

Pensions Committee

Agenda

**Thursday, 12 January 2023 at 6.30 p.m.
Committee Room One - Town Hall, Mulberry
Place, 5 Clove Crescent, London, E14 2BG**

Members:

Chair: Councillor Bellal Uddin

Vice Chair: Councillor Iqbal Hossain

Councillor Abdul Malik, Councillor Abdul Mannan, Councillor Rachel Blake, Councillor Ayas Miah and Councillor Abdal Ullah

Co-opted Members:

Kehinde Akintunde (Trade Union Representative)

Substitutes: Councillor Ahmodur Khan, Councillor Amin Rahman, Councillor Abu Chowdhury, Councillor Asma Islam, Councillor Sirajul Islam and Councillor Amy Lee

[The quorum for the Pensions Committee is 3 voting Members]

Contact for further enquiries:

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1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, E14 2BG

<http://www.towerhamlets.gov.uk/committee>



Public Information

Viewing or Participating in Committee Meetings

Please note: Whilst the meeting is open to the public, the public seating in the meeting room for observers may be limited due to health and safety measures. You are advised to contact the Democratic Services Officer to reserve a place.

Meeting Webcast

This meeting will take place in a phase of the Council's move to the new Whitechapel Town Hall. Members of the public can attend the meeting in person, but the meeting **will not be webcast**. Members of the public who wish to follow the meeting are strongly encouraged to attend in person. Available seats will be allocated on a first-come-first-served basis. The venue for this meeting is as shown on the agenda front sheet.

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A Guide to Pensions Committee

To consider pension matters and meet the obligations and the duties of the Council under the Superannuation Act 1972, and the various statutory requirements in respect of investment matters.

Public Engagement

Meetings of the committee are open to the public to attend, and a timetable for meeting dates and deadlines can be found on the council's website.

London Borough of Tower Hamlets

Pensions Committee

Thursday, 12 January 2023

6.30 p.m.

APOLOGIES FOR ABSENCE

1. DECLARATIONS OF INTERESTS (PAGES 7 - 8)

Members are reminded to consider the categories of interest, identified in the Code of Conduct for Members to determine: whether they have an interest in any agenda item and any action they should take. For further details, see the attached note from the Monitoring Officer.

Members are also reminded to declare the nature of the interest at the earliest opportunity and the agenda item it relates to. Please note that ultimately it is the Members' responsibility to identify any interests and also update their register of interest form as required by the Code.

If in doubt as to the nature of an interest, you are advised to seek advice prior the meeting by contacting the Monitoring Officer or Democratic Services.

2. MINUTES OF THE PREVIOUS MEETING(S) (PAGES 9 - 12)

To confirm as a correct record the unrestricted minutes of the meeting of the Committee held on 31st October 2022.

3. PETITIONS

To receive any petitions relating to matters for which the Committee is responsible.

4. SUBMISSIONS / REFERRALS FROM PENSION BOARD

5. REPORTS FOR CONSIDERATION

6. TRAINING EVENTS

7. ANY OTHER BUSINESS CONSIDERED TO BE URGENT

8. EXCLUSION OF PRESS AND PUBLIC

In view of the contents of the remaining items on the agenda the Committee is recommended to adopt the following motion: "That, under the provisions of Section 100A of



the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government Act, 1972.”

EXEMPT SECTION (Pink Papers)

The exempt committee papers in the agenda will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please post them to the Democratic Service Office, 1st Floor, Mulberry Place London E14 2BG or hold onto the papers until such time you can return to the Town Hall and dispose of the papers in the confidential bins.

8 .1 RESTRICTED MINUTES OF THE PREVIOUS MEETING(S)

To confirm as a correct record the restricted minutes of the meeting of the Committee held on 31st October 2022.

