

Pensions Board

Minutes

Wednesday 12 February 2025

PRESENT

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

Co-opted members: William OConnell, Patsy Ishmael and Bruce Mackay

Officers: Eleanor Dennis (Head of Pensions) and Sian Cogley (Pension Fund Manager)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from David Hughes (Director of Audit, Fraud, Risk and Insurance).

Apologies for lateness were received from Bruce Mackay and Patsy Ishmael (who entered the room at 7.14pm).

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the Pensions board agreed the open and exempt minutes of meeting held on 12th November 2024.

4. MINUTES OF THE PREVIOUS PENSIONS FUND COMMITTEE

RESOLVED

That the Pension Board noted the open and exempt minutes of Pension Fund Committee meetings held on 26th November 2024.

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) in providing a pension administration service to the Hammersmith & Fulham Pension Fund for quarter 3 (Q3) of 2024/25. The Key Performance Indicators (KPIs) detailed in Appendix 1 of the pension administration report covered the period from 1st

September 2024 to 31st December 2024. It was noted that there was satisfactory performance particularly in sensitive cases such as deaths and processing of retirements.

William O'Connell (Co-opted Member) noted the disproportionate increase in the number of dissatisfied customers and the low response rate of the customer satisfaction survey. He asked if there was any reason for it. Eleanor Dennis replied that this would be addressed in the Pension Administration update report.

The Chair congratulated Eleanor Dennis and her team for the good performance, noting that there had been improvement in retirements, transfers, and refunds. He enquired if there were any quality issues with active retirements and deaths. Eleanor Dennis pointed out that there were remaining quality issues with the service. While most cases were processed on time, the team still experienced issues with duplicated information being requested and often having to chase LPPA to ensure that the Service Level Agreement (SLA) target was met. It was also noted that there could be errors with payment calculations and retirement dates, leading to quality issues with retirement and deaths. Whilst cases were now being processed on time, LPPA had to work on ensuring that the quality would meet the SLA.

The Chair noted that the sample size for the customer satisfaction scores was too small and asked if there was any reason for the significant figure for dissatisfaction. Eleanor Dennis replied that this question would be addressed in the Pension Administration update.

RESOLVED

The Pensions Board noted the contents of this report.

6. PENSIONS ADMINISTRATION UPDATE

Eleanor Dennis (Head of Pensions) presented the report which set out the summary of activity in pension administration. The following key aspects were highlighted:

- The number of complaints had continued to decrease – there was only one at the end of quarter 3.
- Callers to the help desk were satisfied overall. The average wait time was 2 minutes 3 seconds compared to 2 minutes 7 seconds in quarter 2.
- The year-to-date pension administration costs were £414,719, which were 1% above target. This was due to additional expenditure on resources, as more people were needed to process the higher case numbers and ensure that KPIs were met. The cost per member remained the same at £30.64.

Addressing the low response rate to customer satisfaction surveys, it was noted that the Local Pension Partnership Administration (LPPA) was working on increasing the number of responses. It remained difficult as most people who were satisfied or neutral were unlikely to respond to the surveys. The figures were also influenced by the small numbers of cases, which explained the sizeable percentage of dissatisfaction. At the Pension Fund Committee meeting last year, LPPA confirmed that they were trying to entice members to respond via vouchers and they would continue to work on increasing the level of responses.

The Chair enquired about the progress made with regards to initiatives by LPPA. This included the introduction of a client relationship manager, training academy for their staff, and client and employer forums. Eleanor Dennis noted that the client mailbox was a work in progress as sometimes there was no response from the mailbox and the Pensions team would have to escalate cases to a named individual for any action to be taken. The forums were still at an early stage as only two had taken place. Only one employer attended the employer forum so there was work to be done in increasing representation from Hammersmith & Fulham Fund employers. The client relationship manager had worked well in the last 12 months, but it was going through some changes, so it remained something to be monitored.

Noting that the report mentioned LPPA had enhanced the information on their website regarding divorce, the Chair asked if there were any key updates to highlight. Eleanor Dennis replied that LPPA periodically updated information on their website and the divorce section just went through a regular refresh for clarity. There was no change to legislation regarding pensions and divorce.

RESOLVED

The Pensions Board noted the contents of this report.

7. PENSION FUND QUARTERLY UPDATE Q3 2024

Sian Cogley (Pension Fund Manager) presented the paper which provided a summary of the Pension Fund's overall performance for quarter 3. She noted that there had been some updates to the information available in the report since the publication of the paper as follows:

- Performance had continued to be positive. In the quarter ended 31 December 2024, the market value of assets increased by £54 million to £1.428 billion.
- The total fund had outperformed its benchmark net of fees by 0.83% delivering an absolute return of 2.95% over the quarter.
- The total fund delivered a positive return of 9.86% over the year to 31 December 2024.

A few additional points were highlighted:

- At the meeting of 26th November 2024, the Pension Fund Committee agreed to invest £35 million in the Quinbrook Renewables Impact Fund II. The first drawdown for this investment was completed in January 2025.
- Initial planning had started on the 2025 Triennial Valuation process with cashflows and membership data for the 2022-23 and 2023-24 financial years uploaded to the actuary's portal for data cleansing.
- Following interviews on 21st January 2025, the Committee appointed Sam Gervaise-Jones as their new investment advisor.

