

Pensions Board

Minutes

Tuesday 27 February 2024

PRESENT

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

Co-opted members: Andy Sharp and William O'Connell
Bruce Mackay* Joined remotely.

Officers: Patrick Rowe (Strategic Finance Manager) and Eleanor Dennis (Head of Pensions)

1. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Patsy Ishmael.

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED

That the minutes of meeting held on 7th June 2023 were agreed as an accurate record.

4. **MINUTES OF THE PREVIOUS PENSION FUND COMMITTEE MEETINGS**

Referring to page 21 of the agenda pack, the Chair enquired about the McCloud remedy legislation and its implications. Eleanor Dennis (Head of Pensions) provided a brief summary of the McCloud remedy legislation, highlighting that McCloud remedy was implemented to remove age discrimination across public sector schemes. It was noted that Local Pensions Partnership Administration (LPPA) were being proactive in preparing for this. LPPA were working with the Fund and the Council's employers to ensure they had the data to comply with this requirement.

Referring to page 33 of the agenda pack, the Chair asked for further clarification to be provided regarding the KPI's not being met across all case types by LPPA between July – September 2023. In response Eleanor Dennis noted that the challenges included increasing complex legislation, data challenges, limited resources, the implementation of a new software platform and difficulty in engaging with employers, which meant some issues took longer to resolve. However, from the

period September 2023 to December 2023 inclusive, the overall quarterly KPI performance had seen some improvement at 96.9%. This would continue to be closely managed by the Head of Pensions.

In response to a question asked by the Chair, Eleanor Dennis noted that a formal letter had been sent to LPPA in January 2024, detailing the Pension Fund Committee's concerns about their performance. In response the Committee had received an apology from LPPA, acknowledging the substandard service that the Pension Fund had received. Eleanor Dennis said that she would circulate a copy of the letter received from LPPA to Pension Board members outside this meeting.

Action: Eleanor Dennis

The Chair enquired whether the letter contained any sanctions and asked the next steps should LPPA fail to meet the expected standards in the next quarter. Eleanor Dennis explained that the letter did not include any sanctions and that LPPA would be given the opportunity to deliver on target service for quarter 4. A dedicated Pension Fund Committee meeting was scheduled for July 2024 and LPPA would be invited to present their case to the Committee.

The Chair congratulated officers for their achievement in receiving the pension fund of the year award.

RESOLVED

That the Pensions Board noted the contents of the report.

5. 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 Q3 pension fund scheme year 2023/24. The Key Performance Indicators (KPIs) detailed in Appendix 1 of the pension administration report covered the period 1 September 2023 to 31st December 2023 inclusive.

During this period LPPA processed 1409 SLA cases, which was an increase of 254 cases from Q2 for the Hammersmith & Fulham (H&F) pension fund. The overall quarterly KPI performance was 96.9%. However, although performance was achieved in 90% of all cases it fell short of the target 95% in case types, estimates, refunds, deaths, and active retirements. LPPA did however take onboard constructive feedback on areas in which they needed to improve. This would continue to be closely managed by the Head of Pensions.

Referring to page 49 of the agenda pack, Councillor Nikos Souslous, requested additional clarification on why the estimates fell significantly below the target in comparison to other case types. He also asked why retirements, refunds and deaths had missed their 5 working day SLA target. Eleanor Dennis highlighted that the Fund and Head of Pensions expect LPPA to meet their targets across all case types. The challenges faced included staff shortages and training needs. The Operations & Commercial Director of LPPA has assured the Head of Pensions that measures would be taken within the respective departments to address these issues, such as

ensuring adequate checkers were in place to improve performance to the expected standards.

Councillor Nikos Souslous commended Eleanor Dennis and her team for their dedicated efforts in achieving significantly enhanced performance regarding Helpdesk wait times.

The Chair congratulated Eleanor Dennis and her team for working with LPPA to achieve an improvement in help desk call wait times. He asked why 35% of the calls still took 2-10 minutes to answer. Eleanor Dennis noted that there were fluctuations on the volume of calls received, with Monday's being particularly busy. To address this LPPA increased staffing levels on Mondays to reduce wait times. Furthermore, their recruitment of a new manager in 2023 had proven successful in efficiently handling and closing calls and this would continue to be monitored closely.

