM employer portal.
  - Remote employer visits conducted to support with navigating the UPM employer portal.
  - Employer visits (training sessions and support meetings) continue to be delivered remotely.
14. Member Sessions were delivered, all bookable via the LPPA Member Training page, including:
- Making Sense of your Pension (online sessions are aimed at members to help improve their knowledge of their pension, whether they have recently joined the scheme, or have been in the scheme a while).
  - Making Sense of Retirement (sessions are aimed at Members who are reaching retirement age (age 55 and over) to help improve their knowledge of the retirement process and claim their pension).

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



## ENGAGEMENT COMMUNICATIONS

CLIENT SPECIFIC

- 4 employers in the Hammersmith & Fulham Pension Fund attended LGPS Scheme Essentials training for employers
- 4 virtual visit were held with a Hammersmith and Fulham payroll provider
- Monthly return training was delivered and 6 Hammersmith and Fulham employers were in attendance
- 1 employer attended UPM Employer Portal Training
- Monthly member sessions were delivered, with 6 Hammersmith and Fulham Pension Fund members attending the Making Sense of your Retirement session and 3 members attending the making sense of your pension session
- Scheme Leavers Training was delivered and 1 Hammersmith and Fulham Pension Fund employer attended

Page 92





# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



## EMAILS – EMPLOYERS

### CLIENT SPECIFIC

## 2022

### April

- Update on your end of year submissions EOY
- Year end bulletin
- EOY data returns template
- Pension Pulse
- Submitting your end of year data (Follow Up) EOY

### May

- Final Reminder / Submitting your EOY return
- Pension Pulse
- Tips to avoid further delays to your end of year return EOY
- Scheme leavers training invite
- Have your say with LPPA

### June

- Urgent: submitting your end of year data (follow up)
- PensionPoint promotional email
- Update on end of year queries
- Employer Panel email
- LPPA address reminder

### July

- End of year data returns
- Pension Pulse

### September

- Pension Pulse
- UPM worktrays

### November

- Planned maintenance days
- Planned maintenance days (update)
- Planned maintenance reminder
- Essential system maintenance reminder
- November Pension Pulse
- Monthly return (update)

### December

- Invite: book on monthly returns training
- December opening hours

## 2023

### January

- Pension Pulse (UPM Special)
- Monthly data returns training

### March

- Annual returns / Important information on 2022 / 23 submissions (Reminder)
- Pension Pulse
- McCloud Data Collection (first)
- McCloud data file collection (follow up)

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



## EMAILS – MEMBERS

CLIENT SPECIFIC

### 2022

#### April

- Pension Estimate: PensionPoint
- Helpdesk / 8x8

#### May

- Member panel email and survey
- Your PensionPoint account
- Don't miss out - register for PensionPoint today

#### July

- PensionPoint (live now - follow up)

#### August

- Summer newsletter (Active members)
- ABS: ready to view

#### September

- Help us improve PensionPoint

### 2023

#### January

- Member training - Making Sense of Your Pension / Retirement

#### February

- Member panel / News Hub (small selection across multiple funds)

#### March

- Member panel / invitation (small selection across multiple funds)

# LPP

Local Pensions Partnership  
Administration

# Agenda Item 7

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Board

**Date:** 07 June 2023

**Subject:** Pension Fund Quarterly Update Pack

**Report author** Siân Cogley, Pension Fund Manager

**Responsible Director:** Phil Triggs, Tri-Borough Director of Treasury and Pensions

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### SUMMARY

This paper provides the Pensions Board with a summary of the Pension Fund's:

- overall performance for the quarter ended 31 December 2022;
- cashflow update and forecast;
- assessment of risks and actions taken to mitigate these.

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### RECOMMENDATIONS

1. The Pensions Board is recommended to note the update.

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**Wards Affected:** None

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council taxpayer.

### Financial Impact

None

### Legal Implications

None

## DETAILED ANALYSIS

### LBHF Pension Fund Quarterly Update: Q3 2022/23

1. This report and attached appendices make up the pack for the quarter three (Q3) ended 31 December 2022. An overview of the Pension Fund's performance is provided in Appendix 1. This includes administrative, investment, and cash management performance for the quarter.
2. Appendix 2 provides information about the Pension Fund's investments and performance. The highlights from the quarter are shown below:
  - Global markets investment performance was positive over the quarter, with global equity indices returning a 2.4% in local currency terms over the quarter.
  - Overall, the investment performance report shows that over the quarter to 31 December 2022, the market value of the assets increased by £4.3m to £1,253.4m.
  - The Fund has underperformed its benchmark net of fees by 0.6%, delivering a return of 0.8% over the quarter.
  - Over the year to 31 December 2022, the fund outperformed its benchmark by 1.6%, returning -5.0% overall. A well-diversified portfolio has made a positive impact.
3. The Pension Fund's cashflow monitor is provided in Appendix 3. This shows both the current account and invested cash movements for the last quarter, as well as cashflow forecasts to 30 September 2023. An analysis of the differences between the actuals and the forecast for the quarter is also included.
4. Appendix 4 contains the Pension Fund's risk registers.
5. The breaches of the law log has not been included this quarter as there have been no breaches to report.
6. The ESG dashboard can be found at:  
<https://app.powerbi.com/view?r=eyJrljoiYjc2ZTEyZjltODI0Yi00NzY2LWJkNTMtODAwYjNINWNjYTQ5IiwidCI6IjUwZDhjMTE1LWl3N2YtNDM5NS1hM2JhLTNiNDk3Y2FmMGQ4OCIsImMiOiJh9>
7. Aviva has calculated an indicative net asset value as of 31 December 2022 for the redemption from the Aviva Investors Infrastructure Income Unit Trust as £25.8m. The actual proceeds payable will however be calculated using the unit price at the quarter end immediately before the date of redemption which is expected to be the quarter ending 31 March 2023 with the payment due after this date in the new financial year.

