

Pension Fund Committee Minutes



Tuesday 9 September 2025

PRESENT

Committee members: Councillors Ross Melton (Chair), Cllr Lydia Paynter and Cllr Adam Peter Lang

Co-opted members: Michael Adam and Peter Parkin

Other Councillors: Cllr Rowan Ree (Cabinet Member for Finance and Reform)

Officers:

Eleanor Dennis (Head of Pensions)

David Hughes (Director of Audit, Fraud, Risk and Insurance)

Phil Triggs (Director of Treasury and Pensions)

Patrick Rowe (Strategic Finance Manager)

Liam Oliff (Committee Coordinator)

Sam Gervaise-Jones (Independent Advisor)

Isio Group:

Andrew Singh

Jonny Moore

Resonance Reps:

Gary Walker

Simon Chisholm

1. APOLOGIES FOR ABSENCE

Apologies for Absence were submitted by Councillors Pascu-Tulbure and Janes.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the open and exempt minutes of the meeting held on 25th June 2025 were approved.

4. RESONANCE IMPACT EVERGREEN FUND INVESTMENT PROPOSAL

Phil Triggs (Director of Treasury and Pensions) introduced the report which sought the Pension Fund Committees decision on whether to invest in Resonance subject to further due diligence from Isio. Appendix 1 outlined the due diligence undertaken by Isio on the Resonance proposal, including a summary of the portfolio and its principal objectives.

The Committee received a verbal presentation from Gary Walker and Simon Chisholm, Resonance representatives. Resonance looked to alleviate the nationwide issue in the UK of a lack of temporary accommodation. Resonance sought returns through balance on the rental yield and appreciation on the value of the properties. Local housing allowance was linked to inflation in the long run. The investment met the objective of achieving local status, while also contributing to the wider London housing challenge by increasing local supply. The outcome aligned with the government's objective of supporting UK local investment. They provided an overview of the impact Resonance had achieved through its previous and current funds, demonstrating tenant-first design approach. The Fund aimed to deliver a 6% internal rate of return (IRR) on a rolling ten-year basis, alongside a targeted 3% distribution yield, thereby generating secure income for the pension fund.

The Chair opened the discussion by enquiring whether Resonance had any properties in Hammersmith & Fulham (H&F). Gary Walker (Resonance) confirmed that two properties were held within H&F, with several more located in neighbouring boroughs.

The Chair asked if investment from the H&F Pension Fund (H&FPF) could enable further investment within the borough. Simon Chisholm (Resonance) confirmed this to be the case and suggested agreeing a geographical distance from the borough, targeting equivalent investment in that area. The aim was for 60% of investment to be in adjacent boroughs, 10% within H&F, and the remainder within a 45-minute travel radius. The Chair wondered whether other areas investing locally, would benefit H&F indirectly. Simon Chisholm agreed with this assessment.

Councillor Adam Peter Lang raised the importance of ethical investment and achieving the best possible returns and asked whether there was anything that could be deemed to be sensitive included in the fund. Simon Chisholm stated that there were no known sensitivities within the fund and emphasised the need to work with appropriate housing partners, as issues could arise from working with unsuitable ones. Councillor Lang asked whether there were any restrictions regarding housing certain individuals. Simon Chisholm clarified that tenants were referred by the Local Authority. Gary Walker added that the fund operated as a social enterprise and was not-for-profit.

Michael Adam (Co-Optee) asked whether closed discussions would be held on the matter. The Chair confirmed that this was possible. Michael Adam queried whether the proposal had been discussed with London CIV (LCIV). Phil Triggs responded that officers had engaged with LCIV, who had expressed initial concerns in the investment, while still conducting due diligence. LCIV had expressed doubt regarding the initial projected return of 3%, and were continuing to assess the proposal.

Michael Adam asked whether it was a good time to increase exposure to UK real estate, with movements in UK Gilt yields. Andrew Singh (Isio) explained that the composition included various types of property investment. Isio's preference was for investments with strong inflation linkage. Over the long term, returns were expected to be linked to inflation. Andrew Singh noted that volatility in interest rates had affected commercial real estate and that Environmental, Social and Governance (ESG) considerations were a key driver, although returns remained modest.

Sam Gervaise-Jones commented on the strategic trade-off between impact and return, which was relatively poorly defined and left to individual investment committees to determine. He expressed support for the commitment and shared his experience with Resonance, suggesting that the yield/impact trade-off should be considered in the medium term. He queried the shift from close-ended to evergreen funds. Simon Chisholm explained that the fund had started with short-term investments in 2013 but had since recognised a long-term need. The evergreen structure was deemed more appropriate, allowing indefinite holding and flexible entry and exit based on market norms. Simon Chisholm noted that issues had arisen when mixing long and short-term investors.

