

Pensions Committee

Agenda

Monday, 11 December 2023 at 6.30 p.m.
Committee Room - Tower Hamlets Town Hall,
160 Whitechapel Road, London E1 1BJ

Members:

Chair: Councillor Ahmodul Kabir

Vice Chair: Councillor Iqbal Hossain

Councillor Bodrul Choudhury, Councillor Jahed Choudhury, Councillor Rachel Blake,
Councillor Ayas Miah and Councillor Abdal Ullah

Co-opted Members:

Kehinde Akintunde (Trade Union Representative)

Substitutes: Councillor Gulam Kibria Choudhury, Councillor Abdul Wahid, Councillor Kabir Hussain, Councillor Asma Islam, Councillor Sirajul Islam and Councillor Maisha Begum

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

Contact for further enquiries:

Farhana Zia, Democratic Services Officer,

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2nd Floor, Town Hall, 160 Whitechapel Road, London, E1 1BJ

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



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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

Monday, 11 December 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. UNRESTRICTED MINUTES OF THE PREVIOUS MEETING(S) (PAGES 9 - 18)

To confirm as a correct record the minutes of the meeting of the Committee held on 25th September 2023.

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

- 5.1 Audited pension fund accounts and updated pension fund annual report 2018/19 and 2019/20 (To Follow)**
- 5.2 LGPS (England and Wales): Next steps on investments consultation response (To Follow)**



- 5 .3 Review of Communications Strategy (To Follow)**
- 5 .4 Risk Management Policy and Quarterly Review of Risk Register (To Follow)**
- 5 .5 Pensions Administration and LGPS Quarterly Update – Sept 2023 (To Follow)**
- 6. TRAINING EVENTS**
- 7. PENSIONS COMMITTEE WORK PLAN (To Follow)**
- 8. ANY OTHER BUSINESS CONSIDERED TO BE URGENT**
- 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 RESTRICTED MINUTES OF THE PREVIOUS MEETING (Pages 23 - 34)

To confirm as a correct record the minutes of the meeting of the Committee held on 25th September 2023.

- 9 .2 ESG, Voting, Engagement and Stewardship Update September 23 (To Follow)**
- 9 .3 Quarterly Investment Performance Review (To Follow)**
- 9 .4 Considering Alternatives to the LCIV (BG) Diversified Growth Fund (To Follow)**
- 9 .5 2022 TCFD report and Climate Risk Register (To Follow)**

Next Meeting of the Pensions Committee

Monday, 25 March 2024 at 5.30 p.m. to be held in Committee Room - Tower Hamlets Town Hall, 160 Whitechapel Road, London E1 1BJ



Tower Hamlets Council
Tower Hamlets Town Hall
160 Whitechapel Road
London E1 1BJ

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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.

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE PENSIONS COMMITTEE

HELD AT 6.30 P.M. ON MONDAY, 25 SEPTEMBER 2023

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

Members Present in Person:

Councillor Ahmodul Kabir	Chair
Councillor Iqbal Hossain	Vice-Chair
Councillor Bodrul Choudhury	
Councillor Jahed Choudhury	
Councillor Rachel Blake	
Kehinde Akintunde	GMB Union Representative

Apologies:

Councillor Ayas Miah

Others Present in Person:

Jack Bladon	Schroders
Naomi Green	Schroders
Sandeep Chandarana	Mercer
Steve Turner	Mercer
Colin Robertson	Independent Adviser

Officers Present in Person:

Miriam Adams	Interim Head of Pensions and Treasury
Farhana Zia	Democratic Services Officer, Committees, Governance

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Ayas Miah and John Jones, Independent Chair of the Pensions Board.

1. DECLARATIONS OF INTERESTS

There were no Declarations of Disclosable Pecuniary Interest.

2. MINUTES OF THE PREVIOUS MEETING(S)

The unrestricted minutes of 13th and 22nd March, and 3rd July 2023 were agreed to be an accurate record of the meeting and were approved by the Committee.

3. PETITIONS

The Pensions Committee heard from Mr John Gray, Union representative and Ms Julie Richie, employee at Riverside Housing Association.