## **Risk Management Implications**

1. These are included in the risk registers.
2. There have been no new risks identified on the risk register.
3. There have been no changes in the risk scores on the risk register.
4. The below risks have had a change in trend:
  - i. Risk 19: CPI inflation. This has been amended from trending up to trending neutral. This is because the triennial valuation has now been completed.
  - ii. Risk 28: liabilities. Now also neutral following the completion of the actuarial valuation.
  - iii. Risk 31: strain on smaller employers. This has changed from trending up to trending neutral. This is because the actuarial valuation results have resulted in relative stability for most employers.

## **LIST OF APPENDICES**

Appendix 1: Scorecard as at 31 December 2022

Appendix 2a: Deloitte Quarterly Report for Quarter Ended 31 December 2022 (EXEMPT)

Appendix 2b: Deloitte Quarterly Report for Quarter Ended 31 December 2022 (EXEMPT)

Appendix 3: Cashflow Monitoring Report

Appendix 4: Pension Fund Risk Registers

## Scorecard at 31 December 2022

## London Borough of Hammersmith and Fulham Pension Fund Quarterly

## Monitoring Report

	Mar 22 £000	Oct 22 £000	Nov 22 £000	Dec 22 £000	Report reference/Comments
Value (£m)	1,288	1,260	1,295	1,253	IRAS reports.
% return quarter	-0.81%	-1.2%	1.39%	0.82%	
% return one year	9.83%	-2.68%	-0.58%	-5.04%	
<b>LIABILITIES</b>					
Value (£m)	1,322			1,257	Hymans Robertson LLP Estimated Funding Update
Surplus/(Deficit) (£m)	(36)			303	
Funding Level	97%			132%	
<b>CASHFLOW</b>					
Cash balance	2,841	6,427	6,115	5,871	Appendix 3
Variance from forecast	(9,695)	1,043	238	1,500	
<b>MEMBERSHIP</b>					
Active members	4,856			5,198	Reports from Pension Fund Administrator
Deferred beneficiaries	6,232			6,140	
Pensioners	5,804			5,931	
<b>RISK</b>					
No. of new risks				0	Appendix 4: Risk Register
No. of ratings changed				0	
<b>LGPS REGULATIONS</b>					
New consultations	None	None	None	None	
New sets of regulations	None	None	None	None	

Pension Fund Current Account Cashflow Actuals and Forecast for period Oct - Dec-22

	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	F'cast	F'cast	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	Annual	Monthly	
	Actual	Actual	Actual	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	Total	Total	
Balance b/f	6,894	6,427	6,115	5,871	4,306	4,741	3,195	1,331	473	(1,217)	(954)	(650)	£000s	£000s	
Contributions	2,618	2,693	2,992	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,702	2,642
Pensions	(3,062)	(3,122)	(3,009)	(3,064)	(3,065)	(3,046)	(3,364)	(3,158)	(3,190)	(3,237)	(3,195)	(3,207)	(37,720)	(3,143)	
Lump Sums	(848)	(446)	(577)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(7,271)	(606)	
Net TVs in/(out)	128	(198)	49	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(2,720)	(227)	
Net Expenses/other transactions	(301)	(486)	(202)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(2,790)	(232)	
<b>Net Cash Surplus/(Deficit)</b>	<b>(1,466)</b>	<b>(1,560)</b>	<b>(747)</b>	<b>(1,564)</b>	<b>(1,565)</b>	<b>(1,546)</b>	<b>(1,864)</b>	<b>(1,658)</b>	<b>(1,690)</b>	<b>(1,737)</b>	<b>(1,695)</b>	<b>(1,707)</b>	<b>(18,800)</b>	<b>(1,567)</b>	
Distributions	998	1,248	503		2,000			800			2,000		7,549	839	
<b>Net Cash Surplus/(Deficit) including investment income</b>	<b>(467)</b>	<b>(312)</b>	<b>(244)</b>	<b>(1,564)</b>	<b>435</b>	<b>(1,546)</b>	<b>(1,864)</b>	<b>(858)</b>	<b>(1,690)</b>	<b>(1,737)</b>	<b>305</b>	<b>(1,707)</b>	<b>(11,251)</b>	<b>(938)</b>	
Transfers (to)/from Custody Cash									2,000				2,000	333	
<b>Balance c/f</b>	<b>6,427</b>	<b>6,115</b>	<b>5,871</b>	<b>4,306</b>	<b>4,741</b>	<b>3,195</b>	<b>1,331</b>	<b>473</b>	<b>(1,217)</b>	<b>(954)</b>	<b>(650)</b>	<b>(2,357)</b>	<b>27,281</b>	<b>(604)</b>	

