

# Pensions Committee



Thursday, 25 November 2021 at 6.30 p.m.

Committee Room One - Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG

## Supplemental Agenda

This meeting is open to the public to attend.

### Further Information

For further information including Membership of this body and public information see the main agenda.

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**5. SUBMISSIONS / REFERRALS FROM PENSION BOARD**

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**Next Meeting of the Committee:**

Thursday, 10 March 2022 at 6.30 p.m. to be held in the Committee Room One - Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG

# Agenda Item 5

## Pension Board Submission to the Pensions Committee

To: Pensions Committee

From: John Jones Independent Chair Tower Hamlets Pension Board

Date: 25 November 2021

1. The Pensions Board held a hybrid meeting on Monday 22<sup>nd</sup> November. The main items on the agenda were a training session from Quinbrook Infrastructure Partners on renewable energy; an update on the current position in pensions administration and a review of the Risk Register. The meeting had been re-arranged from an earlier date with 4 members able to be present.
2. The meeting was also attended by a representative of AON as part of the Governance Review of the Tower Hamlets Pension Fund. The review will examine how well the Fund is complying with guidance from the Pensions Regulator. This is likely to be made mandatory for LGPS Funds so in this respect Tower Hamlets would be ahead of the requirement. The review will be looking for transparency and clarity in decision making; a clear strategic direction; a delivery plan with monitoring and the management of risk; and the structures in place to make effective decisions. The Board are fully supportive of and will be engaged in the review, with a draft report and action plan expected in January.
3. Quinbrook Infrastructure Partners gave a presentation and training session on renewable energy. This was well received by the Board with several questions and a discussion of the issues. There was also an update and feedback on the Hymans Academy training programme that is to be completed by members of the Board and Committee. Feedback so far from Board members who have commenced the training is that the content is comprehensive and relevant but that some of the modules are too long before the assessment test at the end. As Board Chair I have strongly encouraged all Board Members to complete their training.
4. There was a full discussion on the issues raised in the Pensions Administration and LGPS Update report. In my last report to the

Committee in September, the Board welcomed the improvement in the staffing position although noting that more work is needed to fill all the posts in the new structure. Recruiting skilled Pensions staff in the current jobs market continues to be difficult. At the time of writing, 6 posts remain vacant with interviews for 2 to be held shortly leaving 4 posts outstanding. Resourcing the Pensions Team will be covered in the Governance Review, so in view of the recruitment difficulties and the need for further improvement, the Board consider that all options should be examined and action taken to fill vacant posts. Other points discussed in the meeting related to the presentation of data in some of the tables; and the outstanding work required in order to upload data directly into the I Connect system. Achieving full use of the I Connect system would mark a step forward in improving the efficiency of the Pensions team.

5. The Board reviewed the Risk Register for the Pension Fund albeit that there were no changes since the last meeting in September. Out of a total of 33 identified risks, 12 are assessed as green with 5 classified as red and 16 as amber. The Board remain concerned about the current position particularly as the 5 red risks are all associated with staffing and resource issues in the pension administration team (discussed above in paragraph 4). The 16 amber risks fall mainly in the Governance and Funding and Investments categories and, although not as critical as the 5 red risks, the total is too large and action should be taken to reduce this number. There were questions and discussion around identifying actions required to mitigate risks G3 Service delivery, F1 Investment Strategy and AG2 on performance.
6. Because it was not possible for Board members to read the Risk Policy report before the meeting, it was agreed to defer this to the next Board meeting to allow more time to consider and comment on the paper.
7. When considering the Voting and Engagement report, questions were raised as regards why the LAPFF requirement for responsible fund engagement, particularly net zero investment, was seen only in the challenges of LGIM one of the five LBTH/CIV fund managers. This issue will be addressed and discussed further at the next meeting.

8. Finally, the report proposing changes to the London Collective Investment Vehicle was agreed.

John Jones

23 November 2021

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