

# Pension Board

## Agenda

**Monday, 11 September 2023 at 10.00 a.m.**  
**Committee Room - Tower Hamlets Town Hall,**  
**160 Whitechapel Road, London E1 1BJ**

### Members:

**Chair:** John Jones (Independent Chair)

**Vice Chair:** David Stephen Thompson (Representing Retired/Deferred Pension Fund Members)

John Gray, (Representing Active Admitted/Statutory Bodies Pension Fund Members)

Chris Boylett, (Interim Head of Revenue and Benefits)

Nneka Oroge, Trade Union Representative

Councillor Abdul Mannan, Scrutiny Lead for Housing and Regeneration

Annette McKenna, Representing Admitted Bodies Employers

**Substitutes:** Michael Alderson

[A meeting is only quorate when at least one person of each member and employer representatives are present including the independent chair, or 50% of both member and employer representative are present]

### Contact for further enquiries:

Farhana Zia, Democratic Services Officer,

farhana.zia@towerhamlets.gov.uk

020 7364 0842

Town Hall, 160 Whitechapel Road, London, E1 1BJ

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



## Public Information

### Viewing or Participating in Committee Meetings

The meeting will be broadcast live on the Council's website. A link to the website is detailed below. The press and public are encouraged to watch this meeting online.

**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

The meeting is being webcast for viewing through the Council's webcast system.

<http://towerhamlets.public-i.tv/core/portal/home>

### Electronic agendas reports and minutes.

Copies of agendas, reports and minutes for council meetings can also be found on our website from day of publication.

To access this, click [www.towerhamlets.gov.uk/committee](http://www.towerhamlets.gov.uk/committee) and search for the relevant committee and meeting date.

Agendas are available on the Modern.Gov, Windows, iPad and Android apps



Scan this QR code to view the electronic agenda



## **A Guide to the Pensions Board**

The Pensions Board was created in 2015 under the requirements of the Public Service Pensions Act 2013 to assist the Administering Authority (Tower Hamlets Council) in its role as a scheme manager of the Scheme. Its role is to:

- a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and;
- b) to ensure the effective and efficient governance and administration of the Scheme.

### **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

## Pension Board

Monday, 11 September 2023

10.00 a.m.

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTERESTS**
3. **UNRESTRICTED MINUTES (PAGES 9 - 18)**

To confirm as a correct record of the proceedings the unrestricted minutes of the meeting of the Pensions Board held on 26<sup>th</sup> June 2023.

4. **SUBMISSIONS FROM FUND MEMBERS**

To consider any written submissions from Fund Members/Stakeholders.

(Submissions must be received by the Clerk to the meeting no later than 5.00p.m. on the day before the meeting.)

5. **SUBMISSIONS / RESPONSES FROM PENSION COMMITTEE**

6. **REPORTS FOR CONSIDERATION**

6 .1 Training - Real Estate (Schroders)

6 .2 Pension Overpayment Policy – to follow.

6 .3 Funding Strategy Statement Update and Academy Funding Policy Update – to follow.

6 .4 Review of Internal Controls of Investment Managers and Custodian - London CIV – to follow.

6 .5 Whole Fund Funding update – to follow.

6 .6 Pensions Administration and LGPS Quarterly Update – to follow.

7. **PENSIONS COMMITTEE AGENDA FOR THE FORTHCOMING MEETING**



## **8. ANY OTHER BUSINESS**

## **9. 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/Confidential (pink) papers for consideration at the meeting 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 hand them to the Democratic Services Officer present or dispose of them in the confidential bins.

**9 .1 ESG, Voting, Engagement and Stewardship update – to follow.**

**9 .2 Cost Transparency - Investment Management Costs – to follow.**

**9 .3 Risk Register – to follow.**

### **Next Meeting of the Pension Board**

Monday, 20 November 2023 at 10.00 a.m. to be held in Committee Room - Tower Hamlets Town Hall, 160 Whitechapel Road, London E1 1BJ



This page is intentionally left blank

# Agenda Item 2

## **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.



## LONDON BOROUGH OF TOWER HAMLETS

### MINUTES OF THE PENSION BOARD

HELD AT 10.03 A.M. ON MONDAY, 26 JUNE 2023

COMMITTEE ROOM - TOWER HAMLETS TOWN HALL, 160 WHITECHAPEL ROAD, LONDON E1 1BJ

#### Members Present in Person:

John Jones	Independent Chair
John Gray	(Representing Active Admitted/Statutory Bodies Pension Fund Members)
Chris Boylett	(Interim Head of Revenue and Benefits)
David Stephen Thompson	Representing Retired/Deferred Pension Fund Members
Councillor Abdul Mannan	Scrutiny Lead for Housing and Regeneration
Annette McKenna	Representing Admitted Bodies Employers

