

**LONDON BOROUGH OF TOWER HAMLETS**

**MINUTES OF THE PENSIONS BOARD**

**HELD AT 5.05 P.M. ON TUESDAY, 18 SEPTEMBER 2018**

**MP701 - TOWN HALL MULBERRY PLACE**

**Members Present:**

John Jones (Chair)	(Independent Chair)
David Stephen Thompson (Vice Chair)	(Retired/Deferred Pension Fund Members)
Annette McKenna (Member)	Pensions Board Member representing Admitted Bodies Employers
John Gray (Member)	(Representing Active Admitted/Statutory Bodies Pension Fund Members)

**1. APOLOGIES**

The Chair noted apologies from Steve Hill and Councillor Puru Miah.

The Chair welcomed Annette Mckenna to the Pensions Board. The Board was advised that Ms Mckenna was representing Admitted Bodies Employers.

**2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**

None.

**3. UNRESTRICTED MINUTES**

The minutes of the meeting held on 13 September 2018 were agreed and approved as a correct record.

The minutes of the meeting held on 19 July 2018 were agreed and approved as a correct record subject to the below amendments.

*Item 2 Appointment of Vice-Chair.*

David Stephen Thompson surname be amended and be recorded correctly as Thompson

*Item 4 Unrestricted Minutes*

Neville Murton surname be amended and be recorded correctly.

*Item 9 Minutes of the Previous Pensions*

John Gray surname be amended and be recorded correctly as Gray

Matters Arising*Item 4 Unrestricted Minutes: Matters Arising ((Item 4 Unrestricted Minutes Matters Arising)*

Members were advised that the London CIV (LCIV) had not provided a response about Tesla labour practise. The Board agreed that a written explanation should be sought from the LCIV on the above topic. The Board noted that there were concerns regarding the working conditions at Tesla, in particular in relation to Health and Safety. The Company is also refusing to engage with Trade Unions. Officers advised members that Baillie Gifford was a major shareholder in Tesla and *reminded the Board that they no longer had a contractual relationship with the Fund Manager.*

Members noted that the LCIV organise a Managers Day every year and agreed that this Forum would be a good opportunity to raise enquiries about stated concerns.

*Item 4 Unrestricted Minutes: Matters Arising (Item 11 Pensions Committee Agenda for the forthcoming Meeting / (Item 6.4 – Update on Pensions Fund Procurement Plans 2017/2018)*

Members were reminded that a majority of their investments were in pooled Funds and that they might encounter difficulties when advocating for 'Class Action Report' and this was dependent on whether this product was also desired by the other Investors. The Board was advised that Northern Trust provided this Service and that Officers were currently holding discussions with a potential provider. Members were reminded that they had a separate mandate with GMO.

*Item 7 Presentation London CIV – Governance Arrangement Update.*

Officers advised Members that the LCIV had not responded to queries raised by the Board. This included concerns raised over the governance arrangements at the LCIV, Fund Managers not following the LAPFF guidelines on voting and also the lack of representation on the Shareholders Committee. The LCIV has also not responded to the joint letter which was sent by the Chairs of the Pensions Board and Pensions Committee. The Chair requested that Officers liaise with the Pension Committees about the non-response and that the LCIV be pursued over the matters raised by the Board and those stated in the correspondence.

The Board commented and welcomed the presentation that was provided by the LCIV. The Board requested that PIRC be invited to attend a meeting in the New Year and deliver a presentation on the LBTH Pensions Fund Investment Strategy.

*Item 9 Minutes of the Previous Pensions Committee (Matters Arising – Item 6.2 Pensions Scheme Administration Update / One Housing)*

Officers advised Members that no further communication had been received from One Housing regarding their wish to withdraw from the LBTH Pensions Fund.

**RESOLVED:**

1. That John Gray, Admitted Bodies Representative for Active Fund Members, sends Officers online links which provides information on Tesla's labour practise.
2. That the LCIV be invited to a future Pensions Board and be requested to advise Members on the reasons why the Body has not responded to the Board's queries.
3. That Officers liaise with Pensions Committee regarding LCIV failure to respond to the joint letter sent by the Committee's previous Chair and the Chair of the Pensions Board and
4. That the PIRCC be invited to attend Pensions Board in the New Year and deliver a presentation on the LBTH Pensions Fund Investment Strategy.

**4. SUBMISSIONS FROM FUND MEMBERS**

None.

**5. SUBMISSIONS / RESPONSES FROM PENSION COMMITTEE**

None.

**6. PRESENTATION FROM PIRC**

Item was deferred.

**7. DISCUSSION ON THE PENSIONS BOARD WORK PLAN AND TRAINING FOR 2018/2019**

The Board held a brief discussion about their Work Plan and Training for the Municipal Year. Members were requested to complete their CIFA Forms and inform Officers of any training needs. There are four CIFA Forms which needs to be completed. The Board was advised that the Co-optees Training will help members with completing their CIFA Forms. Officers advised the Board that Modules could be completed at the Town Hall, Mulberry Place and that workstations were available.

The TRP will also be offering training.

**RESOLVED**

1. To note the update.

2. That Members complete CIFA Forms and Training Modules and
3. That Members advise Officers of their training needs.

## **8. REPORTS FOR CONSIDERATION**

### **8.1 Voting and Engagement Update for Quarter Ending June 2018**

Bola Tobun, Investment and Treasury Manager presented a report which provided an update on the voting activities at Investors Meeting. The Pensions Board and Pensions Committee have previously agreed that the Fund should cast its votes at investor meeting in line with LAPFF voting recommendations. Members noted that there had been some discordant with the above request.

