

# Pension Fund Committee Minutes



**Wednesday 5 March 2025**

## **PRESENT**

**Committee members:** Councillors Ross Melton (Chair), Florian Chevoppe-Verdier, Laura Janes, Adam Peter Lang and Adrian Pascu-Tulbure

**Co-opted members:** Michael Adam and Peter Parkin

**Other Councillors:** Councillor Ashok Patel (Observer)

**Officers:** Eleanor Dennis (Head of Pensions), David Hughes (Director of Audit, Fraud, Risk and Insurance) and Phil Triggs (Director of Treasury and Pensions)

### **Isio Group**

Jonny Moore

### **Independent Investment Advisor**

Sam Gervaise-Jones

### **External:**

Gavin Paul (Barnett Waddington)

## **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Peter Parkin.

## **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **3. MINUTES OF THE PREVIOUS MEETING**

*The Chair agreed to change the order of the agenda so that item 5 (Governance Compliance Statement) be heard after Item 7 (Pension Administration Update)*

The Chair welcomed Sam Gervaise-Jone (Independent Investment Advisor) to the Pension Fund Committee.

## **RESOLVED**

That the open and exempt minutes of the meetings held on 26<sup>th</sup> November 2025 were approved

### **4. GENERAL CODE OF PRACTICE COMPLIANCE REVIEW**

Eleanor Dennis (Head of Pensions) introduced the report which sets out the requirements of the Hammersmith & Fulham Pension Fund in complying with the Pension Regulator's general code of practice. The Fund asked consultancy, Barnett Waddingham to carry out a gap analysis of the requirements versus what the Fund had in place and present an overview including any recommendations.

Gavin Paul (Barnett Waddingham) gave a presentation on the general code of practice compliance review. He showed slides that highlighted the following key aspects:

- Background to the general code and general code of practice.
- The review used a RAG rating to highlight areas of compliance, non-compliance and areas for improvement. Overall, 75% of the modules meet the TPR's expectations for Fund (highlighted in green) and noted that there were no red ratings (i.e. non-compliance).
- Some of the Fund's documents were understandingly not publicly available, and in those areas a level of assumptions had been factored into the rating.
- The next steps recommended for the Fund were:
  - Update key documents and policies to ensure continued full compliance with the requirements of the general code.
  - Build in review cycles for each module to ensure policies, processes and procedures remained relevant and continued to meet the expectations.

It was noted that the document would be updated as and when required and would therefore continue to evolve.

Councillor Adam Peter Lang thanked Barnett Waddingham for their clear presentation and regarding the amber warnings, asked who would be responsible for carrying out the required actions. In response Gavin Paul explained that it was the officer's responsibility to fill in the gaps and report back to the Committee.

Councillor Florian Chevoppe-Verdier noted that the presence of 40 green indicators, only 2 ambers and no red was something to be celebrated, as it demonstrated the consistent quality and dedication of those ensuring 'round the clock' compliance. He also requested further clarification regarding the inability to locate certain documentation. Gavin Paul reassured the Committee that while the documents did exist, they were not in the public domain due to the inclusion of sensitive information and for good reason were not suitable for public disclosure.

Councillor Florian Chevoppe-Verdier asked for further clarification to be provided on the pension scam strategy. Eleanor Dennis noted that this had

been contracted to LPPA, who were compliant with the regulator in issuing scam notices. She added that any amber or red flags would be referred to for a decision. While a process was in place, it could be further developed and formalised into an explicit policy.

David Hughes (Director of Audit, Fraud, Risk and Insurance) further noted that officers worked closely with LPPA's internal auditors, who maintained an internal audit programme. He added that they provided officers with the results of their work and that an update on the Council's internal audit programme would be presented at the June meeting.

Sam Gervaise-Jones (Independent Investment Advisor) asked for further clarification regarding the one item that had not been assessed. In response Gavin Paul reassured the Committee that this was merely an introductory module that was already covered in other modules in the document.

Councillor Ashok Patel enquired whether there were plans to expand the training to members in due course. Eleanor Dennis explained that the Treasury and Investment colleagues already provided training twice a year, and she had also circulated any relevant conference courses to both Board and Committee members.