Mr Gray informed the Committee that staff who had been TUPED over to the Housing Association in 2005, from the Council, had been informed that the Housing Association wanted to withdraw from the LGPS scheme.

Mr Gray explained Riverside Housing Association was formerly known as One Housing / Clarion Housing and Toynbee Housing Association. Riverside Housing Association had recently launched a consultation exercise, asking employees for their views to withdraw from the LGPS scheme.

Mr Gray said this change would have a detrimental effect on employees approaching retirement. He said employees with long-term service would be affected, as it would decimate their retirement plans.

He asked the Committee to take note of this and said the Council must do what it can to protect staff who had been TUPED but wanted to remain part of the LGPS scheme. He said it was disappointing that the Housing Association was reneging on promises it had made staff when they joined their employment.

In response to comments of the Committee the following was noted:

- **ACTION:** Officers were asked to draft a letter to Riverside Housing Association, asking the Housing Association to investigate the terms and conditions of the original TUPE agreement and provide an explanation as to the alternative options they had considered for employees who wanted to remain part of the LGPS scheme. Members of the Committee to have sight of the letter before it is circulated.
- **ACTION:** Members stated they wanted to see the original admission agreement and asked that this be presented to the Pensions Committee at its next meeting. The Committee also wanted to know what enforcement options were available to them.

4. SUBMISSIONS / REFERRALS FROM PENSION BOARD

Ms Miriam Adams, Interim Head of Pensions and Treasury addressed the Committee on behalf of Mr John Jones, Independent Chair of the Pensions Board.

Ms Adams explained the Board's meeting of 11th September 2023 did not take place owing to the Board not having representation of an employer and

employee representative in the room. Nevertheless, the Board did receive training on Real Estate investment from Schroders which they found very useful.

The Board will report back on its activity at the next Pension Committee meeting.

5. TRAINING - REAL ESTATE (SCHRODERS PRESENTATION)

Mr Jack Bladon and Ms Naomi Green from Schroders provided Committee Members with an overview of the portfolio administered on behalf of the Fund and the performance of the fund. Ms Green explained the strategy used when making investments and how the fund measures up against sustainability targets.

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

- **ACTION:** In response to a question, Ms Green stated that the managers of the underlying funds would be asked to provide a list of assets held and which are located in Tower Hamlets, and these could be sent to the Committee in a separate email.
- Ms Green stated they were working with partners to achieve the net zero target. She said every manager had a checklist to collate sustainability data.
- Mr Colin Robertson, Independent Adviser, asked how much remained to be invested in “Distressed” real estate. Ms Green responded stating £2.8M cash had been left over for further distressed opportunities and it was hoped purchases could be made at a 7% - 10% discount. Mr Robertson pointed out that this was greater than the 3% discounts which had been achieved to date. It was explained that this was because some property managers needed to make sales.
- Additional allocations had been made to the Unite UK Student Accommodation Fund, the Industrial Property Investment Fund and the Schroders Capital UK Real Estate Fund (page 13 of presentation).

The Chair thanked the representatives from Schroders for their presentation.

6. REPORTS FOR CONSIDERATION

6.1 Administering Authority Discretions - Overpayment of Pensions Policy

Ms Miriam Adams, Interim Head of Pensions and Treasury presented the report on the proposed Pensions Overpayment Policy. She said the policy set out the steps the Council’s Pension Fund would take on discovering an overpayment of pension made to a retired member of the LGPS, a beneficiary or estate of a retired member of the LGPS.

She referred members to page 34 of the agenda which set out the scope of the policy.

In response to comments and questions the following was noted:

- Ms Adams stated that data on how the LBTHPF compared with other funds relating to overpayment was not available. However this was an area that the Fund wanted to improve and so LBTHPF was aiming to achieve this with this policy.
- Ms Adams said there were approximately 300 cases of overpayment which did not include National Fraud Initiative (NFI) records. She said the Pension Service aimed to contact the named person on a death certificate to establish if overpayment had occurred.
- In respect of what the LGPS can do to minimise the risks of an overpayment, Ms Adams referred members to paragraph 3.1 which listed the steps it would take.

