

Pensions Board Minutes

Tuesday 12 November 2024

PRESENT

Committee members: Councillors Ashok Patel (Chair) and Nikos Souslous

Co-opted members: Andy Sharpe, William O'Connell and Patsy Ishmael

Officers: Eleanor Dennis (Head of Pensions), David Hughes (Director of Audit, Fraud, Risk and Insurance), Patrick Rowe (Strategic Finance Manager) and Sian Cogley (Pension Fund Manager)

1. APPOINTMENT OF CHAIR AND VICE CHAIR

RESOLVED:

The Pensions Board, appointed Councillor Ashok Patel as Chair and Councillor Nikos Souslous as Vice-Chair for the 2024-24 municipal year.

2. APOLOGIES FOR ABSENCE

There were no apologies for absence.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the Pensions board agreed the open and exempt minutes of meeting held on 27th February 2024.

5. MINUTES OF THE PREVIOUS PENSION FUND COMMITTEE

RESOLVED

That the Pension Board noted the open and exempt minutes of Pension Fund Committee meetings held on 23rd July and 10th September 2024.

6. KEY PERFORMANCE INDICATORS

Eleanor Dennis (Head of Pensions) introduced the report which provided a summary of the performance of the local pension partnership administration (LPPA) for Q2 covering the period July to September 2024. The overall quarterly KPI performance in Q2 97.7%, 97.5% in Q1, improvements from 97.2% in Q4 a small increase from 96.9% in Q3. Performance above target was achieved in 100% of all case types in Q2.

Councillor Nikos Souslous commended Eleanor Dennis and her team for achieving this improvement in the KPI's, noting how encouraging it was to see such consistently high performance in these metrics.

The Chair echoed Councillor Nikos Souslous's remarks and requested additional clarification on the performance metrics related to deaths and refunds compared to the previous year. He also enquired whether there was potential for further improvement in these areas. In response Eleanor Dennis explained that since the council began its partnership with LPPA, such high level of above target performance across all case types had not been achieved before. She noted that while there was no specific factor driving these consistent results, performance had improved due to a strong commitment to service enhancement and effective feedback and collaboration between LPPA and herself . She added that the Head of Pensions would continue to work closely with LPPA to sustain this high level of performance and pursue further improvements.

David Hughes (Director of Audit, Fraud, Risk and Insurance), noted that it was very encouraging to see at the recent Pension Fund Committee, LPPA discuss some of the proactive measures they planned to implement for payment related processes to ensure they remained on track with the SLA. LPPA reported that additional resources would be allocated to more complex cases, and they highlighted improved staff retention compared to the previous period.

RESOLVED

The Pensions Board noted the contents of this report.

7. PENSION ADMINISTRATION UPDATE

Eleanor Dennis (Head of Pensions) introduced the report which covered a summary of activity in key areas of pension administration for the Council's Pensions Fund. It was noted that employer engagement continued to increase to 90%, especially with reference to the submission of monthly data files. The number of calls to the LPPA helpdesk fell in Q2 to 1173. The service provision continued to improve, in Q4 average call wait times fell from 2 minutes 14 seconds in Q4 to 2 minutes 7 seconds in Q2, (However this was up from 1 minute 49 seconds in Q1). With an 2.6% average abandonment rate across all calls. LPPA systems had now been updated with the McCloud software and LPPA had identified all the affected members for our Fund. Additionally, the Pensions Dashboard would go live for the Fund in October 2025.

Councillor Nikos Souslous asked about the level of engagement from employers and how much it had increased since the last meeting in February 2024. Eleanor Dennis explained that engagement had risen by 20%, thanks to collaboration between the LBHF Pensions Team and LPPA to enhance employer involvement. Including her teams enforcement of the pension administration strategy. She added that they were monitoring closely to ensure this increase would not result in a backlog of unsubmitted month files.

The Chair with regards to the member satisfaction survey noted that the responses remained low and enquired how communication was passed on to members. Eleanor Dennis noted that this survey would be sent to individuals via email at the end of the retirement process. LPPA would issue a satisfaction survey to each individual based on the number of completed retirements, for both active and deferred cases. It was observed, however, that the response rate was fairly low, with most recipients either did not complete the survey or provided neutral feedback.

The Chair asked whether the implementation of the McCloud software would enhance the pension administration service. Eleanor Dennis explained that the McCloud software itself would not impact service levels, as it was primarily designed to identify individuals affected by this scheme.