Current account cashflow actuals compared to forecast in Oct - Dec-22

	Oct-22		Nov-22		Dec-22		Oct - Dec-22
	Forecast	Actual	Forecast	Actual	Forecast	Actual	
	£000s	£000s	£000s	£000s	£000s	£000s	Variance
Contributions	2,600	2,618	2,600	2,693	2,600	2,992	502
Pensions	(2,930)	(3,062)	(2,930)	(3,122)	(2,930)	(3,009)	(403)
Lump Sums	(600)	(848)	(600)	(446)	(600)	(577)	(71)
Net TVs in/(out)	(300)	128	(300)	(198)	(300)	49	880
Expenses/other transactions	(200)	(301)	(200)	(486)	(200)	(202)	(390)
Distributions			2,000	1,248	500	503	(750)
Transfers (to)/from Custody Cash							
<b>Total</b>	<b>(1,430)</b>	<b>(1,466)</b>	<b>570</b>	<b>(312)</b>	<b>(930)</b>	<b>(244)</b>	<b>(232)</b>

Notes on variances

- Contributions are paid one month in arrears.  
- Transfers in and lump sum benefits cannot be reliably forecast given they relate to individual member decisions and take time to process

Pension Fund Custody Invested Cashflow Actuals and Forecast for period Oct - Dec-22

	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	F'cast	F'cast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	Annual	Monthly
	Actual	Actual	Actual	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	Total	Total
Balance b/f	4,166	4,014	2,153	10,183	10,183	8,683	8,683	8,683	8,683	10,683	8,683	8,683	£000s	£000s
Sale of Assets														
Purchase of Assets	(5)	(1,867)	(35,000)		(1,500)								(38,373)	(9,593)
<b>Net Capital Cashflows</b>	<b>(5)</b>	<b>(1,867)</b>	<b>(35,000)</b>		<b>(1,500)</b>								<b>(38,373)</b>	<b>(3,198)</b>
Distributions			8,024						2,000			1,000	11,024	1,002
Interest	(146)	7	7										(132)	(44)
Management Expenses														
Foreign Exchange Gains/Losses	(1)	0											(1)	0
Class Actions														
Other Transactions														#DIV/0!
<b>Net Revenue Cashflows</b>	<b>(147)</b>	<b>7</b>	<b>8,030</b>						<b>2,000</b>			<b>1,000</b>	<b>10,890</b>	<b>908</b>
<b>Net Cash Surplus/(Deficit) excluding withdrawals</b>	<b>(152)</b>	<b>(1,861)</b>	<b>(26,970)</b>		<b>(1,500)</b>				<b>2,000</b>			<b>1,000</b>	<b>(27,483)</b>	<b>(2,290)</b>
Contributions to Custody Cash			35,000											
Withdrawals from Custody Cash										(2,000)			(2,000)	(167)
<b>Balance c/f</b>	<b>4,014</b>	<b>2,153</b>	<b>10,183</b>	<b>10,183</b>	<b>8,683</b>	<b>8,683</b>	<b>8,683</b>	<b>8,683</b>	<b>10,683</b>	<b>8,683</b>	<b>8,683</b>	<b>9,683</b>	<b>(29,483)</b>	<b>(2,457)</b>