The Chair thanked Gavin Paul (Barnett Waddington) and congratulated the officers on the many positive, green outcomes highlighted in the review.

#### **RESOLVED**

The Pension Fund Committee noted the report.

### **5. GOVERNANCE COMPLIANCE STATEMENT**

Eleanor Dennis (Head of Pensions) introduced the report noting that this paper provided a revised governance compliance statement that was required under the Local Government Pension scheme regulations 2013. The statement sets out the governance arrangements of the London Borough of Hammersmith & Fulham Pension Fund.

Councillor Florian Chevoppe-Verdier asked for further clarification to be provided with regards to the vacancy of the employer representative. Eleanor Dennis noted that officers periodically reached out to the fund employers to gauge interest in the vacancy. However, due to the significant time commitment required for the role, there had been limited interest. Despite these efforts to encourage engagement was ongoing.

#### **RESOLVED**

The Pension Fund Committee approved the draft governance compliance statement and delegated authority to the Head of Pensions in consultation with the Chair to finalise and publish.

## **6. KEY PERFORMANCE INDICATORS**

Eleanor Dennis (Head of Pensions) introduced the report which covered the performance of the Council's administration partner LPPA over Q3 for the period September – December 2024. During this period, LPPA processed 1488 cases compared with 1582 cases in Q2, which was an increase of 94 cases for the Hammersmith & Fulham Pension Fund. The overall quarterly KPI performance in Q3 was 98.1% up from 97.7% in Q2, and 97.5% in Q1, showing LPPA's continuous improvement. Performance above target was achieved in 100% of all case types in Q3. It was noted that officers were notified that the bereavement team were receiving a high number of cases and that this may have an impact on future performance.

The Chair noted that it was encouraging that LPPA was providing advance notice of a forecasted increase in bereavement cases for all their clients. He asked for reasons behind this trend and what actions would be put in place to manage the workload. Eleanor Dennis stated that she had requested feedback from LPPA on this matter and was awaiting a response from them.

Councillor Florian Chevoppe-Verdier thanked Eleanor and her team for their hard work in helping achieve targets above Service Level Agreements levels with LPPA, highlighting it as a major milestone.

Councillor Florian Chevoppe-Verdier thanked Eleanor Dennis for sharing examples of where the Team stepped into supporting LPPA. He enquired about the level of support her team continued to provide to LPPA and the nature of the cases. In response Eleanor Dennis explained that her team was still actively offering support, this fluctuated between case types and more intervention was provided with transfer cases. However, she would continue to monitor the cases where support was required and report back to the Committee. She also acknowledged that LPPA had not yet fully reached the desired level of quality.

### **RESOLVED**

The Pension Fund Committee noted the report.

## **7. PENSION ADMINISTRATION UPDATE**

Eleanor Dennis (Head of Pensions) introduced the report which covered a summary of activity in key areas of pension administration for the Council's Pension Fund. The number of complaints received had decreased to 1 at the end of Q3 compared to 12 at the end of Q1 and 10 in Q2 in 2024/25. The Q3 year to date pension administration costs were 1% above target at £416,262.00 due to increased resources cost. Q4 costs were expected to ensure the Fund ends the scheme year on budget.

It was noted that in Q3 a data breach occurred where 72 employee records were shared with a payroll provider. This matter was reported to the ICO and the Council's Information Security, but no further action was required to be taken, and the Head of Pension discussed the matter and lessons learnt with the Head of Risk at LPPA and the Director of Audit, Fraud, Risk and Insurance.

Michael Adam (Co-opted Member) asked for further clarification to be provided on how the contract management worked with LPPA and if there was any scope to reset the Service Level Agreements (SLAs) should this be required. Eleanor Dennis confirmed that the contract was a rolling basis, that will be reviewed in the future. She emphasised the important of not putting too much emphasis SLAs to the provider when the service was already at a satisfactory level, except in areas where improvement should be made, such as quality and transparency. Additionally, she noted that LPPA would not be able to adjust SLAs for one client and this would require a collaborative partnership across all providers. Currently all clients operated under the same SLA framework, with more flexible SLAs being introduced only for new clients moving forward.