Sam Gervaise-Jones referred to Isio's mention of a £200 million fundraising target and asked how likely this was to be achieved. Gary Walker confirmed that they were confident in reaching this target, with presentations being made to multiple Local Government Pension Schemes (LGPS) and insurance companies. Gary Walker added that £100–£120 million was expected to be invested by current investors at the end of the year.

Councillor Lydia Paynter asked how many LGPS funds had invested and whether a specific target was in place. Gary Walker explained that Croydon had been the first LGPS investor in 2013. Between 2020 and 2025, four LGPS funds had participated: Greater Manchester, South Yorkshire, Gloucestershire, and Hackney. The GLA had also invested. Gary Walker stated that the target was to secure four to six LGPS funds over the next year and that discussions with LCIV were ongoing to resolve outstanding issues.

Michael Adam asked where liquidity would be sourced to go ahead with this investment and whether relative value had been explored against other affordable housing schemes. Andrew Singh explained that at the moment, looking at how the investment could be funded was not part of the due diligence that had taken place. Given the way asset allocation was structured, the fund would be a suitable fit in the inflation protection or secure income

group of investments. Andrew Singh noted that the fund was due to launch later in the year, allowing time for further decision-making.

The Chair concluded by proposing that the matter be revisited in an exempt session.

RESOLVED:

That the Pension Fund Committee agreed to defer this decision to a future meeting, where they would receive an updated report which would include due diligence from Isio with all stages complete.

5. RESPONSIBLE INVESTMENT STRATEGY UPDATE

The Chair invited speakers from the Hammersmith and Fulham Unison branch to speak to the Committee about concerns they had regarding certain investments in the Hammersmith and Fulham Pension Fund.

Rana Aria (Unison Branch Chair) spoke to the committee and thanked them for the opportunity to speak at the meeting. A call for divestment had been raised the previous year. The response received at the time was disappointing, particularly as the justification given was financial return, which was considered an unacceptable reason. While there was not necessarily agreement with the overall investment figure, there were specific concerns that required attention, including investment in Elbit Systems and allegations of genocide within the Middle East conflict zone under international law. It was acknowledged that the Pension Fund Committee had a fiduciary duty to its beneficiaries, but also a responsibility to comply with international law and uphold human rights. UNISON's position was that profiting from genocide was unacceptable. Reference was made to previous divestments, including from climate-related investments, demonstrating precedent.

The Palestine Solidarity Campaign had written to all Councils requesting divestment. Appreciation was expressed for the fact that LCIV would be taking over management from April 2026. There was a desire to work more closely with the Council, and concern was expressed that the committee had not fully investigated the matter. Councillor Melton had issued an apology and committed to reviewing the investment policy to include considerations of international law.

Simon Norbury (Unison Steward) raised concerns that the pension fund to which members had contributed was being used to support unethical investments. Specific reference was made to the use of armed drones and white phosphorus, deployed against children in Gaza. He expressed shame at having unknowingly contributed to such a pension scheme with these investments. A question was raised regarding the ethical scrutiny applied to housing schemes, and why similar ethical considerations had not been applied to investments involving military technologies. The steward called for divestment, citing the International Criminal Court's position that there is a duty to divest under international law. It was noted with surprise that such a discussion was still necessary, given the seriousness of the concerns raised.

Phil Triggs confirmed that the investment strategy had been revisited, and a revised version was included in the agenda. As part of the update, consideration had been given to enhancing the section on conflict and human rights. The revised approach aimed to disclose any material conflicts where there was exposure to ongoing events.

A new framework had been introduced, categorising investments into three tiers:

- Tier 1 Green: No grounds for divestment
- Tier 2 Amber: Requires further debate
- Tier 3 Red: Grounds for divestment

Under section 4.6 of the report, one investment had been classified as Tier 3 (red), amounting to £1,500 out of a total fund value of £1.5 billion. It was noted that this investment formed part of a global tracker index, and as such, the fund could not dictate the terms of the stock's inclusion. The only options available were to divest from the entire index or remain fully invested. In relation to BAE Systems, it was confirmed that there was no direct exposure.

The Chair outlined a three-stage approach to the discussion: a review of the investment portfolio, consideration of the strategy, and the issue of divestment.

Councillor Adam Peter Lang thanked UNISON for their contribution and reflected on the importance of rights and ethics in a rapidly changing geopolitical landscape. He noted that the matter had been discussed in November 2024 and that all members present were committed to upholding responsible investment standards. He acknowledged that discussions had taken place and that the Chair had met with various stakeholders. He welcomed the introduction of the three-tier classification framework as a constructive way forward and stressed the importance of keeping all matters under review. He expressed his concern at recent news reports but emphasised that this did not diminish the committee's responsibility to residents and officers. He also noted discrepancies between the figures presented by Unison and those he had seen.