London Borough of Hammersmith and Fulham Pension Fund Risk Register													Appendix 4		
Risk Group	Risk Ref.	Risk Description	Impact				Likelihood	Previous risk score	Current risk score	Trending	Mitigation actions	Revised likelihood	Total risk score	Reviewed on	
			Fund	Employers	Reputation	Total									
Asset and Investment Risk	1	Significant volatility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainty. Within this consideration is given to Covid-19, Brexit, and the invasion of Ukraine.	5	4	1	10	4	40	40	↔	TREAT 1) Continued dialogue with investment managers regarding management of political risk in global developed markets. 2) Investment strategy integrates portfolio diversification and risk management. 3) The Fund alongside its investment consultant continually reviews its investment strategy in different asset classes.	3	30	31/12/2022	
Liability Risk	2	There is insufficient cash available to the Fund to meet pension payments due to reduced income generated from underlying investments, leading to investment assets being sold at sub-optimal prices to meet pension obligations.	5	4	3	12	3	36	36	↔	TREAT 1) Cashflow forecast maintained and monitored. Cashflow position reported to sub-committee quarterly. 2) The Fund receives quarterly income distributions from some of its investments to help meet its short term pensions obligations. 3) The fund will review the income it receives from underlying investments and make suitable investments to meet its target income requirements.	2	24	31/12/2022	
Asset and Investment Risk	3	The London Collective Investment Vehicle (LCIV) disbands or the partnership fails to produce proposals/solutions deemed sufficiently ambitious.	4	3	3	10	2	20	20	↔	TOLERATE 1) Partners for the pool have similar expertise and like-mindedness of the officers and members involved with the fund, ensuring compliance with the pooling requirements. 2) Monitor the ongoing fund and pool proposals are comprehensive and meet government objectives. 3) Fund representation on key officer groups. 4) Ongoing Shareholder Issue remains a threat 5) LCIV new CEO Dean Bowden has now started as of January 2023.	2	20	31/12/2022	
Asset and Investment Risk	4	Investment managers fail to achieve benchmark/outperformance targets over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of £1.25m.	5	3	2	10	4	40	40	↔	TREAT 1) The Investment Management Agreements (IMAs) clearly state LBHF's expectations in terms of investment performance targets. 2) Investment manager performance is reviewed on a quarterly basis. Outperformance for the year is 3% 3) The Pension Fund Committee is positioned to move quickly if it is felt that targets will not be achieved. 4) Portfolio rebalancing is considered on a regular basis by the Pension Fund Committee. 5) The Fund's investment management structure is highly diversified, which lessens the impact of manager risk compared with less diversified structures.	2	20	31/12/2022	
Asset and Investment Risk	5	Global investment markets fail to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.	5	3	2	10	3	30	30	↔	TREAT 1) Proportion of total asset allocation made up of equities, fixed income, property funds and other alternative asset funds, limiting exposure to one asset category. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal risk asset allocation. 3) Actuarial valuation and strategy review take place every three years post the actuarial valuation. 4) IAS19 data is received annually and provides an early warning of any potential problems. 5) The actuarial assumption regarding asset outperformance is regarded as achievable over the long term when compared with historical data.	2	20	31/12/2022	
Asset and Investment Risk	6	Implementation of proposed changes to the LGPS (pooling) does not conform to plan or cannot be achieved within laid down timescales	3	2	1	6	3	18	18	↔	TOLERATE 1) Officers consult and engage with DLUHC, LGPS Scheme Advisory Board, advisors, consultants, peers, various seminars and conferences. 2) Officers engage in early planning for implementation against agreed deadlines. 3) Uncertainty surrounding new DLUHC guidance	3	18	31/12/2022	
Asset and Investment Risk	7	London CIV has inadequate resources to monitor the implementation of investment strategy and as	3	3	2	8	2	16	16	↔	TREAT 1) Tri-Borough Director of Treasury & Pensions is a member of the officer	2	16	31/12/2022	

Liability Risk	8	Impact of economic and political decisions on the Pension Fund's employer workforce.	5	2	1	8	2	16	16	↔	TOLERATE 1) The Fund Actuary uses prudent assumptions on future of employees within workforce. 2) Employer responsibility to flag up potential for major bulk transfers outside of the LBHF Fund. 3) Officers to monitor the potential for a significant reduction in the workforce as a result of the public sector financial pressures.	2	16	31/12/2022
Asset and Investment Risk	9	Failure to keep up with the pace of change regarding economic, policy, market and technology trends relating to climate change	3	2	1	6	3	18	18	↔	TREAT 1) Officers regularly receive updates on the latest ESG policy developments from the fund managers. 2) The Pensions Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which engages with companies on a variety of ESG issues including climate change.	2	12	31/12/2022
Asset and Investment Risk	10	Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage. The Council declared a climate emergency in July 2019, the full impact of this decision is uncertain.  TCFD regulations impact on LGPS schemes currently under consultation and expected to come into force during 2023. Reporting expected to come into effect from December 2024.	3	2	4	9	3	27	27	↔	TREAT 1) Review ISS in relation to published best practice (e.g. Stewardship Code, Responsible Investment Statement) 2) The Fund currently holds investments all it passive equities in a low carbon tracker fund, and is invested in renewable infrastructure. 3) The Fund's actively invests in companies that are contributing to global sustainability through its Global Core Equity investment 4) The Fund has updated its ESG Policy and continues to review its Responsible Investment Policy 5) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), which raises awareness of ESG issues and facilitates engagement with fund managers and corporate company directors. 6) Officers attend training sessions on ESG and TCFD requirements.	2	18	31/12/2022
Asset and Investment Risk	11	Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy	5	3	3	11	2	22	22	↔	TREAT 1) Active investment strategy and asset allocation monitoring from Pension Fund Committee, officers and consultants. 2) Officers, alongside the Fund's advisor, set fund specific benchmarks relevant to the current position of fund liabilities. 3) Fund manager targets set and based on market benchmarks or absolute return measures.	1	11	31/12/2022
Asset and Investment Risk	12	Inadequate, inappropriate or incomplete investment or actuarial advice is actioned leading to a financial loss or breach of legislation.	5	3	2	10	2	20	20	↔	TREAT 1) At time of appointment, the Fund ensures advisers have appropriate professional qualifications and quality assurance procedures in place. 2) Committee and officers scrutinise, and challenge advice provided routinely.	1	10	31/12/2022
Asset and Investment Risk	13	Financial failure of third party supplier results in service impairment and financial loss.	5	4	1	10	2	20	20	↔	TREAT 1) Performance of third party suppliers regularly monitored. 2) Regular meetings and conversations with global custodian (Northern Trust) take place. 3) Actuarial and investment consultancies are provided by two different providers.	1	10	31/12/2022
Asset and Investment Risk	14	Failure of global custodian or counterparty.	5	3	2	10	2	20	20	↔	TREAT 1)At time of appointment, ensure assets are separately registered and segregated by owner. 2)Review of internal control reports on an annual basis. 3)Credit rating kept under review.	1	10	31/12/2022
Asset and Investment Risk	15	Financial failure of a fund manager leads to value reduction, increased costs and impairment.	4	3	3	10	2	20	20	↔	TREAT 1) Adequate contract management and review activities are in place. 2) Fund has processes in place to appoint alternative suppliers at similar price, in the event of a failure. 3) Fund commissions the services of Legal & General Investment Management (LGIM) as transition manager. 4) Fund has the services of the London CIV.	1	10	31/12/2022
Liability Risk	16	Failure to identify GMP liability leads to ongoing costs for the pension fund.	3	2	1	6	1	6	6	↔	TREAT 1) GMP to be identified as a Project as part of the Service Specification between the Fund and LPPA.	1	6	31/12/2022

