

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Fund Committee

**Date:** 26 November 2024

**Subject:** Aviva Investors Representation

**Report author:** Siân Cogley, Pension Fund Manager

**Responsible Director:** Phil Triggs, Director of Treasury and Pensions

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## SUMMARY

This item provides the Pension Fund Committee with an opportunity to discuss the outcome of the redemption process of the London Borough of Hammersmith and Fulham Pension Fund's allocation to Aviva's Infrastructure Income portfolio with representatives of the company.

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## RECOMMENDATIONS

The Pension Fund Committee is recommended to discuss the shortcomings of the redemption process (Infrastructure Income portfolio) with Aviva.

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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 the Council and the council taxpayer.

## Financial Impact

None.

## Legal Implications

None.

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## BACKGROUND

1. At the meeting of 20 June 2022, the Pension Fund Committee decided to redeem its allocation from the Aviva Investors Infrastructure Income portfolio. Officers handed in notice of termination in person at Aviva's London offices within the deadline set of 30 June 2022.
2. In Q3 of the 2022 financial year 2022/23, Aviva confirmed that the redemption notice was received and that total redemptions from three individual investors for this annual 2022 window amounted to less than 10% of the NAV threshold. Therefore, no additional time was flagged outside the standard liquidity procedures.
3. The redemption monies were due to the LBHF Pension Fund by 31 December 2023. The first tranche of redemption payments (£5m) was paid on 30 January 2024, but the remainder of the redeemed funds was not paid back to the Fund until September 2024.
4. At the LBHF committee meeting of 20 February 2024, representatives from Aviva discussed updates to the redemption process with the committee and agreed a number of actions to improve communication of the process between Aviva and the LBHF Fund in future.
5. The Chair of the Pension Fund Committee also requested that representatives from Aviva should attend the next meeting of the Pension Fund Committee on 23 July 2024 to provide an additional update, should the final outstanding funds not have been paid to the Pension Fund by the date of the committee meeting. Representatives from Aviva attended this meeting and a letter and follow ups to the actions raised at the July meeting were received by officers on 30 July 2024.
6. Final redemption payments totalling £13.9m were made in September 2024, circa £3.4m or 15% lower than the estimated figure of £22.7m (excluding redemption charge) if the full redemption had been received on time at the intended date of 31 December 2023.
7. As well as the redemption payments, £773k has been paid in distributions since 31 December 2023 which acts as a slight offset to the overall loss.
8. Officers are still awaiting information on the process regarding the proposed rebate of management fees from Aviva's letter of the 30 July 2024.

## Risk Management Implications

None

## List of Appendices

None