8 .2 Carbon Foot Print Audit 31 March 2022

8 .3 Actuarial Valuation at 31 March 2022 Initial Results

8 .4 Quarterly Investment Performance Review

8 .5 Asset Allocation - Affordable Housing

8 .6 Absolute return Bond Fund Review

9. EXCLUSION OF ADVISORS AND GUESTS OF THE COMMITTEE

9 .1 Investment Adviser Objectives and Regulatory Changes to CMA Order (Pages 17 - 28)

Next Meeting of the Pensions Committee

Monday, 13 March 2023 at 6.30 p.m. to be held in Committee Room One - Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG



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Agenda Item 1

DECLARATIONS OF INTERESTS AT MEETINGS– NOTE FROM THE MONITORING OFFICER

This note is for guidance only. For further details please consult the Code of Conduct for Members at Part C, Section 31 of the Council's Constitution

(i) Disclosable Pecuniary Interests (DPI)

You have a DPI in any item of business on the agenda where it relates to the categories listed in **Appendix A** to this guidance. Please note that a DPI includes: (i) Your own relevant interests; (ii) Those of your spouse or civil partner; (iii) A person with whom the Member is living as husband/wife/civil partners. Other individuals, e.g. Children, siblings and flatmates do not need to be considered. Failure to disclose or register a DPI (within 28 days) is a criminal offence.

Members with a DPI, (unless granted a dispensation) must not seek to improperly influence the decision, must declare the nature of the interest and leave the meeting room (including the public gallery) during the consideration and decision on the item – unless exercising their right to address the Committee.

DPI Dispensations and Sensitive Interests. In certain circumstances, Members may make a request to the Monitoring Officer for a dispensation or for an interest to be treated as sensitive.

(ii) Non - DPI Interests that the Council has decided should be registered – (Non - DPIs)

You will have 'Non DPI Interest' in any item on the agenda, where it relates to (i) the offer of gifts or hospitality, (with an estimated value of at least £25) (ii) Council Appointments or nominations to bodies (iii) Membership of any body exercising a function of a public nature, a charitable purpose or aimed at influencing public opinion.

Members must declare the nature of the interest, but may stay in the meeting room and participate in the consideration of the matter and vote on it **unless:**

- A reasonable person would think that your interest is so significant that it would be likely to impair your judgement of the public interest. **If so, you must withdraw and take no part in the consideration or discussion of the matter.**

(iii) Declarations of Interests not included in the Register of Members' Interest.

Occasions may arise where a matter under consideration would, or would be likely to, **affect the wellbeing of you, your family, or close associate(s) more than it would anyone else living in the local area** but which is not required to be included in the Register of Members' Interests. In such matters, Members must consider the information set out in paragraph (ii) above regarding Non DPI - interests and apply the test, set out in this paragraph.

Guidance on Predetermination and Bias

Member's attention is drawn to the guidance on predetermination and bias, particularly the need to consider the merits of the case with an open mind, as set out in the Planning and Licensing Codes of Conduct, (Part C, Section 34 and 35 of the Constitution). For further advice on the possibility of bias or predetermination, you are advised to seek advice prior to the meeting.

Section 106 of the Local Government Finance Act, 1992 - Declarations which restrict Members in Council Tax arrears, for at least a two months from voting

In such circumstances the member may not vote on any reports and motions with respect to the matter.

Further Advice contact: Janet Fasan, Director of Legal and Monitoring Officer, Tel: 0207 364 4800.

APPENDIX A: Definition of a Disclosable Pecuniary Interest

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to the Member's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

The unrestricted minutes from the meeting of 3rd October 2022 were agreed to be an accurate record of the meeting and were approved by the Committee.

3. EXCLUSION OF PRESS AND PUBLIC

The Chair **MOVED** and it was

RESOLVED

“That under the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government Act, 1972.”

3.1 RESTRICTED MINUTES OF THE PREVIOUS MEETING

The restricted minutes from the meeting of 3rd October 2022 were agreed to be an accurate record of the meeting and were approved by the Committee.

3.2 Training -Funding Strategy Statement

Ms Miriam Adams, Interim Head of Pensions and Treasury introduced the training session and said the Committee had been provided with training and background information regarding the role of the Actuary at a previous meeting. She said the Actuary, under the Pension legislation and regulation were required to complete a triannual valuation, which was due for completion by 31st March 2023. She said that as part of the triannual valuation, the Fund was expected to produce its Funding Strategy Statement (FSS).

The Chair thanked Ms Adams and Mr Dodds for their presentation.

4. REPORTS FOR CONSIDERATION

4.1 Funding Strategy Statement

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the draft Funding Strategy Statement and appendices were attached to the report and were being consulted on.

She said the final outcome of the consultation would be presented to the Committee at its March 2023 meeting.

