

Pension Board Submission to the Pensions Committee

To: Pensions Committee

From: John Jones Independent Chair Tower Hamlets Pension Board

Date: 24 September 2019

1. The Pensions Board met on Thursday 19th September. Unfortunately, 2 board Members were unable to attend because of other commitments, but Cllr Perry was able to join the meeting. The Board had a full discussion on a number of issues, and it was a useful and productive meeting. The meeting was longer than usual reflecting the depth of discussion on the agenda.
2. We received 2 presentations at the meeting as part of the Board's programme of training and development. The first from bfinance on the current market opportunities and challenges in investing in infrastructure, and the second from Quinbrook Partners on their approach to investing in renewable energy. Members asked a range of questions to both presenters. The Board was supportive of the approaches presented. We concluded that infrastructure is an asset class that the Fund should incorporate into its asset allocation and explore the investment opportunities available. We would welcome an update on progress at a future meeting.
3. The Board considered the latest performance data for the Fund and noted the strong returns from Global equities over the past year and the disappointing returns from Absolute Bonds from inception. We found the summary document produced by Mercer to be very user friendly and easy to access.
4. The Board noted the latest LAPFF Voting and engagement update, and asked for more information from the London CIV on their approach at a future meeting. We also noted the update on developments with the LGPS cost cap, McCloud judgement and the actuarial review.
5. The Board then reviewed the latest Risk register which is now a regular agenda item at each Board meeting. The plan is to cover

each of the areas in the document in depth over the 4 meetings each year, as well as address any red flag issues that arise during the year. We recommend that the document is improved by introducing a RAG traffic light system to highlight areas of concern.

6. The draft Pension Fund annual report and account was noted. The document includes my report on the Board's activity during 2018/19.
7. In previous reports I have highlighted concerns about the monitoring information provided to the Committee and the Board on Pensions administration. Moreover, the Pensions Regulator has identified data quality and record keeping as a key area of performance as it impacts directly on member benefits. The Board has previously recommended that the pensions administration monitoring report should be updated to provide more robust and complete information.
8. The Board were pleased to see that a more comprehensive and complete report has now been developed on pensions administration performance and the key issues affecting the service. This is to be welcomed. The report is clear that there are issues to address in order to reduce back logs and develop a more effective service. It is important that progress is monitored closely and reported to the Board and Committee, and that sufficient resources are made available to achieve this.
9. Finally, we discussed the training and development needs for Board members. In addition to the regular presentations and discussions at Board meetings, members will be asked on an individual basis to identify gaps in their skills and knowledge so these can be addressed.

John Jones
23rd September 2019