

London Borough of Hammersmith & Fulham

# Pension Fund Committee

## Minutes



**Monday 20 June 2022**

### **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

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

### **Officers**

David Hughes (Director of Audit, Fraud, Risk and Insurance)  
Eleanor Dennis (Head of Pensions)  
Phil Triggs (Director for Treasury and Pensions)  
Matthew Hopson (Strategic Investment Manager)  
Patrick Rowe (Pension Fund Manager)  
David Abbott (Clerk)

### **Advisers**

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

### **Guests**

Matthew Graham (Aviva)  
Daryl Murphy (Aviva)  
Sean McLoughlin (Aviva)  
Ian Shervell (Aviva)

## **1. APPOINTMENT OF VICE CHAIR**

### **RESOLVED**

It was unanimously agreed that Councillor Adrian Pascu-Tulbure be appointed as Vice Chair for the 2022/23 Municipal Year.

## **2. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

### **3. DECLARATIONS OF INTEREST**

Iain Cassidy declared a non-pecuniary interest in Item 4 as a trustee of Fulham Palace Trust.

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

#### **RESOLVED**

The open and exempt minutes of the previous meeting held on 28 February 2022 were agreed as an accurate record.

The Chair proposed, and it was unanimously agreed, to bring the Aviva Infrastructure Income Fund Update item forward on the agenda.

### **5. AVIVA INFRASTRUCTURE INCOME FUND UPDATE**

Phil Triggs (Director for Treasury and Pensions) introduced the update on the Pension Fund's investment in the Aviva Infrastructure Income Fund. The item included a report from the Fund's investment advisor, Deloitte, detailing the various issues that Aviva faced and their recommended course of action.

Matthew Graham, Daryl Murphy, Sean McLoughlin, and Ian Shervell from Aviva addressed the Committee and gave a presentation on the future of the infrastructure income fund.

#### **RESOLVED**

1. The Pension Fund Committee agreed to act in accordance with Deloitte's view and recommendation, as outlined on page 3 of Exempt Appendix 1.

### **6. PENSION ADMINISTRATION UPDATE**

Eleanor Dennis (Head of Pensions) presented the report on the Hammersmith & Fulham Pension Fund's new partnership with the Local Pension Partnership Administration (LPPA) which began on 26 January 2022. The report noted that the commencement of the service with LPPA had been challenging for all stakeholders, as LPPA have been implementing and familiarise themselves with new software, new processes, and been hampered by system outages and errors as well as large call volumes. Those issues had impacted on both service delivery and member experience.

Councillor Adrian Pascu-Tulbure asked what action had been taken to improve the service. Eleanor Dennis said LPPA recognised the quality was not where it needed to be. They had an action plan in place, had put in

additional resource, and were challenging the software provider to improve the situation.

Councillor Rowan Ree (Cabinet Member for Finance and Reform) asked officers if they were confident the issues were just teething problems. David Hughes (Director of Audit, Fraud, Risk and Insurance) said LPPA had listened to their concerns and were acting to improve the service. They underestimated the impact of changing their software provider, but they had been proactive in fixing it.

Councillor Laura Janes asked what the timeframe was for sorting the issues in the report. Eleanor Dennis said they had asked for them to be resolved by the end of the month.

## **RESOLVED**

1. The Committee noted the report.

## **7. UPDATE ON THE LGPS PENSIONS ADMINISTRATION SERVICE**

David Hughes (Director of Audit, Fraud, Risk and Insurance) presented the report that followed up on the decision to appoint Local Pension Partnerships Administration (LPPA) to provide the Pension Administration service from 1 February 2022. The new service went live on 26 January 2022.

## **RESOLVED**

1. The Committee noted the report.

## **8. PENSION ADMINISTRATION - KEY PERFORMANCE INDICATORS**

Eleanor Dennis (Head of Pensions) introduced the report that summarised the performance of the Local Pension Partnership Administration (LPPA) in providing a pension administration service to the Hammersmith & Fulham Fund.

Michael Adam asked how the KPI's were originally set and if they were a fair reflection of performance or understated it. Eleanor Dennis said the new system was more efficient than the previous provider. When the platform was fully operational it was four times more efficient to process cases. But LPPA had underestimated the complexity of implementing a new system with a new client. They had met their targets with other clients.

Councillor Florian Chevoppe-Verdier asked if officers were confident LPPA could achieve the results H&F expected. Eleanor Dennis said they could. They had been responsive to the challenges and were working closely with the Council to improve performance.

Councillor Laura Janes asked if the data from April onwards showed improvement. Eleanor Dennis said the position had improved from the peak of the issues in March.

**RESOLVED**

1. The Committee noted the report.

**9. DRAFT PENSION FUND STATEMENT OF ACCOUNTS**

Matthew Hopson (Strategic Investment Manager) presented the report on the draft Pension Fund Statement of Accounts for the year ended 31 March 2022.