Liability Risk	17	Rise in ill health retirements impact employer organisations.	2	2	1	5	2	10	10	↔	TREAT 1) Engage with actuary re assumptions in contribution rates.	1	5	31/12/2022
Liability Risk	18	Rise in discretionary ill-health retirements claims adversely affecting self-insurance costs.	2	2	1	5	2	10	10	↔	TREAT 1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations.	1	5	31/12/2022
Liability Risk	19	Price inflation is significantly more than anticipated in the actuarial assumptions: an increase in CPI inflation by 0.1% over the assumed rate will increase the liability valuation by upwards of 1.7%.  Inflation continues to rise in the UK and globally due to labour shortages, supply chain issues, and high energy prices.	5	3	2	10	5	50	50	↔	TREAT 1) The fund holds investments in index-linked bonds (RPI protection which is higher than CPI) and other real assets to mitigate CPI risk. Moreover, equities will also provide a degree of inflation protection. 2) Officers continue to monitor the increases in CPI inflation on an ongoing basis. 3) Short term inflation is expected due to a number of reasons on current course.	3	30	31/12/2022
Liability Risk	20	Scheme members live longer than expected leading to higher than expected liabilities.	5	5	1	11	2	22	22	↔	TOLERATE 1)The scheme's liability is reviewed at each triennial valuation and the actuary's assumptions are challenged as required. 2)The actuary's most recent longevity analysis has shown that the rate of increase in life expectancy is slowing down.	2	22	31/12/2022
Liability Risk	21	Employee pay increases are significantly more than anticipated for employers within the Fund.  Persistently high inflation will potentially lead to unexpectedly high pay awards.	4	4	2	10	3	30	30	↑	TOLERATE 1) Fund employers continue to monitor own experience. 2) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions. Any employer specific assumptions above the actuary's long term assumption would lead to further review. 3) Employers to made aware of generic impact that salary increases can have upon the final salary linked elements of LGPS benefits (accrued benefits before 1 April 2014). 4) Pay rises generally remain below inflation.	2	20	31/12/2022
Liability Risk	22	Ill health costs may exceed "budget" allocations made by the actuary resulting in higher than expected liabilities particularly for smaller employers.	4	2	1	7	2	14	14	↔	TOLERATE 1) Review "budgets" at each triennial valuation and challenge actuary as required. 2) Charge capital cost of ill health retirements to admitted bodies at the time of occurring. 3) Occupational health services provided by the Council and other large employers to address potential ill health issues early.	2	14	31/12/2022
Liability Risk	23	Impact of increases to employer contributions following the actuarial valuation.	5	5	3	13	2	26	26	↔	TREAT 1) Officers to consult and engage with employer organisations in conjunction with the actuary. 2) Actuary will stabilise employer rates when valuation concludes March 2023.	1	13	31/12/2022
Regulatory and Compliance Risk	24	Changes to LGPS Regulations	3	2	1	6	3	18	18	↔	TREAT 1) Fundamental change to LGPS Regulations implemented from 1 April 2014 (change from final salary to CARE scheme). 2) Future impacts on employer contributions and cash flows will be considered during the 2019 actuarial valuation process. 3) Fund will respond to several ongoing consultation processes. 4) Impact of LGPS (Management of Funds) Regulations 2016 to be monitored. Impact of Regulations 8 (compulsory pooling) to be monitored.	2	12	31/12/2022
Liability Risk	25	Changes to LGPS Scheme moving from Defined Benefit to Defined Contribution	5	3	2	10	1	10	10	↔	TOLERATE 1) Political power required to effect the change.	1	10	31/12/2022
Liability Risk	26	Transfers out of the scheme increase significantly due to members transferring their pensions to DC funds to access cash through new pension freedoms.	4	4	2	10	1	10	10	↔	TOLERATE 1) Monitor numbers and values of transfers out being processed. If required, commission transfer value report from Fund Actuary for application to Treasury for reduction in transfer values. 2) Evidence has shown that members have not been transferring out of the CARE scheme at the previously anticipated rates.	1	10	31/12/2022