The Pensions Committee **RESOLVED** to:

1. Approve the draft Funding Strategy Statement and draft policies.
2. Agree a draft Funding Strategy Statement is to be sent out for consultations with scheme employers.

5. ANY OTHER BUSINESS CONSIDERED TO BE URGENT

There was no other business to be discussed.

The meeting ended at 7.45 p.m.

Chair, Councillor Bellal Uddin
Pensions Committee

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Agenda Item 4

Pension Board Submission to the Pensions Committee

To: Pensions Committee

From: John Jones Independent Chair Tower Hamlets Pension Board

Date: 12th January 2023

1. The Pensions Board held a hybrid meeting on Monday 28th November. The main items on the agenda were a training session from Wellington Asset Management on Climate Change and ESG; an update on the current position in Pensions administration and a discussion on voting and ESG engagement. The meeting was well attended with 6 members present either in the room or online. There is currently one vacancy on the Board.
2. The presentation by Wellington on Climate Change and ESG was very well received and there was a full discussion with several questions from the Board. The Board felt that whilst the focus to date has been on environmental and climate issues, it is important to note that social and governance issues are also an important part of the Fund's strategy and should not be overlooked. The Board were very engaged in the presentation and the discussion could have continued much longer. There will be an opportunity to return to this important topic on another occasion.
3. This led into considering the Board report setting out the Fund's policy on Climate Change and related disclosures; this was endorsed by the Board. The voluntary approach adopted so far was welcomed and the very good progress made towards implementing low carbon investments was noted.
4. The Board had a long discussion on the progress report on Voting, Engagement and Stewardship, and in particular the approach taken by the London CIV on voting in line with LAPFF recommendations. There were several examples where asset managers did not vote in line with LAPFF recommendations without explanation; and others where some managers vote in line with recommendations whilst another manager voted the opposite way. This presents a

contradictory position of the Fund's policy. The Board recognise the practical difficulties when investing via the London CIV in pooled funds, but believe that the CIV should be more assertive in this area and that asset managers should operate on the basis of "comply or explain". As a first step it was proposed that the London CIV be invited to present and discuss their approach to voting shares and that the invitation be extended to all members of the Committee as well as the Board.

5. The Board endorsed the Fund's Governance Policy and Statement and supported the proposal to hold an AGM. There was also a discussion around the importance a developing an effective website to open up a route for individual members to contact the Fund including the Board, and to facilitate more engagement with fund members.
6. The Board considered the latest report on pensions administration and the associated performance data. One issue that emerged was concern over employees leaving the Tower Hamlets Pension Fund with the associated loss of benefits for them. One Board member highlighted the misunderstanding that some leavers may have, and the need for employers to look at channels of communication so that employees can make fully informed decisions. This is an issue we believe should be highlighted and promoted more effectively by all Tower Hamlets Pension Fund employers. We noted that the figures reported were distorted by the onboarding of staff through auto enrolment and received an update to confirm that this backlog has been cleared.
7. The Board received a verbal update on the staffing position in pensions administration. This is an issue we have been concerned about and have been highlighting for a few years now. It was very pleasing to learn that there is now only one vacancy in the administration team, to be recruited to in the new year, and 2 vacancies in the accountancy team. Recruitment remains difficult in the current jobs market, and the Board remains very supportive of measures to fill vacant posts in the pensions administration and accountancy teams as quickly as possible. It is important that both the Board and Committee continue to monitor the staffing position in the pensions teams so that the current service improvements in service can continue.
8. In previous reports, the Board has highlighted the issues around data quality and the implementation of the i connect system. We

were given a verbal update on progress in addressing the issues. Whilst there has been progress, there are still IT issues to resolve requiring the employment of a specialist together with an action plan. The Board will continue to monitor progress at future meetings and report accordingly.

9. The Board agreed the policy on Representation and Voting as part of implementing Good Governance in the LGPS, and received verbal updates on the risk register and progress with completing the audit of accounts. The meeting concluded with a presentation and training session on the development of the updated Funding Strategy Statement.
10. Roger Jones has now left the Council's employment and has therefore stood down as a Member of the Pensions Board. I should like to take this opportunity to thank Roger for his work as a Board Member and wish him well in his future career elsewhere.

John Jones
12th December 2022

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