In response to the requests of the previous Board, Sian Cogley noted that the majority of the current Board members were invited to the Triborough training session held on 30th September 2024 and was attended by co-opted member Bruce Mackay. The contact list had been updated to reflect recent changes to the Board membership and all Board members would now be notified of future trainings. She invited Board members to suggest any topics that they would like to receive training on, which could then be facilitated by the training team. Regarding the valuation of

the Aviva redemption, the Pension Fund had received the final redemption money, the final distribution of income and the rebate of management fees that were previously applied from 1st January 2024. The matter was now treated as concluded as no further action could be taken.

Councillor Nikos Souslous enquired about the process and purpose of hiring the new investment advisor. Sian Cogley replied that the Committee interviewed 3 candidates for the advisor position in January 2025. The purpose of the advisor was to provide an independent and expert opinion other than that of officers and Isio to members of the Committee.

Noting that Kensington and Chelsea had announced that it would stop making contribution to its pension fund in the next year, William O'Connell (Co-opted Member) questioned if assurances could be provided if Hammersmith & Fulham (H&F) would not be doing the same. Sian Cogley assured that this would not come into question for the Council. While the H&F Pension Fund was fully funded, they would not support an opinion of having a 0% employer contribution rate.

Referring to the note in the report that the large September variance was due to receiving the Aviva Redemption Monies, the Chair pointed out that the £2.5 million loss should be noted. Sian Cogley agreed that there was a loss but for clarity the variance referred to in the pack is a variance in difference of the forecasted and actual cashflow. They were receiving money back in this pack, which was not expected in the reported time period.

The Chair asked if there were any lessons learned from this episode. Sian Cogley replied that the Committee acted the best they could with the information available. It was a beneficial decision for the new Committee to withdraw since several compounding factors including asset choices, poor management of the fund and poor client communications. These issues were addressed as quickly as possible but liquid assets would only yield benefits in the long term. The team continued to work with the investment advisor Isio to review the portfolio and identify these items as and when they occurred with other investments.

The Chair raised that Aviva representatives at the previous meeting noted that the actions taken were in alignment with the documentation which specified no targets but rather an obligation to optimise returns where possible. He asked if that meant setting targets was important. Sian Cogley agreed in principle, noting that these wordings were often drafted for legal purposes. The team would be highlighting these clauses in future investments.

The Chair pointed out the sharp reduction in the net asset value of the Leisure Development Fund and questioned if impact of Covid-19 was not set off by a rise in the demand of other forms of leisure activities such as staycation. He also requested more information on the Blenheim Palace business mode. Sian Cogley noted that a supplementary paper would be provided as an exempt appendix with the report in the upcoming Committee, which could be circulated with the Board.

ACTION: Sian Cogley

The Chair also noted that attention should also be given to the Aberdeen Long Lease Property Fund as it was making a loss, highlighting that an unexpired lease term of 26.2 years was not long enough. Sian Cogley said that she would investigate it further before an opinion could be provided.

ACTION: Sian Cogley

Councillor Souslous enquired about the date of the next Committee meeting, to which Sian Cogley replied would be 5th March 2025.

The Chair asked if the H&F Pension Fund was able to be pooled per the central government's ambition by 31st March 2026. Sian Cogley replied that they were working closely with the London CIV to meet the deadline. Currently 61% of the Fund's assets were pooled with the London CIV. There had been discussions around avoiding expensive cost of divesting and reinvesting all illiquid assets with the London CIV. Instead, ownership would be transferred, allowing a quicker method of pooling. Some assets would require further discussions between the Committee and the CIV about the best way to deal with them. The March 2026 deadline was ambitious, but the team would endeavour to comply with it.

The Chair followed up by asking if there was any fund that could not be transferred by 31st March 2026. Sian Cogley noted that some funds were in runoffs and the team had extended the time redemption could be returned as the fund ran off. If they were to extend beyond 2026 it would be so immaterial that it would not be worth transferring in March 2026.

The Chair enquired what the mandatory training framework for Committee members referred to in Appendix 5 would entail. Sian Cogley said that there was not a prescribed framework, but many councils had a policy which emphasised training and skills for committee members. Eleanor Dennis (Head of Pensions) added that the government had not defined what the training and skills framework would look like. The Council had in place a comprehensive training programme but not a set of skills, which was what the government was looking at as part of the Pension Bill, which might be introduced in April 2025.

In relation to the administrating authorities and pool company boards that the government was going to form, the Chair asked what the membership of those bodies would be. Sian Cogley answered that the administrating authority would remain with the Council and the pool the Fund would be a member of would be the London CIV. This was unlikely to change in the future.

Wrapping up the meeting, the Chair noted that the next meeting would be held on 4th June 2025.

RESOLVED

The Pensions Board noted the contents of this report.

8. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)

Not required.

Meeting started: 7.00 pm
Meeting ended: 7.28 pm

Chair

Contact officer Tiffany Yip
Assistant Committee Co-ordinator
Governance and Scrutiny
E-mail: Tiffany.Yip@lbhf.gov.uk