

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE PENSIONS BOARD

HELD AT TIME NOT SPECIFIED ON MONDAY, 5 DECEMBER 2016

**MP702, 7TH FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT,
LONDON E14 2BG.**

Members Present:

John Jones (Chair)	(Independent Chair)
Stephen Stratton (Member)	Pensions Board Member representing Active Fund Members
John Gray (Member)	(Representing Active Admitted/Statutory Bodies Pension Fund Members)
David Stephen Thompson (Member)	
Councillor Dave Chesterton (Member)	(Mayoral Adviser for Strategic Planning) (Mayor's Cycling Adviser)
Andrew Crompton (Member)	
Raymond Haines (Independent Investment Advisor)	

Officers Present:

Kevin Miles	(Chief Accountant, Resources)
Bola Tobun	(Investments and Treasury Manager, Resources)

1. APOLOGIES

Apologies received from Minesh Jani and Neville Murton.

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS

None declared.

3. UNRESTRICTED MINUTES

The minutes of the Pensions Board meeting held on 19th September 2016 were agreed and approved as a correct record of proceedings.

4. PRESENTATION FROM DIVEST TOWER HAMLETS

The Chair of the Pensions Board welcomed Divest Tower Hamlets. Divest Tower Hamlets made a presentation on the case for divesting from investments in fossil fuels. The Board welcomed the presentation and had a detailed discussion on the issues raised. The main points arising were:

- How does the Tower Hamlets Fund with £91 million (80% of the total) compare with other comparable LGPS funds
- The process of disinvest from fossil fuels should form part of a wider strategic investment and asset allocation review planned to take place in 2017
- The process of disinvesting must be managed carefully to minimise costs
- The carbon footprint of the fund should be monitored and reported periodically
- Concern was expressed over the potential impact on returns from any disinvestment policy and the future viability of the fund
- The use of fossil fuels also has an impact on air quality in Tower Hamlets with a health effect on residents and others working in the borough.

It was **RESOLVED** that the presentation be noted.

5. REPORT ON 31ST MARCH 2016 TRIENNIAL VALUATION - INITIAL RESULTS AND PUBLIC SERVICE PENSIONS ACT - SECTION 13 VALUATION

The Investment and Treasury Manager informed the Board Members, this report provides the board with a summary of progress to date on the 2016 actuarial valuation. Whilst a full report was not available for distribution, preliminary work gives a guide to the outcome of the valuation.

It was highlighted that:

- The funding level has improved from 71.8% to 82.7%.
- In monetary terms the deficit has reduced by £130m to £235m from £365m as at March 2013. This funding position was based on the Fund having assets of £1,126m and liabilities of £1,361m

The Board were pleased to see the position had improved since the last valuation but there was concern over the variation in funding levels produced by the different methods of actuarial calculation. This does not help with clarity and communication of funding levels and future financial viability. The outcome of the recent valuation also appears at odds with some of the training given to Board Members last year. Nonetheless the Board noted that the Fund is in a much healthier position than expected from earlier reports and this was welcomed.

It was **RESOLVED** that the report be noted.

6. REPORT ON 2015/16 PENSION FUND ANNUAL REPORT AND AUDIT REPORT (ISA 260 REPORT)

This report was introduced by the Investment and Treasury Manager, the report presents the Pension Fund Annual Report and Statement of Accounts for 2015/16 and 2015/16 Pension Fund Audit Report (ISA 260 Report) following the audit by KPMG.

The Board were pleased to read that in the financial statements there are no significant risks identified for the Pension Fund, although some work has not yet been completed.

Members of the Board noted that as part of the overall governance of the Fund, it is very important that Members of the Pensions Committee attend Committee meetings and training events on a regular basis. In the Boards view attendance during 2015-16 as set out in the annual report did not fully meet the expected level and would like Members to be reminded for future meetings.

It was **RESOLVED** that the report be noted

7. MINUTES OF PREVIOUS PENSIONS COMMITTEE

The minutes of the previous Pensions Committee held on 22nd September 2016 was noted by the Pensions Board.

8. DATE OF FUTURE MEETINGS

The next meeting of the Pensions Board is to be held 13th March 2017.

9. ANY OTHER BUSINESS

None

10. EXCLUSION OF THE PRESS AND PUBLIC

10.1 Report on London Collective Investment Vehicle (CIV) and FCA MiFID II Consultation

This report was presented to Members of the Board by the Investment and Treasury Manager.

Members noted the subject of employee representation on the CIV and they urged the Chair of the Committee to raise this at meetings when the governance arrangements of the CIV are discussed.

It was **RESOLVED** that the report be noted

**Chair, John Jones
Pensions Board**