RESOLVED

That the Pensions Board noted the contents of the report.

6. PENSION ADMINISTRATION UPDATE

Eleanor Dennis (Head of Pensions) presented the report and gave a summary of activity in the key areas of pension administration for the Council's pension fund. Engagement with employers had increased with 73% now having submitted a monthly file however 48% were not up to date. It was noted that the LPPA budget 2024/25, including costs of additional work would be presented at the next Pension Fund Committee.

Councillor Nikos Souslous asked for further clarification to be provided with regards to the anticipated cost increase. In response Eleanor Dennis noted that this would be approximately £100k and this would be presented to the Pension Fund Committee in June 2023.

The Head of Pensions responded to Councillor Nikos Souslous question re forthcoming legislation priorities such as the Pension Regulator's single Code, pension dashboard, the full impact of Mc Cloud and forthcoming data cleansing exercises.

In response to a question asked by the Chair, Eleanor Dennis highlighted the implementation of a new initiative at LPPA, the client relationship manager, aimed at enhancing relationships with clients in response to challenges experienced in the previous year. This proved useful in promptly understanding the Fund's concerns, addressing service issues, and collaborating with Head of Pensions and their other clients to enhance service delivery.

The Chair expressed concerns regarding the proposed budget increases by LPPA for 2024/25. While acknowledging some improvements in performance, the Chair noted that overall, LPPA had not met expected standards. Therefore, he felt that such performance did not warrant an increase in the budget. Eleanor Dennis noted that these concerns would be relayed to the Pension Fund Committee in June 2024.

RESOLVED

That the Pensions Board noted the contents of the report.

7. PENSION FUND QUARTERLY UPDATE PACK

Patrick Rowe ((Strategic Finance Manager) gave a summary of the pension fund's overall performance for the quarter ended 31st December 2023, cashflow update and forecast and the assessment of risks and actions taken to mitigate these. The total Fund delivered a positive return of 5.71% on a net of fees basis over the year to 31 December 2023.

At the meeting of the 19 September 2023, the Committee agreed a 10% (£129m) allocation to Allspring Global. This commitment was funded in full in December 2023. At the same meeting the Committee agreed a 5% (£64.5m) allocation to LCIV Insight Buy and Maintain Bonds, with a 2.5% allocation to each of the short and long duration sub-funds. This commitment was funded in full in December 2023.

Referring to page 60 of the agenda pack, Councillor Nikos Souslous asked when the Council would expect the remainder of the redemption monies from Aviva. In response Patrick Rowe noted that progress on this from Aviva had been disappointing. This was being closely monitored and officers and the Pension Fund Committee had expressed their dissatisfaction with Aviva at the last Pension Fund Committee in February 2024. He highlighted that the first tranche of redemption payments (£5m) was not paid until January 2024 and based on the latest update from Aviva, confirmed that the remainder of the redeemed monies would not be available to be paid back to the Fund until Q2 2024.

Andy Sharpe (Co-opted Member) noted that it was interesting to observe the heavy investment of the H&F pension fund portfolio in America rather than the UK. He requested further clarification on the reasons behind this investment strategy. In response Patrick Rowe explained that this was not deliberate but rather a result of circumstances. He highlighted the main reasons for this, attributing it to the investment opportunities available. Noting that America being a large market, offered more attractive investment opportunities compared to the UK. Patrick highlighted the infrastructure and housing investments that the Fund has exposure to, which hold assets within in the UK.

In response to a question asked by the Chair, Patrick Rowe explained that the value of the monies from the Aviva redemption wasn't fixed at the point of redemption, instead it was based on the last valuation date before the funds were returned. Consequently, the Council was exposed to price movements, whether up or down during this period.

RESOLVED

That the Pensions Board noted the contents of the report.

Meeting started: 7:00pm
Meeting ended: 8:10pm

Chair

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