#### Apologies:

Nneka Oroge	Trade Union Representative
-------------	----------------------------

#### Others Present in Person:

Colin Robertson	Independent Investment Advisor (Pensions Committee)
-----------------	---

#### Officers Present in Person:

Carole S Bowes	(Employment Lawyer, Legal Services, Directorate Law, Probity and Governance)
Miriam Adams	Interim Head of Pensions and Treasury
Farhana Zia	(Democratic Services Officer, Committees, Governance)

#### Officers In Attendance Virtually:

Lilian Ajose	(Senior Lawyer)
John Harrison	Interim Director of Finance, Procurement and Audit

#### 1. APOLOGIES

Apologies for absence were received from Nneka Oroge (Trade Union Representative).

#### 2. DECLARATIONS OF INTERESTS

John Gray (Representing Active Admitted/Statutory Bodes Fund Members) declared he was vice-chair of the Local Authority Pension Fund Forum) and a trade union member.

### 3. APPOINTMENT OF VICE-CHAIR

The Chair Mr John Jones proposed Mr David Stephen Thompson continue in his role as vice-chair of the Pensions Board. The nomination was seconded by Annette McKenna.

The Pensions Board **RESOLVED** to:

1. Elect Mr David Stephen Thompson as the vice-chair of the Pensions Board for 2023-24.

### 4. UNRESTRICTED MINUTES

The unrestricted minutes of 27<sup>th</sup> February 2023 were **AGREED** and **APPROVED** as an accurate record of the meeting.

### 5. SUBMISSIONS FROM FUND MEMBERS

There were no submissions from fund members.

### 6. SUBMISSIONS / RESPONSES FROM PENSION COMMITTEE

There were no submissions/responses from the Pensions Committee.

Mr John Jones stated he had attended the last Pensions Committee of 11<sup>th</sup> March 2023, where he presented the Board's report, which had been well received.

### 7. TRAINING - INFLATION & INTEREST RATES

Mr Colin Robertson, Independent Investment Advisor, provided the Board with training on the subjects of inflation and interest rates.

The training covered many issues including, for example:

- Different measures of inflation and types of inflation such as consumer prices and asset price Inflation.
- The importance of considering interest rates and gilt yields after deducting inflation and how long-term inflation can be forecast.
- Long term interest rates / bonds and credit spreads.
- Different types of asset classes and their characteristics including levels of liquidity.

In response to questions from members the following was noted:

- Mr Robertson said taxation could be used to curb inflation, as this slows the economy but at the same time could lead to higher prices.

- The Government's monetary and fiscal policies can impact short-term, such as a rise in interest rates or long-term where structural changes are made.
- Supply issues have had a global effect, due to the pandemic. Higher costs lead to demand for higher wages, and this can affect inflation.
- The Pension Fund as funds invested in diversified assets and is not significantly affected by the rise in interest rates or inflation. Mr Robertson said it was a balanced portfolio.

The Pensions Board **RESOLVED** to:

Thank Mr Robertson for his presentation, which they had found to be very informative.

## **8. REPORTS FOR CONSIDERATION**

### **8.1 Pension Board Terms of Reference, Membership, Quorum and Dates of Meetings 2023/24**

Ms Farhana Zia, Democratic Services Officer presented the report, asking members to note the Pensions Committee's terms of reference, membership, quorum and dates of meeting for the municipal year 2023/24.

She informed members these had been agreed at Full Council on the 17<sup>th</sup> May 2023.

The Pensions Committee **RESOLVED** to:

1. Note its Terms of reference, Quorum, Membership and Dates of future meetings as set out in Appendices 1,2 and 3 in the report; and
2. **CONFIRMED & AGREED** to hold scheduled meetings of the Pensions Board at 10:00 a.m.

### **8.2 Governance Compliance Policy and Statement**

Ms Miriam Adams, Interim Head of Pensions and Treasury introduced the report stating that the report outlined the Governance policy and Governance compliance statement in accordance with the Local Government Pensions Scheme Regulations.

Ms Adams referred members to the report appended at page 34 and drew attention to the aims and objectives of the governance policy and statement. She referred to the two areas of partial compliance and said the Pensions Fund was preparing to hold its first AGM with all stakeholders, in January 2024.

