

Pension Board Submission to the Pensions Committee

To: Pensions Committee

From: John Jones Independent Chair Tower Hamlets Pension Board

Date: 24 June 2021

1. The Pensions Board held its first in person hybrid meeting on Monday 7th June. The main item on the agenda was a presentation and discussion with representatives from the London CIV. This had been requested by the Board earlier in the year and was well received. Although the presentation and discussion took up the major part of the meeting, it allowed for a full discussion and clarified a number of issues that had been raised previously, and for the CIV representatives to hear directly from Board members.
2. The CIV presentation and discussion covered the following areas: Governance of the CIV; manager selection and monitoring; risk management; and ESG and engagement. The Board raised a number of questions and discussion points:
 - the independence and adequacy of the audit and scrutiny arrangements in the governance structure;
 - the independence of the remuneration committee;
 - the possibility of engaging with Pension Board Chairs on a regular basis as is the practice in some other pools;
 - establishing a role for an independent member of the Investment Committee;
 - the CIV's policy on Israel and the Occupied Palestinian Territories;
 - how the CIV prioritises the setting up of new investment funds;
 - the approach taken to following LAPFF recommendations on voting shares;
 - the importance of openness and transparency in voting shares;
 - the scope for LBTH to vote its shares when required.

The CIV were asked to consider the Board's comments and questions, and we would welcome the CIV's response and progress

in addressing these issues. Overall the Board found it to be a very informative and helpful presentation in understanding the role of the CIV and its approach to managing investments.

3. The Board agreed the proposals to review the arrangements for the LBTH Additional voluntary contributions (AVC) provider.
4. The Pensions Administration and LGPS Update report was agreed. Points were raised on the timeline for implementing the I connect system and the actions needed to conclude this work, and the current position on the data on outstanding tasks.
5. The Board reviewed the updated Risk Register for the Pension Fund. Out of a total of 30 identified risks, only 9 are assessed as green with 7 classified as red and 14 as amber. The Board are concerned about the current position, particularly with regard to the 7 red risks associated mainly with staffing and resource issues in the pension administration team. The Board have highlighted this issue on several occasions previously, and whilst progress has been made in employing additional temporary and interim staff, we remain concerned over the delays in advertising and recruiting to permanent staff. A properly resourced team is essential to addressing the work backlogs and data quality issues previously identified in the pensions administration service. It was also suggested that timescales over 24 months with stages be introduced for some risks in order to monitor implementation more effectively.
6. The proposals for training and development were agreed, whilst noting that the approach taken should be a combination of in person and online training depending on the subject matter.
7. The Board received an update on Voting and Engagement of the Fund's investments and noted the current position. Because of time constraints, it was agreed to hold a more in depth discussion at the next meeting alongside a presentation from LGIM on their approach to voting and engagement.

John Jones
16 June 2021