

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Board

**Date:** 12/02/2025

**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 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 3rd February 2025

## **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) 3<sup>rd</sup> February 2025

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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 HFPPF currently has the highest number of compliance from employers of all LPPA clients.
3. Member – Member satisfaction survey responses remain low. With deferred retirements 16 responses were received in Q3 compared to 21 responses were received in Q2, with 50% satisfied and 12.5% dissatisfied compared with 76.2% of members satisfied in Q2 and 19% dissatisfied. Therefore a higher percentage of neutral responses. With active retirements Q3 saw an increase in surveys to 12 from 9 surveys were received in Q2, with 75% satisfied and 25% dissatisfied compared to Q2's 66.7% were satisfied and 11.1% were dissatisfied.
4. Complaints – The number of complaints being worked on has continued to decrease to 1 at the end of quarter 3 compared to 10 in Q2 from 12 at the end of Q1 and 14 in Q2 in 2024/25. These were mainly concerning retirements and deaths. 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 Q3 to 1008 compared to 1173 in Q2, 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, 2 minutes 3 secs at the end of Q3 (However this is up from 1 minute 49 seconds in Q1). With an improved abandonment rate of 1.8% in Q3 compared to 2.6% in Q2 across all calls. With most people satisfied with their engagement with the helpdesk.
6. Communications – LPPA have improved information on their website on employer responsibilities and divorce. The head of pensions continues to receive positive feedback for those attending the pre retirement sessions 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 5942 members in Q3 registered, 5766 members registered in Q2, compared to 5473 in Q1. There were 11 opt outs in Q3 and Q2 compared with 4 in Q1. With fund membership continue to grow Q3 showed a 1% growth.
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. Around 8% of cases are better off.

**Pensions Dashboard** – The go live date for the Hammersmith & Fulham Fund data is October 2025. There is no date set for public access.

**The Pension Regulator’s General Code** – Is a set of 5 governance codes of practice for pension schemes. 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 – The 2023/24 audit has been completed with the 24/25 audit due to start in the summer of 2025. LPPA and auditors are committed to ensure that future audits are planned and managed more efficiently.
11. Budget – The year to date pension administration costs are 1% above target at £416,262.00.
12. Overpayments – The LBHF pensions team continue to work with LPPA and the LBHF debt recovery teams to try to recover further outstanding overpayment of funds.
13. Government consultations – There have been 2 recent consultations the Fund to respond on. MHCL consultation - LGPS (England and Wales) :Fit for the future and HMRC consultation- Inheritance Tax on pensions: liability, reporting and payment .

### **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