In response to questions and comments from members the following was noted:

- Mr Thompson supported the suggestion of holding an AGM with stakeholders and asked if the publication of the Annual report would

coincide with the AGM. Ms Adams said the 18/19 and 19/20 Annual reports were in draft but could not be consulted on until the Council's accounts had been signed off.

- The Chair, Mr Jones also welcomed the prospect of an AGM and asked that Pension Board members are also invited to this meeting.

The Pensions Board **RESOLVED** to:

Note the recommendations made to the Pensions Committee who will consider this report at its meeting of 3<sup>rd</sup> July 2023, that:

1. The Committee should note and approve the draft Governance Compliance Policy and Compliance Statement (Appendix 1).

### 8.3 Administering Authority Discretions

Ms Miriam Adams, Interim Head of Pensions and Treasury presented the Administering Authority Discretions report. She said a full review of all the administering authority discretions and policies had been undertaken with the support of the Fund actuaries. She said the report and appendix set out the updated discretionary requirements for approval. Ms Adams referred to the Death Grant Policy on page 81 and the Children's Pension Policy on page 85 of the agenda pack.

In response to comments and questions from members the following was noted:

- Mr Thompson praised the report and pointed out a typo on page 83, the first two paragraphs and said this needed to be reworded.
- Referring to page 85, Mr Thompson said under the qualifying criteria, clarity was required as to what "natural children" referred to.
- **Action:** Ms Adams AGREED to look at the aforementioned and said she'd speak to the Local Government Association.

The Pensions Board **RESOLVED** to:

Note the recommendations made to the Pensions Committee who will consider this report at its meeting of 3<sup>rd</sup> July 2023, that:

The Pensions Committee is recommended to:

1. Consider and approve the recommended administering authority discretions policy.
2. Note that policies have been implemented following legal developments and recommendations from the Local Government Association:
3. Consider and approve the Death Grant Policy.
4. Consider and approve the Child Pension Policy and.
5. That the Committee approve publication on the Pension Fund website.

### 8.4 ESG, Voting, Engagement and Stewardship Update

Ms Miriam Adams, Interim Head of Pensions and Treasury presented the ESG, Voting, Engagement and Stewardship update report. She said the report provided an overview of the activities carried out by the Tower Hamlets Pension Fund's investment managers and on its behalf by the Local Authority Pension Forum (LAPFF) in the quarter ending March 2023.

Ms Adams commented the quarter had been a quite one. She said the report was limited to the companies that the Pension Fund was invested in.

In response to comments and questions from members the following was noted:

- Mr Gray stated LAPFF had declared an international garment workers day to improve the working conditions of workers and the supply chain.
- Mr Thompson stated he was pleased to see there had been dialogue with Amazon. He said whilst the LAPFF initiative was good, working conditions in the UK also required improvement.
- Ms Adams stated the LBTH Pensions Fund had been the main driver for improving relations with LCIV and voting patterns.

The Pensions Board **RESOLVED** to:

Note the recommendations made to the Pensions Committee who will consider this report at its meeting of 3rd July 2023, that:

The Pensions Committee is recommended to:

1. Note content of this report and appendices.

## **8.5 PENSIONS BOARD WORK PLAN 2023-24**

Ms Miriam Adams, Interim Head of Pensions and Treasury introduced the Pension Board work plan for 2023/24. She said the work plan was subject to change during the year and invited comments from members.

In response to comments and questions from members the following as noted:

- Ms Adams confirmed Budgetary control information would be presented as part of the annual report, coming to the next meeting.
- In reference to page 133, Mr Thompson enquired if the 'Investment strategy statement and review changes' would be in draft format to allow comments. Ms Adams confirmed that it will be.

The Pensions Board **RESOLVED** to:

1. Note the Pension Board workplan for 2323/24.

## **8.6 Pensions Administration and LGPS Quarterly Update**

Ms Miriam Adams, Interim Head of Pensions and Treasury introduced the report stating that the report provided information on the administration and performance of the Fund over the last quarter as well as an update on the key LGPS issues and initiatives which impact the Fund.

Ms Adams said the table at 3.1, page 136 showed the membership to the fund had risen slightly. The number of tasks completed and outstanding was shown in table 3.2.

