

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to: Pension Fund Committee**

**Date:** 26/11/2024

**Subject:** Pension Administration Update

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**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 Fund Committee 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 13th November 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) 14<sup>th</sup> November 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 has improved but remains closely monitored by the LBHF Head of Pensions to ensure the best interests of the members and beneficiaries are met. LPPA have acknowledged their previous unsatisfactory service and are committed to continually improving the service going forward with more automation and higher staff retention and better training for their staff and annual 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 and is enforcing fines applicable in line with the pension administration strategy. 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 delayed retirements and general service. 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, down from 1316 in Q1 from a higher levels also in Q4 (2023/2024) of 1357 from Q3 levels of 1198 and 1187 received in Q2 and 1110 received in Q1. The average wait time in Q2 sat at 2 minutes 22 secs. With an 2.6% average abandonment rate across all calls at the end of Q2.
6. Communications – LPPA have added a dedicated redundancy section on their website. The head of pensions continues to receive positive feedback for those attending the pre retirement session run by Affinity Connect. Pensions Savings statements were issued to 6 members this year compared to 30 issued last year who had breached the annual allowance threshold.
7. Engagement – There continues to be a positive trend from all membership groups engaging with the online portal. There are now 5766 members registered at the end of 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, there is no date set for public access.

**The Pension Regulator's General Code** – Is a set of 5 key areas on codes of practice for pension schemes identified in Appendix 1. The code was revised in March 2024 and requires that a pension fund scheme regularly reviews their

schemes and puts greater emphasis on areas such as cyber security, risk management as well as the need to complete and review an Effective System of Governance record (ESOG) via Own risk assessment (ORA). The Fund will work collaboratively to present to the Pension Fund Committee an ESOG.

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. All enquiries of the 2023/24 audits have been finalised. 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.

### **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 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**

**Appendix 1 – Summary overview of the pension regulator general code of governance**