

Pension Board Submission to the Pensions Committee

To: Pensions Committee

From: John Jones Independent Chair Tower Hamlets Pension Board

Date: 27th June 2023

1. The Pensions Board held a hybrid meeting on Monday 26th June. The main items on the agenda were a presentation from the Fund's Independent Advisor on Inflation and Interest rates; consideration of the Fund's Governance and Compliance Policy statement; administering authority discretions; an update on the current position in Pensions administration and consideration of the risk register. The meeting was well attended with 6 members present in the room. David Thompson was re-appointed as Vice Chair for the year ahead.
2. The Training session on Inflation and interest rates was well received with a range of questions from Board members on what is a complex and very important area for the Fund. The Board were very engaged with the presentation and related discussion.
3. The Governance Compliance Policy and statement was agreed. In particular there was full support from the Board for an Annual General Meeting (AGM) to help promote more openness and transparency in the Fund for Members and interested parties. Linked to this is the importance of publishing a final annual report currently held up by delays in the final audit of accounts. The Board were updated on the latest position in resolving historic issues in respect of finalising the audit of accounts. It was also agreed that Budgetary control information be reported regularly to the Board in future.
4. The Board considered and agreed the report on Administering authority discretions. There were some questions around detail and language, and also a suggestion that the availability of DWP and other grants be included in the guidance.

5. The Board considered and reviewed the latest Risk register including changes in individual risk levels since the last meeting. The report was agreed but with the recommendation that more specific target dates be set to address the red risks set out in the report. With 11 red and 11 amber risks out of a total of 36, illustrates how much work is still needed to improve performance in the team.
6. Improving data quality remains a key issue for the Fund and contributing employers, and the Committee will be aware that the Board have been concerned about this for a long time now. It is pleasing to note that staffing levels have increased and performance has been improving in pensions administration. In particular, the Council are now using the I connect system to upload data directly rather than it having to be input manually as was the case in the past. Although further work still needs to be done the team are in a much stronger position than has been the case for several years now. The further work planned by the pensions team to review unreported deaths and contact overseas based pensioners was welcomed by the Board. It was noted that further staffing resources may be required by the team in order to take on board and provide a service to new employers joining the Fund.
7. The Board are concerned about the number of deferred pensioners in the Fund, currently 8,400 (32%) out of a total of 26,300. There are a number of reasons for this but further work and action by employers and trade unions is needed to promote the benefits of the LGPS to members of staff. This is a subject the Committee and Board should consider in ore details at a later date.
8. There was a brief discussion on the progress report on Voting, Engagement and Stewardship, noting that this had been a quiet quarter on voting and engagement alerts. Although progress is being made with the London CIV on following LAPFF voting alerts further action is needed to produce more detailed metrics on voting shares.
9. The Board considered the report on the Review of Controls at Investments Managers and Custodian noting that the fund is reliant on external parties for assurance in this area and that information is yet to be received from the London CIV.

John Jones
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