Liability Risk	27	Scheme matures more quickly than expected due to public sector spending cuts, resulting in contributions reducing and pension payments increasing.	5	3	1	9	2	18	18	↔	TREAT 1) Review maturity of scheme at each triennial valuation. 2) Deficit contributions specified as lump sums, rather than percentage of payroll to maintain monetary value of contributions. 3) Cashflow position monitored monthly.	1	9	31/12/2022
Liability Risk	28	The level of inflation and interest rates assumed in the valuation may be inaccurate leading to higher than expected liabilities.	4	2	1	7	4	28	28	↔	TREAT 1) Review at each triennial valuation and challenge actuary as required. 2) Growth assets and inflation linked assets in the portfolio should rise as inflation rises.	2	14	31/12/2022
Regulatory and Compliance Risk	29	Pensions legislation or regulation changes resulting in an increase in the cost of the scheme or increased administration.	4	2	1	7	2	14	14	↑	TREAT 1) Maintain links with central government and national bodies to keep abreast of national issues. 2) Respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood.	1	7	31/12/2022
Employer Risk	30	Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond placement.	5	3	1	9	3	27	27	↔	TREAT 1) Administering Authority actively monitors prospective changes in membership. 2) Maintain knowledge of employer future plans. 3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant. 4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate. 5) Monitoring of gilt yields for assessment of pensions deficit on a termination basis.	2	18	31/12/2022
Employer Risk	31	Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others.  Current economic conditions will cause strain on smaller employers.	5	3	3	11	2	22	22	↔	TREAT 1) Transferee admission bodies required to have bonds in place at time of signing the admission agreement. 2) Regular monitoring of employers and follow up of expiring bonds.	1	11	31/12/2022
Resource and Skill Risk	32	Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.	1	3	3	7	2	14	14	↔	TREAT 1) Change to LPPA has increased resilience in the administration service 2) Ongoing monitoring of contract and KPIs	2	14	31/12/2022
Resource and Skill Risk	33	Poor reconciliation process leads to incorrect contributions.	2	1	1	4	3	12	12	↔	TREAT 1) Reconciliation is undertaken by the pension fund team. Officers to ensure that reconciliation process notes are understood and applied correctly the team. 2) Ensure that the Pension Fund team is adequately resourced to manage the reconciliation process.	2	8	31/12/2022
Resource and Skill Risk	34	Failure to detect material errors in bank reconciliation process.	2	2	2	6	2	12	12	↔	TREAT 1) Pensions team to continue to work closely with staff at HCC to smooth over any teething problems relating to the newly agreed reconciliation process.	1	6	31/12/2022
Resource and Skill Risk	35	Failure to pay pension benefits accurately leading to under or over payments.	2	2	2	6	2	12	12	↔	TREAT 1) There are occasional circumstances where under/over payments are identified. Where underpayments occur, arrears are paid as soon as possible, usually in the next monthly pension payment. Where an overpayment occurs, the member is contacted, and the pension corrected in the next month. Repayment is requested and sometimes this is collected over several months.	1	6	31/12/2022
Resource and Skill Risk	36	Unstructured training leads to under developed workforce resulting in inefficiency.	2	2	2	6	2	12	12	↔	TREAT 1) Implementation and monitoring of a Staff Training and Competency Plan as part of the Service Specification between the Fund and LPPA. 2) Officers regularly attend training seminars and conferences 3) Designated officer in place to record and organise training sessions for officers and members	1	6	31/12/2022