Councillor Laura Janes recalled an earlier meeting with LPPA when their performance was not meeting expectations. During that discussion, LPPA mentioned adjusting their SLAs to be more realistic, which subsequently led to an improvement in their performance. She asked Eleanor Dennis if she was satisfied with their performance based on the current measurement criteria. In response Eleanor Dennis noted that while she was generally satisfied, she would like to see greater transparency and improved quality. Measuring quality issues remained challenging, though LPPA had made efforts to enhance reporting on customer satisfaction. She added that further work was needed to improve the member experience, and officers were actively reviewing this in collaboration with LPPA. Councillor Laura Janes requested that a brief list of any concerns in advance of the main meeting to assist with Committee's scrutiny.

**Action: Eleanor Dennis**

Councillor Florian Chevoppe-Verdier expressed concerns about LPPA's delay in disclosing the data breach, noting that while it should have been reported within 72 hours, it instead took four days. He acknowledged that while the breach was not critical and council officers had taken all the correct actions in response, it was still troubling that LPPA did not appear to take the matter seriously. He asked whether officers had the opportunity to discuss this issue with LPPA. Eleanor Dennis agreed stating that the lack of transparency and the way LPPA handled the situation were both disappointing and concerning. She confirmed that she had spoken with them and had made it clear that their response had not met expectations. She also felt that LPPA should have held an open meeting with all their clients to provide full transparency of the breach. Additionally, she expressed that it would be important to develop a policy outlining the Fund's expectations for how LPPA should respond and act in the event of future data breaches.

Members requested that LPPA bring their cybersecurity experts to the next meeting, allowing the Committee to question and scrutinise them for further information regarding the data breach.

**Action: Eleanor Dennis**

Councillor Adam Peter Lang asked whether anything further needed to be done before the next meeting to support officers. Eleanor Dennis explained that she would be working on outlining roles and responsibilities for handling such incidents in the future and once drafted this would be shared with the Committee.

**Action: Eleanor Dennis**

Councillor Adam Peter Lang followed up with a question, recalling that officers had previously informed the Committee that the member satisfaction survey had received a low response rate. He wondered if there was an alternative way to gather feedback and suggested expanding efforts by forming a focus group to collect more meaningful insights.

Eleanor Dennis noted that LPPA already had a small focus group in place and that members could also provide comments and feedback through a section on the website. However, she explained that her team had limited resources, and while she was open to exploring this idea in the future this would not be feasible in the short term.

## **RESOLVED**

The Pension Fund Committee noted the report.

## **8. PENSION FUND BUSINESS PLAN OUTTURN 2023-24**

Phil Triggs (Director of Treasury and Pensions) noted that this report provided the outturn for the 2023/24 against the forecast Business Plan. This compared the outturn against the forecast made at that time, and comments on each objective outlined.

Referring to page 98 of the agenda pack, Phil Triggs pointed out a variation between the budget estimate and the outturn for 2023/24. He explained that this was primarily due to an increase in administration and transaction costs. Additionally, investment management costs rose by 24% over the year.

Michael Adam (Co-opted Member) requested further clarification on the Allspring Global management fees. In response Phil Triggs noted that he would provide a more detailed analysis outside of the meeting.

**Action Phil Triggs**

Councillor Florian Chevoppe-Verdier enquired why there was a significant variation in the numbers provided for 2023/24 to 2025/26 outturn. Phil Triggs explained that the original estimates typically did not account for any outperformance bonuses. He suggested that where a performance bonus had been paid, he would clearly identify the amount, separate it from the overall fee, and demonstrate how it was factored into the new estimate before reporting back to the Committee.

**Action: Phil Triggs**

Councillor Adrian Pascu-Tulbure requested further clarification on the actuarial charges. In response Phil Triggs explained that the savings were

achieved through the shared service, allowing the Council to benefit from significantly reduced tender costs associated with the service.

### **RESOLVED**

That the Pension Fund Committee noted the 2023/24 business plan outturn, shown as appendix 1.