The Pensions Committee **RESOLVED** to:

1. Consider and review the Policy on Pension Overpayment (the Pension Overpayment Policy)
2. APPROVE the policy and delegate to the Corporate Director of Resources the authority to update the Pensions Overpayment Policy as required from time to time to reflect changes in working practices and/or the law.
3. APPROVE the publication of the policy on the Pension Fund website; and
4. AGREE the policy be reviewed every three years by the Pensions Board.

6.2 Funding Strategy Statement Update and Policy on Academy Funding Update

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the report covered the updates to the Funding Strategy Statement and Academy Funding Policy in light of the recent policy issued by the Education and Skills Funding Agency (ESFA) regarding the operation of the DfE Academy Guarantee and its application to academy outsourcings issued in May 2023. Ms Adams said the Pensions Committee had received the Funding Strategy Statement in October 2022 and the final post employer consultation was in March 2023, following completion of the triennial valuation.

Ms Adams referred to paragraph 3.1 to 3.4, which set out the additional liabilities.

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

- In answer to how the LGPS mitigates against an agreement/contract prior to staff being TUPED to another organisation, Ms Adams stated that it would be for Human Resources/Legal to ensure the contract had the right clauses in the commercial document, as the Fund is only administering the employer benefit.

The Pensions Committee **RESOLVED** to:

1. Note the content of the report;
2. Approve the revised Funding Strategy Statement as set out in Appendix A, which included the updates to Academies; and
3. Approve the revised policy on Academy Funding as set out in Appendix B.

6.3 Review of Internal Controls at Investment Managers and Custodian - London CIV

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the report presented the findings of the review undertaken to review the adequacy of internal control measures put in place by the London CIV and their review of underlying fund managers controls.

She said officers had reviewed the available AAF 01/06 and SSAE3402 for investment managers who the Fund had a direct relationship with. She said the internal control reports signified that service organisations had their control objectives and control activities examined by an independent accounting and auditing firm.

She said the third-party internal controls oversight summary report from the LCIV concluded that there were no significant changes in the internal control environment for the period 1st April 2022 to 31st March 2023. Bridging letters were provided by the LCIV in respect of underlying managers to 31st March 2023, not covered by the internal controls report.

Ms Adams referred members to page 83 of the agenda, paragraph 3.7 which set out the list of managers for each underlying fund and referred to the table at paragraph 3.8 page 84 of the agenda, which reported on the internal control reports.

In response to comments and questions the following was noted:

- Ms Adams said investment managers were continuously monitored and page 92 and 93 of the agenda showed when each fund manager had been reviewed. It was observed that in some cases the last onsite due diligence exercise had been carried out in 2020.
- Mr Turner from Mercer stated that he would expect the LCIV to carry out a due diligence exercise for all managers every 12 months but acknowledged the London CIV had stated they had 'resource constraints' to do this.
- **ACTION:** Members requested Officers to write to the LCIV to express their concern about the regularity of their reviews of the internal controls of the underlying managers.

The Pensions Committee **RESOLVED** to:

1. Note the content of the report; and
2. Note the London CIV's third party controls and oversight summary report at 31st March 2023, appended at Appendix 1.

6.4 Funding Update 21 June 2023

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the funding update illustrated the estimated funding position from 31st March 2022 to 21st June 2023.

Ms Adams said the projected benefit payments used in this calculation were based on the membership data and the financial and demographic assumptions used for the 2022 formal valuation and in line with the Funding Strategy Statement (FSS) dated March 2023. She said the estimated funding position took into account the actual pension increases since the valuation and changes in future long-term inflation expectations derived consistently with the approach in the current FSS.

The funding ratio had improved from 123% to 155%.

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

- Members had no questions for Ms Adams.

The Pensions Committee **RESOLVED** to:

1. Note the content of this report.
2. Note that any investment decisions taken which fail to provide the desired returns will impact estimated funding levels.

6.5 Pensions Administration and LGPS Quarterly Update - June 2023

Ms Miriam Adams, Interim Head of Pensions and Treasury presented the quarterly update report, which provided members with information relating to the administration and performance of the Fund over the last quarter as well as updates on key LGPS issues and initiatives which impact the Fund.

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

- Members had no questions for Ms Adams.

