

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE PENSION BOARD

HELD AT 10.00 A.M. ON MONDAY, 11 MARCH 2024

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

Members Present in Person:

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

Members In Attendance Virtually:

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| Chris Boylett | (Interim Head of Revenue and Benefits) |
| Nneka Oroge | Trade Union Representative |

Others In Attendance Virtually:

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| Andrew McKerns | Hymans Robertson LLP |
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Officers Present in Person:

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| Paul Audu | Interim Head of Pensions and Treasury |
| Abdulrazak Kassim | Director of Finance, Procurement and Audit Governance |
| Farhana Zia | (Democratic Services Officer, Committees, Governance) |

Officers In Attendance Virtually:

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| Carole S Bowes | (Employment Lawyer, Legal Services, Directorate Law, Probity and Governance. |
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1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Ms Julie Lorriane, Corporate Director for Resources and Section 151 Officer and Mr John Harrison, Interim Director of Finance, Procurement and Audit.

2. DECLARATIONS OF INTERESTS

There were no declaration of pecuniary interest made by Board members.

3. UNRESTRICTED MINUTES

The unrestricted minutes of 20th November 2023 were **AGREED** and **APPROVED** as an accurate record of the meeting.

Matters arising

Mr Thompson referred to the matters arising paragraph in the minutes and said the proposed AGM with stakeholders had been discussed by the Board at earlier meetings. He said the Board is still interested in the AGM occurring soon.

4. SUBMISSIONS FROM FUND MEMBERS

There were no submissions from fund members.

5. SUBMISSIONS / RESPONSES FROM PENSION COMMITTEE

There were no submissions/responses from the Pensions Committee.

6. TRAINING BY HYMANS ROBERTSON

Mr Andrew McKerns, from Hymans Robertson LLP presented the Pensions Regulators General Code of Practice 2024. Mr McKerns said the code had been updated. He provided a thorough explanation of the changes that had been made and how the five areas of the code and the 51 modules therein would be applied. He set out the potential governance issues the Board and Committee needed to be aware of as well as what the role of each body was.

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

- Mr McKerns said the Pensions Regulator reported to the Department of Works and Pensions, who had over-arching responsibility for the regulator.
- Mr McKerns said that both the Board and Committee as well as Pensions administrators such as themselves could report a concern or breach to the regulator. There was no set hierarchy to follow.
- In response to the Regulator potentially investigating breaches, Mr Gray said from his experience the investigators could be aggressive. Mr McKern's said that from anecdotal evidence this was the experience of many LGPS funds. He said it was crucial that data recording, processes and governance was evidenced as LGPS funds' could be inspected at any time.
- Mr Thompson thanked Mr McKerns for an insightful presentation and referred to the slides on compliance checker and reporting and said these were very useful. Mr McKerns made clear these were examples and different LGPS's had their own method of monitoring performance and reporting.
- Mr Paul Audu, Interim Head of Pensions and Treasury confirmed the Pensions Committee would also be receiving the presentation. He said

the Board as well as the Committee would be receiving updated reports as required by the code.

- Mr McKerns clarified that the Pensions Regulator's deadline of 27th March for the code to be implemented was a target, however LGPS's would have 12 months to ensure they were fully compliant with the code.
- **ACTION:** Mr John Jones, Independent Chair of the Pension Board said this should be a standing item on the Board and Committee agendas.

The Pension Board **RESOLVED** to:

1. Note the presentation and thanked Mr McKerns for explaining the changes to the code.

7. REPORTS FOR CONSIDERATION

7.1 Pensions Administration and LGPS Quarterly Update – December 2023

Mr Paul Audu, Interim Head of Pensions and Treasury presented the Pensions Administration and LGPS Quarterly Update report. He said the report provided information on the administration and performance of the scheme and an update on key developments in the LGPS for the quarter to December 2023.

Mr Audu referred members to the table at paragraph 3.6 which showed performance against CIPFA targets. He said the performance had varied especially with a heavy workload.

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

- Mr Thompson commented that it was helpful to see the performance of the Scheme against CIPFA benchmarks and said the Board would continue to have a relentless focus on the administration of the Fund.
- In reference to the insourcing of Tower Hamlets Homes, Mr Audu said this had generally been successful and that a further report would be provided to the Board.
- Mr Jones commented that previously the Board had concerns regarding I-connect, the system used by employers to upload data and asked what the status was, in employers using the software. Mr Audu responded stating that they were working with senior officers of 'ResouceLink' to solve issues and ensure the system to upload data was being used effectively.
- Mr Audu said they were carrying vacancies within the team. He said he was mindful of the impact this could have on the administration of the Fund. He said he would be following the human resources procedures to recruit staff.
- Mr Audu said he was aware of the voluntary redundancy scheme and the potential impact this could have on the team.

The Pension Board **RESOLVED** to:

1. Note and comment on the content of the report and appendix;
2. Note the insourcing of Tower Hamlets Homes; and
3. Note academy conversions were in the pipeline.

