

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Board

**Date:** 12/11/2024

**Subject:** Pension Administration Update

**Report author:** Eleanor Dennis, Head of Pensions

**Responsible Director:** Sukvinder Kalsi, Director of Finance

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## SUMMARY

One of the key priorities for the Hammersmith & Fulham LGPS Fund is to pay and administer the pensions of its members and their beneficiaries. The Hammersmith & Fulham Pension Fund (HFPF) delegates its administration duties to Local Pension Partnership Administration (LPPA). The Fund continues to strive to deliver an efficient and effective service to its stakeholders against a growing trend of an increasing numbers of tasks and challenges. Challenges include increasing complex legislation, data challenges, limited resources and difficulty in engaging with employers, which mean some issues will take months or years to resolve fully. This paper provides a summary of activity in key areas of pension administration for the HFPF.

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## RECOMMENDATIONS

The Pension Board is asked to consider and note the contents of this report.

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**Wards Affected: None**

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for pension fund members, the Council and the council tax payer.

## **Finance Impact**

The costs of the contract for the pensions administration service, including costs of additional work commissioned and provided by LPPA are met from the Pension Fund. The expenditure for this service in 2024/25 is estimated at £620,000.

Sukvinder Kalsi, Director of Finance 31st October 2024

## **Legal Implications**

Under Regulation 53 of the Local Government Pension Scheme Regulations 2013, the Council, as the administering authority of the Pension Fund “is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate administering authority under these Regulations”. Therefore, it is responsible for ensuring that the Pension Fund is administered in accordance with the Regulations and wider pensions law and other legislation. It discharges this obligation under the terms of a contract with Lancashire County Council dated 26th January 2022 which, in turn, sub-contracts its obligations to the Local Pensions Partnership Limited under a separate contract of the same date.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 31<sup>st</sup> October 2024

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## **Background Papers Used in Preparing This Report**

**None**

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## **DETAILED ANALYSIS**

### **Analysis of Pension Administration**

The Hammersmith & Fulham Pension Fund began its partnership with the Local Pension Partnership Administration (LPPA) on 28 January 2022.

1. The service delivered by LPPA continues to have challenges that are monitored closely by the LBHF Head of Pensions. LPPA have acknowledged their unsatisfactory service and are committed to improving the service going forward with initiatives such as the introduction of a client relationship manager, a centralised mailbox, training academy for their staff and client and employer forums.

### **Update on key areas**

2. Employers – Engagement from employers on monthly files being submitted has increased to 90% however 10% are not up to date. The LBHF pension team has collaborated with LPPA to increase the engagement with employers, and it is hoped this does not lead to a backlog of unsubmitted monthly files. The HFPP currently has the highest number of compliance from employers of all LPPA clients.
3. Member – Member satisfaction survey responses remain low. With deferred retirements 21 responses were received in Q2, with 76.2% of members satisfied and 19% dissatisfied. With active retirements 9 surveys were received, 66.7% were satisfied and 11.1% were dissatisfied.
4. Complaints – The number of complaints being worked on has increased from 12 at the end of Q1 to 14 in Q2 in 2024/25. These were mainly concerning retirements. LPPA are confident that the current system of triaging complaints is more effective than a dedicated complaints team.
5. Helpdesk – The number of calls to the LPPA Helpdesk fell in Q2 to 1173, 1316 Q1 from a higher level in Q4 (2023/2024) of 1357 from Q3 levels of 1198 and 1187 received in Q2 and 1110 received in Q1. The service provision continues 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 is up from 1 minute 49 seconds in Q1). With an 2.6% average abandonment rate across all calls.
6. Communications – LPPA have created a dedicated retirement section on their website and increased engagement with members who have attained the minimum retirement age. The head of pensions continues to receive positive feedback for those attending the pre retirement session run by Affinity Connect.
7. Engagement – There continues to be a positive trend from all membership groups engaging with the online portal. There are now 5766 members registered in Q2, compared to 5473 in Q1. There were 11 opt outs in Q2 compared with 4 in Q1.
8. Regulatory – There are a number of regulatory impacting the Hammersmith & Fulham pension fund the key ones are;

**McCloud** - LPPA systems have now been updated with the McCloud software and LPPA have identified all the affected members for our Fund.

**Pensions Dashboard** – The go live date for the Fund is October 2025

**The Pension Regulator's General Code** – Is a set of 5 governance codes of practice for pension schemes. Recently revised in March 2024 it requires that a pension fund scheme regularly reviews their schemes and puts greater emphasis on areas such as cyber security, as well as the need to complete and review an Effective System of Governance record (ESOG) and Own risk assessment (ORA).

9. Cyber security – LPPA understands the importance of keeping our members data safe and has implemented a number of procedures and technologies to maintain this data securely.
10. Audit – Both the 2021/2022 and 2022/23 have been completed. Finalising of the 2023/24 audits is underway. LPPA and auditors are committed to ensure that future audits are planned and managed more efficiently.
11. Overpayments – The LBHF pensions team continue to work with LPPA and the LBHF debt recovery teams to try to recover further outstanding overpayment funds.
12. Pension Administration services budget – The LPPA budget is in line with the agreed costs for 23/24 of £468,115. However, the costs for 24/25 are significantly higher with services provided with a budget £678,000 inclusive, due to busy legislative directives such as pensions dashboard, McCloud, increased membership numbers. As well as increased wage inflation and higher third party costs.

### **Conclusion**

The pension administration service delivered by LPPA continues to show some signs of improvement, although the Fund is disappointed to see delivery under target in key areas of active retirements and deaths and some continued issues with quality. LPPA do however to take onboard constructive feedback and are keen to improve.

### **Equality Implications**

12. None

### **Risk Management Implications**

13. None

### **Climate and Ecological Emergency Implications**

14. None

### **Consultation**

15. None

### **Appendices**

None