The Pensions Committee **RESOLVED** to:

1. Note and comment on the contents of this report and appendix.
2. Agree the admission of Nourish Catering.

6.6 2023/24 Fund Liquidity and Cash Flow Forecast

Ms Miriam Adams, Interim Head of Pensions and Treasury said the LBTHPF was open to new entrants and, while several council services were insourcing in 2023/24 and 2024/25, the Fund was maturing fast. She said the report provided an update on the Pensions Fund's projected cash flow forecast for 2023/24 to 2025/26. Ms Adams said the Fund was projecting a £8.4m positive net cash flow by 2025/26 without any cash draw down from investments.

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

- Mr Colin Robertson said that the income generated by the LCIV investments was reinvested by the LCIV. It was agreed to pursue the possible future distribution of part of this income to the Fund.
- Ms Adams stated the table at Appendix A reflected the operational cash available to the Fund and not what had been invested. She said the draw down policy was reviewed 2-3 years ago and that this could be updated to see what can be added to it.

The Pensions Committee **RESOLVED** to:

1. Note the cash flow forecast from operational activities (Appendix A)

7. PENSIONS COMMITTEE WORK PLAN

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the work plan for the committee showed the reports that were coming to the Committee. She said the TCFD report and Climate Risk Register were coming to the next meeting.

Ms Adams said there was also a training session scheduled for October 23 on Climate Change Scenario Analysis and said it was vital for members to attend the training. She said a log of attendance was kept and this was reported in the annual report as well as to auditors.

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

- Ms Akintunde stated she attended the annual conference of the LCIV and said it would have been useful for others to have attended too.

8. ANY OTHER BUSINESS CONSIDERED TO BE URGENT

There was no other business to be discussed.

9. 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.”

9.1 RESTRICTED MINUTES OF THE PREVIOUS MEETING(S)

The restricted minutes from the meeting of 13th and 22nd March, and 3rd July 2023 were agreed to be an accurate record of the meeting and were approved by the Committee.

9.2 ESG, Voting, Engagement and Stewardship Update

Ms Miriam Adams, Interim Head of Pensions and Treasury presented the report which provided an update on the stewardship activity carried out by the Tower Hamlets Pension Fund's investment managers and on its behalf by Local Authority Pension Forum (LAPFF) in the quarter ending June 2023.

The Pensions Committee **RESOLVED** to:

1. Note content of this report and appendices.

9.3 Cost Transparency - Investment Management and Pooling Costs 2022/23

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the LGPS Code of Transparency (set up by SAB) helped LGPS clients gather cost information in a consistent format. Ms Adams explained that the cost information must always be viewed in context of risk and return, and these factors should form part of any overall value for money assessment.

The Pensions Committee **RESOLVED** to:

1. Note and consider the report and appendices;
2. Note that the London CIV is working on reducing investment management fees where possible for under-performing managers or better and efficient fund structures; and
3. Note that investment management fee rates may be fixed however these are calculated based on value of assets during the period.
4. Consider appointing investment cost benchmarking supplier.

9.4 Risk Management Policy and Quarterly Review of Risk Register

Ms Miriam Adams, Interim Head of Pensions and Treasury informed members that the report provided an update to the Board and Committee on the changes made to the Fund's risk register since June 2023.

The Pensions Committee is **RESOLVED** to:

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

9.5 Investment benchmarking presentation

Ms Miriam Adams, Interim Head of Pensions and Treasury explained that the presenter who was to make the presentation on Investment benchmarking, was unable to join the Committee meeting due to technical issues. As such this would be presented at the next meeting of the Committee.

9.6 Quarterly Performance monitoring and Index-Linked Gilts

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the report informed members of the performance of the Pension Fund investments and its investment managers for the quarter ending June 2023.

The Pensions Committee **RESOLVED** to:

1. Note the performance for June 2023 quarter;
2. Note the progress made on implementing agreed strategic investment actions from March meeting;
3. Consider and agree Mercers recommendation to top up the underweight Index-Linked Gilts allocation and delegate implementation to Corporate Director Resources;
4. Agree a temporary solution to continue with existing manager Schroders;
5. Consider and agree recommendation that Mercer review alternative passive managers for Index Linked Gilts; and
6. Note the Independent Adviser quarterly commentary (Appendix 1).