Councillor Adam Peter Lang asked how H&F were doing compared with the other councils that the pensions team managed. Matthew Hopson said H&F compared favourably.

**RESOLVED**

1. The Committee noted the report.

**10. PENSION FUND QUARTERLY UPDATE PACK**

Patrick Rowe (Pension Fund Manager) presented the report that summarised the Pension Fund's Overall performance for the quarter ended 31 March 2022. He asked members to fill in the knowledge and skills self-assessment in Appendix 5 and send them to Phil Triggs or Mat Dawson.

**ACTION: Committee Members**

Kevin Humpherson (Advisor, Deloitte) addressed the Committee and gave an overview of the Fund's performance. He said there were no significant issues from investment managers to bring to the Committee's attention.

Michael Adam noted the deficit had narrowed and asked if that was an indication of what would be shown in the triannual valuation. Matthew Hopson (Strategic Investment Manager) said he expected the deficit to remain relatively flat.

Phil Triggs (Director for Treasury and Pensions) noted that officers were awaiting assumptions on CPI and wage inflation. Marian George (Independent Advisor) added that the new actuary may have a different approach to liabilities and suggested in future it would be worth having more monitoring of the funding level, to see the trend.

Michael Adam asked what performance would look like at the end of Q2. Kevin Humpherson expected it to be negative – with equities down, gilts up, and positive for some private markets like ground rents, housing, and infrastructure.

## **RESOLVED**

1. The Committee noted the report.
2. The Committee requested the questionnaire in a more accessible format.

### **11. PENSION FUND BUSINESS PLAN OUTTURN**

Patrick Rowe (Pension Fund Manager) presented the report on the outturn for the 2021/22 Business Plan.

## **RESOLVED**

1. The Committee noted the 2021/22 business plan outturn.

### **12. CODE OF PRACTICE 14 REQUIREMENTS AND COMPLIANCE REVIEW**

Phil Triggs (Director for Treasury and Pensions) presented the report which outlined the key themes and requirements of the TPR Code of Practice 14, and a review of the Fund's current compliance with each guideline be carried out.

Councillor Florian Chevoppe-Verdier asked if this was related to the new national pensions code that had been out for consultation. Phil Triggs said, no, that was a new single code of practice designed to cover all schemes. Members asked for a copy of the Council's response to that consultation.

**ACTION: Phil Triggs**

## **RESOLVED**

1. The Committee noted the report.

### **13. RESPONSIBLE INVESTMENT STATEMENT**

Patrick Rowe (Pension Fund Manager) introduced the draft Responsible Investment policy for the London Borough of Hammersmith and Fulham Pension Fund. He then gave a demo of an interactive dashboard that provided an overview of the fund, specially focusing on ESG. The dashboard was designed to provide further accountability and allow members of the Fund to explore the impact of its investments.

Councillor Florian Chevoppe-Verdier asked if there was a strategy to incentivise managers to improve the data they provided, and if that came with a cost. Patrick Rowe said the Fund would have to pay providers for their data. He noted that the London CIV was looking at ways to collect information across their funds.

Councillor Rowan Ree (Cabinet Member for Finance and Reform) was impressed with the dashboard and the work being done on divestment. He felt H&F should do more to get the message out about being the Council that had divested most from fossil fuels. It was a great achievement, and he commended the Committee.

Councillor Ree noted that the indications seemed to suggest each LGPS fund would be able to choose its own benchmarks, data, and timeline – which would make comparisons impossible. He felt the Committee should respond strongly to the consultation to stress the need for parity. Each LGPS fund should use the same standards.

The Chair thanked Patrick Rowe and the Pensions team for their innovative work on the dashboard. He encouraged members to try it, provide feedback, and explore ways to leverage the data.

#### **RESOLVED**

1. The Committee noted the Responsible Investment Statement.

#### **14. GOVERNANCE LOG OF RECOMMENDATIONS**

Phil Triggs (Director for Treasury and Pensions) presented the report that tracked progress implementing the 32 recommendations from the report of an independent consultant commissioned by officers to carry out an independent review of the governance arrangements for the Pension Fund. He noted 27 of the 32 recommendations had been implemented, with the remaining uncompleted items all relating to the Fund's administration practices.

#### **RESOLVED**

1. The Committee noted the report.

#### **15. DATE OF THE NEXT MEETING**

The Chair noted the date of the next meeting would have to be brought forward. Alternative dates were circulated after the meeting.

The Chair noted it was Matthew Hopson's last meeting. He thanked Matthew for all of his hard work supporting the Committee and the Fund over the last five years.

Meeting started: 7.00 pm  
Meeting ended: 9.52 pm

Chair .....

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