Councillor Nikos Souslous asked about LPPA's next steps to further enhance the service. Eleanor Dennis noted that LPPA recognised the need for continued improvement. Now that KPI's had been consistently met, they would focus on other key areas, including enhancing member experience, improving the quality of data received and increasing process automation.

William O'Connell (Co-opted member) commended the implementation of the members focus group that had been set up for the portal. Eleanor Dennis noted that that it was positive to see a member of the board taking part in this and requested that continued feedback be provided of the experience.

RESOLVED

The Pensions Board noted the contents of this report.

8. PENSION FUND QUARTERLY UPDATE Q2 2024

Sian Cogley (Pension Fund Manager) provided a summary of the key points. It was noted that the paper provided the Pensions Board with a summary of the Pension Fund's overall performance for the quarter ended 30 June 2024. Since the agenda was published additional information had become available and Sian Cogley was able to verbally update the Committee that over the quarter to 30 September 2024, the market value of the assets increased by £3m to £1,374m. The Fund had underperformed its benchmark net of fees by 0.4%, delivering an absolute return of 1.23% over the quarter. The total Fund delivered a positive return of 10.29% on a net of fees basis over the year to 30 September 2024.

Councillor Nikos Souslous requested further clarification on the Pension Fund Committee's request to align the risk register with the format of the Audit Committee.

Sian Cogley outlined the changes and explained that these related to a quarter-to-quarter comparison of the scores and assigning a lead director to each risk.

Referring to page 45 of the agenda pack, the Chair enquired if Aviva had paid all the redemption monies back to the LBHF Fund. In response Sian Cogley noted that final redemption payments totalling £13.9m were made in September 2024, circa £3.4m or 15% lower than the estimated figure of £22.7m (excluding redemption charge), if the full redemption had been received on time. Aviva representatives would attend the next Pension Fund Committee on 26th November 2024, to provide additional updates.

Andy Sharpe (Co-opted Member) asked a follow up question. He enquired if an independent market valuation had been carried out to ascertain the market 18 months ago when Aviva was due to make the redemption. Sian Cogley noted the Fund's investment advisers had reviewed the valuation and macroeconomic factors for the market over that period. However, she would investigate further and provide an update.

Action: Sian Cogley

Referring to appendix 4, the Chair noted that the Pensions Board had not been offered training under risk 41. Patrick Rowe (Strategic Finance Manager) noted that it was important that Pension Board members felt that they had adequate training to carry out their duties and scrutinise the administration of the Fund, which included the governance around investments and decisions being made. It was noted that the training sessions took place twice a year and invites are extended to Pension Board members. Recordings of the training session that took place in September 2024 can be shared with any members of the Pensions Board who were unable to attend.

Action: Sian Cogley

Referring to appendix 4, risk 1 (Asset and Investment Risk) the Chair highlighted the current geopolitical and economic uncertainty and asked how often dialogue with investment managers took place. Sian Cogley noted that Officers met with fund managers on a quarterly basis to address these concerns. Additionally, Patrick Rowe explained that the Fund's investment advisors were regularly monitoring performance of the underlying fund managers and investment strategy in different asset classes.

Andy Sharpe (Co-opted Member) noted that, at a previous Pension Fund Committee it was mentioned that the Fund held investments in the United States. He enquired whether an analysis had been conducted on the potential impact of tariffs and how this might affect the Pension Fund. He asked if there had been assurances provided by ISIO on any additional exposures to the Fund.

Sian Cogley explained that a specific one based on tariffs had not taken place. However, the investment advisors were regularly monitoring the macroeconomic environment and reporting this back to Council officers. Patrick Rowe explained that most exporting companies would be impacted by such tariffs, but there was limited appetite to conduct an analysis at this stage, as officers were still working to understand the scope and specifics of potential tariff applications. However, Andy

Sharpe emphasised the importance of conducting an analysis as soon as possible given the rapidly changing economic environment.

The Chair noted that, according to the report, LCIV had underperformed over the last quarter and that the CIO had resigned. He enquired if this was a cause for concern. In response Sian Cogley noted that the LCIV appointed an interim CIO (Rob Treich), alongside some new appointments across the Team. Officers were monitoring this situation closely and attended their quarterly update meetings. Officers were not currently concerned with any of the Funds holding with LCIV.

RESOLVED

The Pensions Board noted the contents of this report.

Meeting started: 6:30pm
Meeting ended: 7:30pm

Chair

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