Councillor Lydia Paynter raised concerns regarding Elbit Systems and asked how other London Councils, which were part of LCIV, had committed to divestment. She queried how the committee could engage with LCIV to apply the new responsible investment framework. The Chair responded that from 1st April 2026, investment pooling would commence, reducing the Council's direct influence as one of 32 London Boroughs within the pool. He emphasised the importance of reflecting the values of the local community and stated that the Council should take the opportunity, while it retained more control, to set a precedent and take meaningful action. Phil Triggs confirmed that the handover to LCIV was scheduled for 1 April 2026. He reported that LCIV had been engaged and was under considerable pressure from stakeholders regarding the investment in question. He expressed hope that LCIV would approve an investment policy that clearly set out expectations and confirmed that engagement with index compilers was ongoing to assess the inclusion of specific firms. He stated that the Council would continue to engage with LCIV.

Sam Gervaise-Jones viewed the situation as an opportunity to shape future policy and prompt LCIV to adopt a more proactive approach. He stressed the importance of having a framework in place to address emerging issues.

Peter Parkin (Co-Optee) asked about the complications that might arise between now and the LCIV takeover, and how the Council could influence divestment within the available timeframe. Phil Triggs explained that the main challenge was identifying a suitable portfolio with no links to the stocks in question. He noted that switching to a bespoke portfolio and appointing a dedicated segregated manager would be costly. He added that while some adjustments could be made within six months, divesting from specific parts of investments would require closing the investment fully.

The Chair expressed satisfaction with the traffic light classification system.

Councillor Rowan Ree (Cabinet Member for Finance and Reform) commented that while everyone was appalled by the current situation, the £54 million figure included companies such as Airbnb, Sony and McDonald's, which were not directly involved in the conflict. He asserted that no decision made by the committee had contributed to conflict. He argued that the defence sector should not be excluded on ethical grounds, noting that governments across Europe were investing in defence equipment in response to the war in Ukraine. He cited a European Union report recommending investment in the defence sector and cautioned against any action that might hinder defence capabilities.

The Chair explained that the updated policy aimed to distinguish between responsible investments in the defence sector and those of concern. He acknowledged that divestment mechanisms were complex and required careful consideration. He outlined the choice between maintaining the current investment approach or establishing a bespoke managed fund, which would be both costly and time-intensive. However, he noted that creating such a fund could set a precedent and lead to future committees divesting from stocks that the current committee felt were ethical. He expressed support for the committee requesting officers to revisit the issue, explore lessons learned, engage with LCIV, and consider alternative approaches.

Councillor Lydia Paynter cautioned against industry-wide divestment, noting the serious challenges it posed. She highlighted the risk of conflating defence with conflict and warned against setting a precedent that could lead to divestment from entire industries. She cited the pharmaceutical sector as an example, where companies had been criticised for unethical practices but also produced life-saving drugs. She drew a parallel with Ukraine's need for UK defence support and urged the committee to focus specifically on conflict-related investments rather than the broader defence sector.

The Chair concluded by stating that the strategy should be about setting the correct precedent.

RESOLVED:

1. That the Pension Fund Committee agreed to an addendum to the Pension Fund's Responsible Investment statement to set out the Fund's approach to conflict linked investments, clarify expectations for investment managers, and establish a transparent framework for decision-making, as highlighted in Appendix 1.
2. That officers looked at suitable options for divesting, without setting an unwanted precedent, for the companies that were given a red rating in the three-tier system.

6. KEY PERFORMANCE INDICATORS

Eleanor Dennis (Head of Pensions) introduced the report which set 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. The Key Performance Indicators (KPIs) were for the period quarter 1 April – June 2025 inclusive and were detailed in Appendix 1 of the paper. There had been a continuous improvement in the KPI pension administration service delivery provided by LPPA in the start of the new scheme year.

Councillor Adam Peter Lang noted the overall good performance of the team and noted improvements in processing retirements. He thanked officers for their hard work.

The Chair highlighted that the improvement had been achieved in a time of great strain on the team and he commended officers for that.

RESOLVED:

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

7. PENSION ADMINISTRATION UPDATE

Eleanor Dennis introduced the report which provided a summary of activity in key areas of pension administration for the H&FPF. There had been an increase in the number of complaints received by the LPPA, but these were being dealt with more efficiently. Member satisfaction survey responses remained low but most of those responding were satisfied. The consultation on inheritance tax on pensions closed in January 2025. The outcome was that from April 2027, only death in service pension benefits including spouses benefits from registered pension schemes would be exempt from inheritance tax. This would involve considerably more work for administrators.