7.2 Training Plan – 2024-25

Mr Paul Audu, Interim Head of Pensions and Treasury stated that the report set out the plan to support the Tower Hamlets Local Pension Board members to maintain their knowledge and understanding in line with the legislative requirements. He said the training plan would assist Board members to have access to information on the Local Government Pension Scheme. Mr Audu said there would be a structured approach to the training which would follow the CIPFA framework.

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

- **ACTION:** Mr Jones suggested the Pension Board Members as well as Pensions Committee members complete a self-assessment questionnaire, they had done a few years back to re-assess the level of skills and knowledge, to help identify any gaps in learning.
- Mr Thompson agreed with the Chair's suggestion and said that having a structured training plan would be helpful. He said some of the training could be provided online.

The Pension Board **RESOVLED** to:

1. Note the content of the report;
2. Note the content of the linked report to the Board titled "Pensions Board Work Programme – 2024/25; and
3. Note that training will be delivered at this meeting by Hymans Robertson.

7.3 Pension Board Work Programme – 2024-25

Mr Paul Audu, Interim Head of Pensions and Treasury said this report set out the proposed work programme for the Pension Board for the 2024/25 municipal year. The proposed programme is subject to change in consultation with the Chair.

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

- Referring to the 'Business plan and Budget' on page 21 of the agenda, Mr Thompson requested that the Board be involved in the planning of this at an early stage, rather than when the plan had been drafted and was out for consultation. He said it was important for members to be able to influence the direction of the plan at the time of its planning.

- Mr Jones asked Mr Audu if he had the capacity to deliver such a programme, given the demand on his time. Mr Audu responded stating that some of the reports were standard reports and others were on the schedule to ensure they met the regulators requirements. He said it was a 'live' document subject to change during the year.
- Mr Kassim, Director for Finance, Procurement and Audit Governance said the TRP code discussed earlier by the Board and the Fund's performance and cashflow would also be added to the work programme.

The Pension Board **RESOLVED** to:

1. Note the contents of the report; and
2. Consider the draft proposed Pension Board Work Programme – 2024/25 (Appendix 1) and approve the work programme. Board members were asked to read this report in conjunction with the linked report 'Training Plan – 2024/25'

7.4 Local Government Pension Scheme Consultation: Next Steps on Investments

Mr Paul Audu, Interim Head of Pensions and Treasury stated that the report provided an update on the consultation on the government had undertaken called "Local Government Pension Scheme (England and Wales) Next Steps on Investments". He said the Government's response was attached to the report. He informed members the Government was looking to press ahead with its plans to pool investments and there was a likelihood of LGPS pools to reduce from 8 or 9 to about 5 pools.

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

- **ACTION:** Mr Thompson commented that the progress of this consultation should be added to the training programme as this as a significant development.
- Mr Jones said that the merger of pools could mean some consolidation in London, but one had to wait and see how this developed.
- Referring to paragraph 3.9, Mr Jones said 61% of the Pension Fund was already in pooled investments. He asked if the remaining was in private markets. Mr Audu said he would provide information to the Board in this regard.

The Pension Board **RESOLVED** to:

1. Note the contents of the report; and
2. Note the Government's response to the consultation.

8. PENSIONS COMMITTEE AGENDA FOR THE FORTHCOMING MEETING

Mr Paul Audu, Interim Head of Pensions and Treasury stated that several of the reports presented to the Board were to be considered by the Committee at its meeting of 25th March 2024. He said the agenda would be published in accordance with the statutory guidelines.

9. ANY OTHER BUSINESS

No other business was discussed by Board members.

10. 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.”

10.1 RESTRICTED MINUTES OF THE PREVIOUS MEETING

The restricted minutes of 20th November 2023 were **AGREED** and **APPROVED** as an accurate record of the meeting.

Matters arising

Item 9.2 – Risk Management Policy and Register

Mr Jones said the Board wanted to scrutinise the risk register at this meeting however members had not had the opportunity to read the report attached at item 10.3 of the agenda.

Item 9.4 Update on Riverside Housing Group

Mr John Gray informed the Board that the matter had been resolved with an agreement being reached with the Housing Group.

10.2 ESG, Voting, Engagement and Stewardship Update

The Board did not take this item at the meeting, as members of the Board stated they had not seen the restricted supplementary agenda which was published after the statutory deadline for publication of the agenda.

The Pension Board **RESOLVED**

1. To receive an update at the next scheduled meeting of the Board in the new Municipal year of 2024-25.

10.3 Risk Management Policy and Quarterly Review of Risk Register

The Board did not take this item at the meeting, as members of the Board stated they had not seen the restricted supplementary agenda which was published after the statutory deadline for publication of the agenda.

The Pension Board **RESOLVED:**

1. That it would hold an extraordinary meeting of the Board next month to discuss the Risk Management Policy and Quarterly Risk Register as intended for this meeting, as well as the Fund Liquidity and Cashflow forecast because waiting until the next ordinary meeting of the Board would mean the gap to scrutinise the reports would be too long.
2. The Democratic Services Officer to identify a suitable date and time for the extraordinary meeting of the Board.

The meeting ended at 11.57 a.m.

Chair, John Jones
Pension Board