

Pensions Board

Minutes

Wednesday 7 June 2023

PRESENT

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

Co-opted members: William O'Connell (attended remotely)

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

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Neil Newton who had also resigned his position on the Board. Members noted that a replacement would be identified shortly.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

Responding to the members' enquiries, Eleanor Dennis (Head of Pensions) noted that the rates of abandoned helpdesk calls would be covered in her later report on the agenda. She also advised that according to the Local Pension Partnership Administration (LPPA), they did not intend to explore call-back service at the moment but it would be something to look at in the future if required.

RESOLVED

The minutes of meeting held on 8 February 2023 were agreed as an accurate record.

4. MINUTES OF PREVIOUS PENSION FUND COMMITTEE MEETINGS

Referring to the meeting of the Pension Fund Committee (PFC) on 28 February 2023, the Chair asked about the progress of the formal letter agreed to be sent out to LPPA for better performance. Eleanor Dennis noted that the formal letter might be

sent pending an improvement of the key performance data for the period between April to June (Quarter 1) 2023.

As regards the promised interim reports, Eleanor Dennis said that LPPA had provided some regular reports including key performance updates for the period April and May 2023, which had been circulated to members of the PFC.

RESOLVED

The minutes and exempt minutes of the PFC meetings held on 24 January and 28 February 2023 were noted.

5. PENSION ADMINISTRATION UPDATE

Eleanor Dennis (Head of Pensions) presented the report which provided a summary of activity in key areas of pension administration for the Hammersmith and Fulham Pension Fund (HFPP). She confirmed that the rate of abandoned helpdesk calls was 3%.

Councillor Nikos Souslous expressed concern that the LPPA no longer recorded call data in respect of the London Borough of Hammersmith and Fulham (LBHF). Echoing his disappointment, Eleanor Dennis noted that after sharing this concern to the LPPA's Managing Director (MD), they had hoped to re-introduce the feature and make available data on calls per client in the future.

In reply to Councillor Souslous' question about the monthly submission process, Eleanor Dennis noted that about 78% of LBHF's employers had attended the relevant online training sessions offered by LPPA. The Fund employers would be engaged in submitting monthly returns following the "end of year" process due by 28th of April. On the Chair's further enquiry about the number of outstanding submissions after the deadline, Eleanor Dennis explained that the switch from annual to monthly returns would help enhance data quality. David Hughes (Director of Audit, Fraud, Risk and Insurance) added that the Pension Administration team was working together with the Fund employers to push forward this monthly submission initiative with a view to improving data quality.

William O'Connell noted from his portal account that his Annual Benefit Statement for the year 2020/21 which should have been issued by the previous administrator was missing. Eleanor Dennis agreed to follow up.

ACTION: Eleanor Dennis

Noting from the report that the LPPA had acknowledged their unsatisfactory service but were 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, the Chair asked about the progress of these initiatives. Eleanor Dennis noted that the initiatives did not work out as expected, for example, the client relationship function was not effective and the centralised mailbox framework was pre-mature. Her team needed to process some issues/cases directly with the respective teams rather than via the client management forum such as those related

to transfers. David Hughes added that feedback had been made during the meetings with the LPPA's MD.

With reference to the frustration expressed by PFC members about increasing the budget for the pension administration service despite its poor performance, the Chair was concerned whether the LBHF could challenge the LPPA's proposed increase of 2022/23 budget from £384,000 to £399,000. Eleanor Dennis responded that PFC members had also raised concerns about the significant rising cost per member. However, LPPA was a non-profit making organisation which had lost 32% resources due to staff turnover and had difficulties in recruiting experienced staff, and the costs were increasing due to increased IT costs and costs for additional resources as well as to retain staff. While striving to meet the increased IT/system costs. She stressed that in paying the additional fee for LPPA's service, the LBHF had sought to challenge its under-performance and express dissatisfaction through the formal letter highlighting the areas that needed improvement.

David Hughes remarked that LBHF was one of the partners among all the LPPA clients who were sharing the increased costs. He stressed that service feedback would be made through the regular meetings with the LPPA's MD to ensure service improvements.

Councillor Soulous asked how did the LPPA's increased budget compare with that of other service providers in the sector. Eleanor Dennis undertook to provide the information.

ACTION: Eleanor Dennis

Noting from the report that there was no outstanding backlog with LPPA of LBHF cases, William O'Connell referred to his enquiry which was outstanding for about 10 weeks. Eleanor Dennis noted that both the inherited backlogs as well as those created in the past two quarters had been cleared. Nevertheless, she undertook to follow up his enquiry case to see how her team could give the necessary support.