## **9. RESPONSIBLE INVESTMENT STATEMENT**

Phil Triggs (Director of Treasury and Pensions) provided a summary of the key points. This report introduced the draft responsible investment policy for the London Borough of Hammersmith and Fulham Pension Fund, which was attached as Appendix 1 in the agenda pack.

Councillor Florian Chevoppe-Verdier requested for the papers to be compliant of the Web Content Accessibility Guidelines, so they were accessible for all the borough's residents prior to publication.

**Action: Phil Triggs**

Referring to pages 117 and 119 of the agenda pack, Councillor Florian Chevoppe-Verdier felt that the statements regarding Environmental, Social and Governance (ESG) considerations were not in line with the Fund's fiduciary responsibility and asked for further clarification on this. Phil Triggs explained that the fiduciary responsibility was clear that LGPS funds were required to earn the best risk-adjusted return on the investment process, but taking account of ESG considerations and using them to the Fund's best advantage, on the basis that a good set of ESG scores was usually conducive to a better investment return.

### **RESOLVED**

That the Pension Fund Committee approved the responsible investment statement 2025 for publication and delegated the approval of the final version to the Director of Treasury and Pensions in consultation with the Chair.

## **10. ALPHA REAL CAPITAL ILIF TOP-UP OPTION**

Phil Triggs (Director of Treasury and Pensions) provided a summary of the following key points.

- The Pension Fund invested in ILIF in May 2021.
- As of 31 December 2024, the Fund's investment in ILIF is circa £78m (5.5% of total assets).
- In the investment strategy, the ILIF investment is strategically allocated 7.5%, so it was currently 2% (£30m) underweight to this target.
- An opportunity had arisen to invest in the ILIF Fund via the purchase of secondary units.
- The exempt appendices provided an overview of the situation that had allowed the purchase of secondary units to become available. Including Isio's advice on the investment opportunity.

Councillor Adam Peter Lang enquired whether the investment fell within the Fund's target range for local investment. In response Jonny Moore (Isio Group) confirmed that this was a 100% UK based investment.

## **RESOLVED**

That the Pension Fund Committee approved to allocate an additional investment of £30m into the ILIF Fund

### **11. PENSION FUND QUARTERLY UPDATE Q4 2024**

Phil Triggs (Director of Treasury and Pensions) provided a summary of the Fund's performance for the quarter ended 31 December 2024 and cashflow update, including forecast.

Councillor Florian Chevoppe-Verdier referring to the staff changes at the London CIV (LCIV), noted that this was still marked as a risk and an area of concern. He requested further clarification on the matter. In response Phil Triggs noted that the LCIV had appointed a new Chief Investment Officer with extensive experience and a strong track record. Officers were reasonably optimistic about LCIV's current position.

Sam Gervaise-Jones (Independent Investment Advisor) echoed Phil's comments, expressing reassurance about the current staffing, who understood the pressures from all angles within the LCIV. He emphasised that ensuring proper oversight, reporting, governance and engagement would be a key priority for the council moving forward. While he generally felt optimistic, he acknowledged the need for caution.

Jonny Moore (Isio Group), explained that, from Isio's perspective, this was a pivotal time for the LCIV as it transitioned to the new normal. He felt that the outlook was positive from a personnel standpoint but emphasised the need for regular monitoring.

Councillor Ashok Patel asked whether there should be any concerns regarding the investment in Darwin Alternatives, given that the fund underperformed its target by 36.6% last year and remained locked in until 2023. In response Jonny Moore noted that a more detailed analysis of Darwin was provided in the exempt appendix. He explained the reasons behind the fund's decline over the past year, highlighting a 25% write down to the Net Asset Value, Q3 2024. He also outlined potential disinvestment options but stated that, at present, the best course of action was to closely monitor the fund.

Phil Triggs (Director of Treasury and Pensions) suggested inviting Darwin to the next meeting to provide a presentation on the fund's current position and allow members to ask questions. The Chair welcomed this opportunity.

**Action: Phil Triggs**



## **RESOLVED**

That the Pension Fund Committee noted the update.

### **12. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)**

The Committee agreed, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

Meeting started: 7:00pm

Meeting ended: 9:15pm

Chair .....

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