The Chair reported that there were currently 13 complaints being dealt with by the LPPA, an increase from the previously reported single-digit figures. Eleanor Dennis confirmed the rise and noted that although the number had increased, cases were now being processed more efficiently.

The Chair enquired whether the committee would be able to view performance data via the new dashboard and requested a demonstration at a future meeting. Eleanor Dennis responded that there was no reason why this could not be arranged, although she had not yet seen how the public-facing version of the dashboard would look. She added that the 2027 timeline was ambitious, given the current lack of visibility.

The Chair raised the issue of diversity within the Pension Fund Committee, noting that the gender and ethnic composition of the committee did not reflect that of the wider membership. He confirmed that this would remain on the agenda.

Councillor Adam Peter Lang noted that the dashboard had been referenced in the notes but queried whether a specific date had been set for its release. Eleanor Dennis confirmed that no date had been confirmed but expressed hope that more information would be provided soon.

Councillor Adam Peter Lang emphasised the importance of communications. He asked whether LPPA would continue to support individuals approaching retirement. Eleanor Dennis confirmed that they worked with a third-party provider called Affinity Connect to host pre-retirement courses on their behalf. She added that individuals planning to retire within the next 18 months would continue to receive appropriate support.

RESOLVED

That the Pension Fund Committee noted the contents of the report.

8. ANNUAL BENEFIT STATEMENTS AND MCCLOUD IMPLEMENTATION

David Hughes (Director of Audit, Fraud, Risk and Insurance) introduced the report which outlined that many of the software providers including Civica, which are used by LPPA, have had delays in implementing the required updates to systems to enable LPPA to deliver the annual benefit statements with the McCloud underpin by 31 August 2025 for all membership groups. For the Hammersmith & Fulham Fund there is a total of 309 (11.2%) members affected by McCloud that LPPA are unable/or may be unable to receive an accurate annual benefit statement by the 31 August 2025. The recommendation was that the Hammersmith & Fulham Fund used its discretion to delay the provision of an annual benefit statement to 31 August 2026.

The Chair explained that a draft copy of the McCloud notification letter for Members of the pension fund had been shared with him. He added that the approach was aligned with their LGPS peers and that no pension fund members would be negatively affected by this.

RESOLVED:

That the Hammersmith & Fulham Fund deferred detailing the McCloud underpin until 31 August 2026 for the detailed groups for whom the calculation cannot be included in their 2024/25 annual benefit statement as a retrospective decision.

9. DRAFT ANNUAL PENSION FUND REPORT 2024/25

Phil Triggs introduced the item which outlined the Pension Fund Annual Report 2024/25, which included the draft Pension Fund Accounts 2024/25, this was a regulatory requirement and was required to be approved by the Pension Fund Committee. The draft Pension Fund Annual Report for 2024/25 was attached as Appendix 1. The 'Preparing the Pension Fund Annual Report Guidance for Local Government Pension Scheme Funds' was updated in April 2024. As part of the new guidance, links to the full text versions of the funding strategy statement, the investment strategy statement, the governance compliance statement and the communication policy had been included in the Annual report, rather than including the full policies in the report.

Councillor Adam Peter Lang commented that the report was comprehensive and accessible and thanked officers for this.

Sam Gervaise Jones referred to the scheme management and advisors section, and asked if there should be mention of the independent advisor. Phil Triggs said he would ensure that this was included in the final version.

RESOLVED:

That the Pension Fund Committee approved the draft Pension Fund Annual Report for 2024/25 and delegated the approval of the final version to the Director of Treasury and Pensions in consultation with the Chair.

10. PENSION FUND QUARTERLY UPDATE Q2 2025

Phil Triggs introduced the report which included an overview of the Pension Fund's performance which was provided in Appendix 1. This included administrative, investment, and cash management performance for Q2. Appendix 2 provided information regarding the Pension Fund's investments and performance. The highlights from the quarter were that the investment performance report showed that, over the quarter to 31 March 2025, the market value of the assets increased by £30m to £1.439m, the Fund had underperformed its benchmark net of fees by 1.0%, delivering an absolute return of 2.4% over the quarter, the total Fund delivered a positive return of 5.4% on a net of fees basis over the year to 30 June 2025. The Pension Fund's cashflow monitor was provided in Appendix 3. This showed both the current account and invested cash movements for the last quarter, as well as cashflow forecasts to 31 March 2026. An analysis of the differences between the actuals and the forecast for the quarter was also included. The breaches of the law log was not included in this quarter as there had been no breaches to report.

RESOLVED

That the Pension Fund Committee noted the report.

11. **EXCLUSION OF THE PUBLIC AND PRESS**

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

Meeting started: 7:05pm
Meeting ended: 9:09pm

Chair

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