Resource and Skill Risk	37	Lack of guidance and process notes leads to inefficiency and errors.	2	2	1	5	2	10	10	↔	TREAT 1) The team will continue to ensure process notes are updated and circulated amongst colleagues in the Pension Fund and Administration teams.	1	5	31/12/2022
Resource and Skill Risk	38	Lack of productivity leads to impaired performance.	2	2	1	5	2	10	10	↔	TREAT 1) Regular appraisals with focused objectives for pension fund and admin staff.	1	5	31/12/2022
Resource and Skill Risk	39	Failure by the audit committee to perform its governance, assurance and risk management duties	3	2	1	6	3	18	18	↔	TREAT 1) Audit Committee performs a statutory requirement for the Pension Fund with the Pension Fund Committee being a sub-committee of the audit committee. 2) Audit Committee meets regularly where governance issues are regularly tabled.	2	12	31/12/2022
Resource and Skill Risk	40	Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	4	3	3	10	2	20	20	↔	TREAT 1) Person specifications are used at recruitment to appoint officers with relevant skills and experience. 2) Training plans are in place for all officers as part of the performance appraisal arrangements. 3) Shared service nature of the pensions team provides resilience and sharing of knowledge. 4) Officers maintain their CPD by attending training events and conferences.	1	10	31/12/2022
Resource and Skill Risk	41	Committee members do not have appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.	4	3	2	9	3	27	27	↓	TREAT 1) External professional advice is sought where required. Knowledge and skills policy in place (subject to Committee Approval) 2) Comprehensive training packages will be offered to members. 3) Co-opted members boost resilience.	2	18	31/12/2022
Resource and Skill Risk	42	Loss of 'Elective Professional Status' with any Fund managers and counterparties resulting in reclassification of fund from professional to retail client status impacting Fund's investment options and ongoing engagement with the Fund managers.	4	2	2	8	2	16	16	↔	TREAT 1)Keep quantitative and qualitative requirements under review to ensure that they continue to meet the requirements. 2)Training programme and log are in place to ensure knowledge and understanding is kept up to date. Two half day events have taken place in 22/23 and a third will take place before the end of March 2023. 3)Existing and new Officer appointments subject to requirements for professional qualifications and CPD.	1	8	31/12/2022
Resource and Skill Risk	43	Change in membership of Pension Fund Committee leads to dilution of member knowledge and understanding	2	2	1	5	4	20	20	↓	TREAT 1) Succession planning processes are in place. 2) Ongoing training of Pension Fund Committee members. 3) Pension Fund Committee new member induction programme. 4) Training to be based on the requirements of CIPFA Knowledge and Skills Framework under designated officer.	1	5	31/12/2022
Administrative and Communicative Risk	44	The Pension Fund is recruiting for a brand new retained HR and Pensions administration team, with finding candidates for all positions likely to be a challenge.	4	3	3	10	2	20	20	↔	TREAT 1) A task force of key stakeholders has been assembled. Officers to feed into the internal processes necessary for the setup of an effective retained pensions team 2) Recruitment is almost complete for the retained team 3) Officers have received handover pack from the departing RBKC retained pensions team. 4) Members have chosen the new service provider as the London Pensions Partnership, with a project team established to manage the transition, which has almost fully completed. 5) A number of staff have been recruited with few posts unfilled.	2	20	31/12/2022

Administrative and Communicative Risk	45	COVID-19 affecting the day to day functions of the Pensions Administration services including customer telephony service, payment of pensions, retirements, death benefits, transfers and refunds.	2	3	3	8	1	8	8	↔	<p><b>TOLERATE</b></p> <p>1) The Pensions Administration team have shifted to working from home</p> <p>2) The administrators have prioritised death benefits, retirements including ill health and refunds. If there is any spare capacity the administrators will prioritise transfers and divorce cases.</p> <p>3) Revision of processes to enable electronic signatures and configure the telephone helpdesk system to work from home.</p> <p>4) Since the original outbreak the administrator has been able to return to business as usual</p>	1	8	31/12/2022
Administrative and Communicative Risk	46	Failure of fund manager or other service provider without notice resulting in a period of time without the service being provided or an alternative needing to be quickly identified and put in place.	5	2	2	9	2	18	18	↔	<p><b>TREAT</b></p> <p>1) Contract monitoring in place with all providers.</p> <p>2) Procurement team send alerts whenever credit scoring for any provider changes for follow up action.</p> <p>3). Officers to take advice from the investment advisor on fund manager ratings and monitoring investment</p>	2	18	31/12/2022
Administrative and Communicative Risk	47	Concentration of knowledge in a small number of officers and risk of departure of key staff.	2	2	3	7	3	21	21	↔	<p><b>TREAT</b></p> <p>1) Process notes are in place.</p> <p>2) Development of team members and succession planning improvements to be implemented.</p> <p>3) Officers and members of the Pension Fund Committee will be mindful of the proposed CIPFA Knowledge and Skills Framework when setting objectives and establishing training needs.</p>	2	14	31/12/2022
Administrative and Communicative Risk	48	Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.	4	4	3	11	2	22	22	↔	<p><b>TREAT</b></p> <p>1) Update and enforce admin strategy to assure employer reporting compliance.</p> <p><b>TOLERATE</b></p> <p>1) Northern Trust provides 3rd party validation of performance and valuation data. Admin team and members can interrogate data to ensure accuracy.</p>	1	11	31/12/2022
Administrative and Communicative Risk	49	Failure of financial system leading to lump sum payments to scheme members and supplier payments not being made and Fund accounting not being possible.	1	3	4	8	2	16	16	↔	<p><b>TREAT</b></p> <p>1) Contract in place with HCC to provide service, enabling smooth processing of supplier payments.</p> <p>2) Process in place for LPPA to generate lump sum payments to members as they are due.</p> <p>3) Officers undertaking additional testing and reconciliation work to verify accounting transactions.</p>	1	8	31/12/2022
Administrative and Communicative Risk	50	Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	1	2	5	8	2	16	16	↔	<p><b>TREAT</b></p> <p>1) Disaster recovery plan in place as part of the service specification between the Fund and new provider LPPA</p> <p>2) Ensure system security and data security is in place</p> <p>3) Business continuity plans regularly reviewed, communicated and tested</p> <p>4) Internal control mechanisms ensure safe custody and security of LGPS assets.</p> <p>5) Gain assurance from the Fund's custodian, Northern Trust, regarding their cyber security compliance.</p>	1	8	31/12/2022
Administrative and Communicative Risk	51	Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	1	2	4	7	2	14	14	↔	<p><b>TREAT</b></p> <p>1) In the event of a pension payroll failure, we would consider submitting the previous months BACS file to pay pensioners a second time if a file could not be recovered by the pension administrators and our software suppliers.</p>	1	7	31/12/2022

