

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Board

Date: 04/06/2025

Subject: Pension Administration Update

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Responsible Director: Sukvinder Kalsi, Director of Finance

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, managing data, 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.

RECOMMENDATIONS

The Pension Board is asked to consider and note the contents of this report.

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
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 2025/26 is estimated at £622,200 (excluding VAT).

Sukvinder Kalsi, Director of Finance 22nd May 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) 19th May 2025

Background Papers Used in Preparing This Report

None

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 are committed to continually improving the service going forward with more automation, higher staff retention, regular training for their staff and better engagement via an annual client and employer forum.

Update on key areas

2. Employers – Engagement from employers on monthly files being submitted remain very good. The LBHF pension team has collaborated with LPPA to increase the engagement with employers, to ensure that this does not lead to a backlog of unsubmitted monthly files and is enforcing fines in line with the pension administration strategy to maximise compliance from employers. However, there does seem to be a number of errors that require LPPA to support employers. The HFPF currently has the highest level of compliance from employers, compared to other LPPA clients.
3. Member – Member satisfaction survey responses remain low. Surveys from deferred retirements cases saw in Q4 saw 15 responses with only 11% satisfied members 7% dissatisfied, compared with 16 responses received in Q3 and 21 responses received in Q2. With 50% satisfied and 12.5% dissatisfied compared with 76.2% of members satisfied in Q2 and 19% dissatisfied. Active retirements in Q4 saw 8 responses with 1 response dissatisfied but 73% did not respond, Q3 saw an increase in the number of surveys completed rising to 12 from 9 surveys in Q2, with 75% of members satisfied and 25% dissatisfied compared to 66.7% satisfied in Q2 and 11.1% dissatisfied.
4. Complaints – The number of complaints received in Q4 was 2 in line with the decrease to 1 at the end of Q3 compared to 12 at the end of Q1 and 10 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 rose slightly in Q4 to 1062 from 1008 in Q3 compared to 1173 in Q2 and 1,316 in Q1. The service provision continues to improve, with average call waiting times up at the end of Q4 with average wait time of 3 mins 25 secs, compared with Q3 at 2mins 3 secs, from in Q2 2 minutes 22 secs. this is up from 1 minute 49 seconds in Q1. There has been an improvement in the call abandonment rate of 2.8% in Q4 1.8% in Q3 compared to 2.6% in Q2, 1.8% in Q1 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 were 6,176 members registered at the end of Q4 compared with 5,942 in Q3, 5,766 members registered at the end of Q2, and 5,473 in Q1. There were 12 opt outs in Q4, 11 opt outs in Q3 and Q2 compared with 4 in Q1.
8. Regulatory – There are a number of regulatory issues 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. The code was revised in March 2024 and requires that a pension fund scheme regularly reviews their scheme 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 has completed its initial assessment of compliance and is implementing a cyber security policy for the Fund.

9. Cyber security – In order to manage risks better after data breach in Q3 and in line with the Pensions Regulator code of practice, the Head of Pensions has drafted a cyber security policy for the pension fund that is being finalised.
10. Legacy payroll systems – In order for LBHF to remain compliant with maintaining key data for past employees records whilst in the pension we are required to maintain access to legacy payroll systems.
11. Audit – All enquiries of the 2024/25 audit are being effectively managed.
12. Overpayments – The LBHF pensions team continue to work with LPPA and the LBHF debt recovery teams to try to recover further outstanding overpayment funds Overpayments totalling £39,647.59 have been written off in Q4 in respect of overpaid pensions to deceased members.

Conclusion

The pension administration service delivered by LPPA shows signs of continuous improvement, though disappointed to see continued issues with quality including the recent breach. LPPA do however to take onboard constructive feedback and are keen to improve.

Equality Implications

12. None

Consultation

15. None

Appendices

None