

## Pension Board Submission to the Pensions Committee

To: Pensions Committee

From: John Jones Independent Chair Tower Hamlets Pension Board

Date: 13 March 2019

1. The Pensions Board met on Thursday 7<sup>th</sup> March. We received a presentation from the Local Authority Pension Fund Forum(LAPFF) on the latest developments and to update the Board on recent activity. This followed on from a discussion at the previous Board meeting on how LAPFF influence company decision making and measure their effectiveness. During 2018 they issued 14 voting alerts on a range of issues covering remuneration, climate and governance. Climate action is a high priority for 2019. LAPFF continue to engage with companies and the benefits of their approach accrue over several years. It was a very helpful presentation and reassured the Board on the work and benefits of the LAPFF.
2. The Board considered and welcomed the approach to Training and Development over the coming year, including holding further joint training sessions for both Board and Committee members. As I have advised before this is a key area of interest for the Pensions Regulator in promoting effective governance and decision making. This report is elsewhere on the agenda for this meeting.
3. The Board also agreed its work plan for the year ahead. New changes include considering the risk register every 6 months and a monitoring report annually on investment, custodian and transaction costs. These costs have been the subject of attention nationally in recent years and a new framework for analysis and reporting has now been introduced. It was also agreed that the Board should have a separate budget to cover its annual running costs.
4. We received an update on the performance of the Pensions Administration team. The Pensions regulator has identified data quality and record keeping as a key area of performance as it

impacts directly on member benefits. The current reporting arrangements covering percentage activity need further development to include data activity, information on back logs of work and the move to paperless reporting. With these inclusions the report would provide more robust and complete information for the Board and Committee. It is important that the administration function is properly resourced to meet service demands and this should also be reported on a regular basis.

5. Regular reports should also be submitted to the Board on any breaches that may occur in record keeping, calculating benefits, internal controls and investment related activity. Many of these may not be material but do assist in giving a complete picture of the overall management of the LGPS in Tower Hamlets.
  
6. Finally, 2 items were raised at the meeting to be referred onto the Committee for its attention. First, whether there are any implications for the Pension fund arising from the current review of terms and conditions in Tower Hamlets Council. Secondly, concern over the potential liabilities arising from staff employed on market salaries at the London CIV being included in the LGPS. The Committee are asked to consider the implications of these issues.

John Jones  
12<sup>th</sup> March 2019