ACTION: Eleanor Dennis

William O'Connell asked whether LPAA would take new clients in the coming year as it had in 2022/23. Eleanor Dennis clarified that LPPA had not taken on new clients but migrating clients to the new system. All phases of the project had now been completed, with all clients using the same system which allowed more cohesion and became a better place to deliver the Key Performance Indicators (KPIs).

William O'Connell noted that a friend who got an account on the online portal did not receive the pensioners' newsletter. Eleanor Dennis understood that the pensioners' newsletter was either sent to the direct email address or uploaded to the accounts of the portal which should contain all historical information for individual members. She added that the newsletter was despatched electronically except individual requests for hardcopies.

RESOLVED

The Board noted the contents of the report.

6. KEY PERFORMANCE INDICATORS

Eleanor Dennis (Head of Pensions) presented the report which summarised the performance of the Local Pension Partnership Administration (LPPA) in providing a pension administration service to the HFPF during the period between October 2022 and March 2023, i.e, from Q2 to Q4 of 2022/23.

Addressing Councillor Nikos Souslous' concern of including helpdesk performance as one of the KPIs, Eleanor Dennis noted that although the set of KPIs remained the same since LPPA coming on board, its MD agreed to consider including helpdesk data as one of the performance indicators in the future.

Councillor Souslous referred to concerns on the difference between the average wait time and the longest wait time range from over 2 minutes for helpdesk calls and its fluctuating trend of more than 15 minutes and asked how this had been taken care of. Eleanor Dennis said she had consulted the LPPA's Strategic Director on the big gap between the two extremes and undertook to relay any feedback received to the Board. She further noted that Dec 22 had the lowest number of calls but a big increase in average wait time which was due to Christmas break/annual leave.

ACTION: Eleanor Dennis

Replying to Councillor Souslous' further question on recording and processing the cases received before the Christmas gap/annual leave, Eleanor Dennis recalled her challenge on LPPA's performance in last December that while understanding the stretch of resources during system migration, the LBHF, as a client, would expect LPPA to be resilient and still able to deliver in line with the Service Level Agreement (SLA) targets.

The Chair sought the reason why the processing of death cases was particularly poor in Q3 of 2022/23. Eleanor Dennis advised that there was an incorrect trigger of recording the cases before the department had got the relevant information for processing. As the system clock had already started ticking before the processing, these cases hence failed to meet the SLA target of 5 working days. David Hughes (Director of Audit, Fraud, Risk and Insurance) appreciated that the LPPA had acknowledged the impact on reporting and taken steps to rectify the situation.

The Chair referred to page 58 of the agenda pack and asked how the SLA targets in respect of the performance standard had been set. Eleanor Dennis noted that the service levels for individual case types were set out in the discharge agreement drawn up by LPPA, with SLA targets ranging 5, 10 or 15 days. She added that during the report period from January to March 2023, the KPI target of 95% was met by 4 case types.

The Chair reiterated the PFC's request to review the discharge agreement. He also requested for a copy of the discharge agreement to enhance members' understanding of the SLA and KPI targets. David Hughes clarified that PFC had not asked to review the discharge agreement but rather asked if there was a clause for

financial recompense for poor performance, which there was not. The Committee had accepted the proposed increase in budget plus sending the LPPA a strong worded letter for performance improvement. Eleanor Dennis added that as agreed with the Chair of PFC, the draft formal letter was being held back pending the performance data for Q1 of 2023/24 (April to June 2023).

RESOLVED

The Board noted the contents of the report.

7. PENSION FUND QUARTERLY UPDATE PACK

Exclusion of the public and press

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 item of business, on the grounds that it contains 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.

Siân Cogley (Pension Fund Manager) provided the Board with a summary of the Pension Fund's overall performance for the quarter ended 31 December 2022, the cashflow update and forecast, and an assessment of risks and actions taken to mitigate the above.

She also shared the updates made available for PFC meeting on 13 June 2023 that over the quarter to 31 March 2023:

- the market value of the assets had increased by £27.4m to £1,280.8m;
- the Fund had underperformed its benchmark net of fees by 1.1%, delivering a return of 2.5% over the quarter; and
- over the year to 31 March 2023, the fund had underperformed its benchmark by 0.3%, returning -1.7% overall.

Officers and members discussed the exempt appendices in private session.

RESOLVED

The Board noted the update.

8. DATE OF THE NEXT MEETING

Members noted the next meeting would be held on 6 February 2024.

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

See item 7.

Meeting started: 7.00 pm

Meeting ended: 7.46 pm

Chair

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