The Board noted that the LCIV had rejected the Stockholder Proposal for the Chair of the Board of Directors to be an independent director. The LCIV had advocated that the current position holder performance was good and that the Chair of the Board will continue to hold dual positions. Members commented that the LBTH LGPS was a large investor within the LCIV and that proposal should be adhered. Officers reminded members that the LCIV comprised of 'pooled funds' and was not a 'separate mandate' and that the majority view would be adopted.

Members raised questions on whether the LCIV were informed of LAPFF's recommendation before voting and requested that Officers provide an update at the next Board. The Board held further discussions regarding voting patterns at Investors Meeting and noted that this factor could be considered when contracts are approaching for renewal.

Members noted that the LGIM had investments with Shell and *had opposed the low carbon business resolution. The resolution was deemed as being 'too prescriptive'*. The LGIM has advised that it will continue to monitor its activities in alliance to the Paris Agreement. Members raised concerns over the above and commented that the London Borough of Tower Hamlets was committed to reducing their Carbon Footprint. Officers advised that the LGIM was a 'Tracker Fund' and sits outside the LCIV.

The Board requested that the Rio? Constitution be forwarded to Board Members.

### **RESOLVED**

1. That Officers review voting patterns at Investors Meetings over a one year period and that findings are presented at a future Board. The report should also include information on any carbon reduction initiatives and proposals regarding remuneration. This report should be

built in the annual cycle of meetings for both the Pensions Board and Pensions Committee.

2. That future reports regarding votes casted at Investors Meetings include a table which details how the votes were cast; the table should also have a separate column which gives reason for casting votes
3. That Officers ascertain whether Fund Managers are informed of LAPFF's recommendation before votes are casted and that they report their finding at the next Board. and
4. The Officers forward the Rio Constitution? to Board Members.

## **9. MINUTES OF THE PREVIOUS PENSIONS COMMITTEE**

The Board reviewed the minutes of the Pensions Committee held on 14 March 2018 and noted the contents.

The Chair commented on the importance of encouraging attendance at the Committee and agreed to continue to monitor this area during the year. The Board noted that Councillor Andrew Wood was the only returning Member on the Committee.

The Presentation provided by Mercer was reported to be informative.

## **10. PENSIONS COMMITTEE AGENDA FOR THE FORTHCOMING MEETING**

The Board noted the Agenda for the meeting which was to be held on 18 September 2018.

### *Item 6.4 Pension Fund Annual Report*

Officers advised the Board that their Auditors were going to give an unqualified reply in relation to the Fund's Annual Report. This would have prevented the Pensions Committee from being able to provide further comments on the Report's contents. At current, amendment can still be made to the Report. The meeting noted that the Auditors may review how the Accounts have been presented, the value of investments and benefits paid. The Council's Auditors are Deloitte.

The Chair requested that his name be included in the list of Pensions Board Members for 2017/ 2018.

Members had a brief discussion about Pooled Fund Managers performance and noted that some benchmarks had not been met. This was due to Markets positions. Officers advised that Managers will be continued to be assessed every three years and that some Funds had been removed and transferred to Multi Asset Credit (MAC).

*Item 6.5 Pensions Scheme Administration Update*

The Board commended the Pensions Team overall improvement in meeting their Performance Indicators (PIs) as set in their Service Standards. Following questions from the Board, Officers advised Members that Annual Benefit Statements were sent to the Reprographics on 31 August 2018. There is uncertainty on whether statements were posted within set time-frames. The Board were advised that Statements may have been posted a few days late.

Members noted that PIs regarding General Inquiries had fallen from 82% in April 2018 to 60% in September 2018. Officer advised that there were a number of staffing issues within the Pensions Administration Teams and that during the latter periods the Annual Benefit Statements were being prepared. The Board was advised that the Pensions Administration was currently undergoing restructure and it is anticipated that the changes will create more permanent full time staff positions. At present the Pensions Administration staff workforce comprises of a mixture of Agency and Permanent staff members. There is also a staff member who is on a secondment and is based in the Team three days of the week. A total of seven full time positions will be created under the proposed restructure.

Officers advised Members that there had a number of enquiries received regarding Benefits, in particular whether they can be accessed earlier than prescribed. The Board noted that some staff members were able to access their benefits early and that individuals are encouraged to seek financial advice before undertaking the above. There have been a few transfers to personal Pensions Schemes; active fund members are required to seek financial advice and sign documents before transfers can be made.

Following further discussion, the Board was advised that training will be provided to staff on Benefits Statements and that the documents will be available online in the forthcoming year. The Board agreed to continue to monitor the performance of the Pensions Administration Team.

**RESOLVED**

That John Jones' name is listed in the Pensions Board 2017 / 2018 Membership in the Pensions Fund Annual Report.

**11. DISCUSSION ON THE REVIEW OF POLICIES IN THE ANNUAL REPORT**

- Funding Strategy Statement

Officers advised Members that LCIV had a new governance structure and that Local Government Pensions Schemes were to be offered to staff via City of

London. All Funds will be required to give guarantees; at current Officers are reviewing terms of conditions of the LCIV. This is to ensure that the proposed contractual conditions are favourable to the LBTH Pension Fund and that appropriate protection is provided. Members noted that the current LCIV staff are on private sector pay rates and are to be provided with public sector pensions.

- Governance Compliance Statement - Item was deferred.
- Risk Policy - Item was deferred.

## **12. DATE OF FUTURE MEETINGS**

- 26 November 2018
- 7 March 2019

## **13. ANY OTHER BUSINESS**

The Chair advised the meeting that the CIPA Annual Conference was to be held on 22 November 2018.

The meeting ended at 6.15 p.m.

**Chair, John Jones  
Pensions Board**