Administrative and Communicative Risk	52	Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.	1	1	1	3	3	9	9	↔	TREAT 1) Pension administration records are stored on the LPPA servers who have a disaster recovery system in place and records should be restored within 24 hours of any issue. 2) All files are backed up daily.	2	6	31/12/2022
Regulatory and Compliance Risk	53	Failure to hold personal data securely in breach of General Data Protection Regulation (GDPR) legislation.	3	3	5	11	2	22	22	↔	TREAT 1) Data encryption technology is in place which allow the secure transmission of data to external service providers. 2) LBHF IT data security policy adhered to. 3) Implementation of GDPR 4) Project team in place to ensure smooth transition	1	11	31/12/2022
Regulatory and Compliance Risk	54	Failure to comply with recommendations from the Local Pensions Board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator	1	3	5	9	2	18	18	↔	TREAT 1) Ensure that a cooperative, effective and transparent dialogue exists between the Pension Fund Committee and Local Pension Board.	1	9	31/12/2022
Reputational Risk	55	Loss of funds through fraud or misappropriation leading to negative impact on reputation of the Fund as well as financial loss.	3	2	5	10	2	20	20	↔	TREAT 1) Third parties regulated by the FCA and separation of duties and independent reconciliation processes are in place. 2) Review of third party internal control reports. 3) Regular reconciliations of pensions payments undertaken by Pension Finance Team. 4) Periodic internal audits of Pensions Finance and HR Teams.	1	10	31/12/2022
Reputational Risk	56	Financial loss of cash investments from fraudulent activity	3	3	5	11	2	22	22	↔	TREAT 1) Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss is minimised. 2) Strong governance arrangements and internal control are in place in respect of the Pension Fund. Internal audit assist in the implementation of strong internal controls. Processes recently firmed up 3) Fund Managers have to provide annual SSAE16 and ISAE3402 or similar documentation (statement of internal controls).	1	11	31/12/2022
Reputational Risk	57	Failure to comply with legislation leads to ultra vires actions resulting in financial loss and/or reputational damage.	5	2	4	11	2	22	22	↔	TREAT 1) Officers maintain knowledge of legal framework for routine decisions. 2) Eversheds retained for consultation on non-routine matters.	1	11	31/12/2022
Reputational Risk	58	Inaccurate information in public domain leads to damage to reputation and loss of confidence	1	1	3	5	3	15	15	↔	TREAT 1) Ensure that all requests for information (Freedom of Information, member and public questions at Council, etc) are managed appropriately and that Part 2 Exempt items remain so. 2) Maintain constructive relationships with employer bodies to ensure that news is well managed.	2	10	31/12/2022
Reputational Risk	59	Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non-compliant process	2	2	3	7	2	14	14	↔	TREAT 1) Ensure that assessment criteria remains robust and that full feedback is given at all stages of the procurement process. 2) Pooled funds are not subject to OJEU rules.	1	7	31/12/2022
Regulatory and Compliance Risk	60	Non-compliance with regulation changes relating to the pension scheme or data protection leads to fines, penalties and damage to reputation.	3	3	2	8	2	16	16	↔	TREAT 1) The Fund has generally good internal controls regarding the management of the Fund. These controls are assessed on an annual basis by internal and external audit as well as council officers. 2) Through strong governance arrangements and the active reporting of issues, the Fund will seek to report all breaches as soon as they occur in order to allow mitigating actions to take place to limit the impact of any breaches.	1	8	31/12/2022
Regulatory and Compliance Risk	61	Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests	3	3	4	10	2	20	20	↔	TREAT 1) Publication of all documents on external website. 2) Officers expected to comply with ISS and investment manager agreements. 3) Local Pension Board is an independent scrutiny and assistance function. 4) Annual audit reviews.	1	10	31/12/2022