9.7 Pooling Consultation response

The Department for Levelling Up, Housing & Communities (DLUHC) had issued a consultation on the 11th July 2023 on the Local Government Pension Scheme entitled "Local Government Pension Scheme (England and Wales) Next Steps on Investments".

She said the consultation ran until 2nd October 2023.

The Pensions Committee **RESOLVED** to:

1. Consider, comment and agree the draft consultation response (Appendix 1).
2. Note the summary report by Mercer (Appendix 3).
3. Agree that the Corporate Director Resources formally respond on behalf of the Committee.

The meeting ended at 8.48 p.m.

Chair, Councillor Ahmodul Kabir
Pensions Committee

Agenda Item 4

Pension Board Submission to the Pensions Committee

To: Pensions Committee

From: John Jones Independent Chair Tower Hamlets Pension Board

Date: 11th December 2023

1. The Pensions Board held a hybrid meeting on Monday 20th November. The main items on the agenda were updates on the Funding Strategy statement (FSS) and the financial position of the Fund; a report on policy on overpayment of pensions; an update on the current position in Pensions administration; and consideration of the response to the Government's consultation on the Local Government Pension Scheme (LGPS). The meeting was well attended with 6 members present in the room or online.
2. The proposed amendments to the FSS in respect of academies were welcomed and agreed by the Board after a discussion and questions raised on the implications for LBTH.
3. The report on the financial position of the Fund was discussed. There were questions on the funding assumptions behind the valuation, the performance of the Fund and the decision by Riverside HA to withdraw from the Fund. The Board welcomed the strong funding position of the Fund and the improvement achieved in recent years.
4. There followed a long discussion and questions on the report on the Fund's Liquidity and 3-year positive cash flow statement. This included the effect from the £20 million equity protection strategy, the implications of large scale transfers in and out of the Fund and the impact from potential changes in staffing levels in the Council. However, it was noted that the Fund remains cash flow positive in contrast to many other LGPS Funds, and that this strong liquidity position will be taken into account in the investment strategy.
5. The Board considered and agreed the report on Administering authority discretions in respect of overpayments of pensions. There

were some questions around the sums written off annually and the detailed figures and authority levels.

6. The Board considered and reviewed the latest Risk register including changes in individual risk levels since the last meeting. The issue of cyber security risk was raised in the meeting together with the number of red (8) and amber (14) risks identified in the report. Because the action plan sets out several important targets for improvement by end March 2024, it was agreed to consider the register in detail at the next Board meeting in March 2024.
7. The Council's response to the LGPS consultation document was clear and gave very helpful feedback on the questions posed. The Board asked questions on the proposal in respect of investing in private equity and knowledge and skills training for Committee members. The Board will return to the issues raised in the consultation document at a later date.
8. The Board considered the update on pensions administration and noted the generally good progress being made, albeit there were mixed performance figures reported. A question was raised on the % of Council employees registered as members of the Fund, and it was suggested that the benefits of the LGPS should be raised and promoted at next year's planned Annual General Meeting. Good progress is being made to resolve issues with the payroll system and this was welcomed. It has been a concern raised in the Board for some time now. The Board were also updated on progress with implementing the McCloud judgment and the staffing position in the administration team. In order to address backlogs of work and improve performance, it is very important that the team has a full complement of staff with the right skills. The Board were informed that support has been secured to help recruit to the vacant posts in the administration team.
9. There was a brief discussion on the progress report on Voting, Engagement and Stewardship. A question was raised as to whether the London CIV is a member of the LAPFF and to what extent it follows their advice on voting. The position of Ruffer was also discussed as their voting record is frequently at variance with LAPFF recommendations. The Head of Pensions and Treasury (HOPT) assured the Board that she personally requests confirmation from fund managers as to the reasons why they have voted at variance

with LAPFF recommendations, and that the responses will be reported to the Board.

10. The Board considered and supported the approach in the report on Cost Transparency of Investment Management and Polling Costs set out by the HOPT, and welcomed the decision to appoint an external supplier to undertake work on benchmarking these costs.

John Jones
30th November 2023

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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