In response to comments and questions from members the following was noted:

- Mr Jones stated performance had risen compared to performance 18 months ago. He said the number of pension staff had increased and said this was a good new story that ought to be celebrated.
- Ms Adams confirmed this and said they were looking to recruit more staff. She said she was looking to strengthen performance with a target of 70% completed tasks. She said the next quarter report would show a dip in performance, but this had been to sickness in the team.
- Referring to the checks and balances in place for Overseas Pensioners, paragraph 3.6, Ms Adams confirmed it was an officer decision to stop a pension after a final reminder had been sent. She said a pensioner/fund member was given three months to respond to existence checks with each case being reviewed on a case-by-case basis.
- Referring to staff who are 'insourcing' paragraph 3.9, Ms Adams said her team will be working with staff to ensure they know of the benefits of the pension scheme however the onus was on the employers to promote the scheme.
- Referring to the table at paragraph 3.2, Mr Thompson suggested the 'other' category be looked at and be re-defined to help understand the types of queries received.

The Pensions Board **RESOLVED** to:

Note the recommendations made to the Pensions Committee who will consider this report at its meeting of 3rd July 2023, that:

The Pensions Committee is recommended to:

1. Note and comment on the contents of this report and appendix.
2. Agree the admission of Riverside Housing Association previously known as One Housing.
3. Note the conversion of Cannon Barnet LEA maintained school to academy status and.
4. Agree to extend the annual overseas existence checks to include a once every 3 years additional checks via Convera (previously known as Western Union).

## 8.7 Pension Fund Accounts Audit Update (verbal)

Ms Miriam Adams, Interim Head of Pensions and Treasury provided a verbal update in relation to the Pension Fund accounts. She informed members the auditors had raised concerns about figures used by the Actuary in their forecasts. She said they were not satisfied with the membership numbers from the triennial valuations of 2016 and 2019. Ms Adams said there was a possibility that the accounts would be qualified for years 2018/19 and 2019/20. She said they were comparing data from 2016 and 2019 triennial spreadsheets.

In response to comments and questions the following was noted:

- Mr Jones stated it was puzzling the auditors were questioning data from 2016 and 2019 triennial valuations and not the financial statements. He asked if this had happened in any other council and if this matter could be escalated to the LGPS and CIPFA? Ms Adams responded stating she was unaware of this being raised as an issue in any other council and that she would relay the Board's comments back to the Corporate Director for Resources, Ms Holland.

Mr Jones thanked Ms Adams for the update.

## 8.8 Quarterly Update Risk Register and Risk Policy

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the report updated members of the Board and Committee, on changes to the Fund's risk register and Risk Management Policy as at March 2023. Ms Adams provided an explanation for the risks listed at paragraph 3.3 to 3.13 and the remedial action taken. She explained the progress that had been made to the risks and referred to the table at paragraph 3.14 which summarised the total risks.

In response to comments and questions the following was noted:

- Referring to the table at 3.10 and the risk register appended, Mr Thompson said there were 11 reds of which 9 had been converted to amber. He said most of them were showing 'ongoing' but did not state a deadline. He asked this to be reviewed with an indication of when they were likely to be completed.

The Pensions Board **RESOLVED** to:

Note the recommendations made to the Pensions Committee who will consider this report at its meeting of 3rd July 2023, that:

The Committee is recommended to:

1. Note and comment on the detailed Risk Register (Appendix 1)

## 8.9 Review of Internal Controls at Investment Managers and Custodian

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the report presented the findings of the review examining the adequacy of internal control measures in place by fund managers who hold the Fund's assets in management. She said an independent accounting and auditing firm had been used for this purpose. Ms Adams said the review of these report and bridging letters had identified no significant changes to the internal control environment for the period of 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023.

In response to comments and questions the following was noted:

- In answer to if the team had enough resources to undertake reconciliations regularly, Ms Adams said this was a struggle at times. She said one administrative officer for reconciliations. She confirmed more information would be provided in the annual report coming back to the Board and Committee.

The Pensions Board **RESOLVED** to:

Note the recommendations made to the Pensions Committee who will consider this report at its meeting of 3rd July 2023, that:

The Pensions Committee is recommended to:

1. Note the report contents; and
2. Note that the current position for London CIV.

## **9. PENSIONS COMMITTEE AGENDA FOR THE FORTHCOMING MEETING**

Ms Miriam Adams, Interim Head of Pensions and Treasury said several reports that were on the Pensions Board agenda would be presented to the Committee at its meeting of 3<sup>rd</sup> July 2023. She said Mr Jones, would be attending the meeting to provide his regular update.

## **10. ANY OTHER BUSINESS**

No other business was discussed by Board members.

## **11. 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 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.”

### **11.1 RESTRICTED MINUTES OF THE PREVIOUS MEETING**



The restricted minutes from the 27<sup>th</sup> February 2023 meeting were **AGREED** and **APPROVED** by the Board.

The meeting ended at 12.55 p.m.

Chair, John Jones  
Pension Board

This page is intentionally left blank