

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE PENSIONS COMMITTEE

HELD AT 5.30 P.M. ON MONDAY, 25 MARCH 2024

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

Members Present in Person:

Councillor Ahmodul Kabir
Councillor Iqbal Hossain
Councillor Jahed Choudhury (Speaker of the Council)
Kehinde Akintunde GMB Union Representative

Apologies:

Councillor Bodrul Choudhury Scrutiny Lead for Children & Education
Councillor Rachel Blake
Councillor Abdal Ullah

Others Present in Person:

Sandeep Chandarana Mercer
Tony English Mercer
John Jones Independent Chair
Colin Robertson Independent Adviser

Others In Attendance Virtually:

Carole S Bowes (Employment Lawyer, Legal Services, Directorate Law, Probity and Governance)

Officers Present in Person:

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

1. DECLARATIONS OF INTERESTS

There were no declarations of Pecuniary Interest declared by the member of the Committee.

2. UNRESTRICTED MINUTES OF THE PREVIOUS MEETING(S)

The unrestricted minutes of 11th December 2023 were **AGREED** to be an accurate record of the meeting and were **APPROVED** by the Committee.

3. PETITIONS

No Petitions relating to the matters for which the Pensions Committee is responsible had been received by the Officer.

4. SUBMISSIONS / REFERRALS FROM PENSION BOARD

Mr John Jones, Independent Chair of the Pension Board presented his report on behalf of the Pension Board. He informed the Committee the Board had met on the 11th March 2024.

Mr Jones highlighted the reports the Board had reviewed and stated the Board had received an insightful presentation from Hymans Robertson on The Pension Regulators (TPR's) Code of Practice and the changes being made to it. He said LGPS's were expected to implement the changes by the 27th March 2024 however the TRP envisaged it would take pension schemes up to 12 months to be fully compliant. Mr Jones recommended the Committee also receive the same presentation at one of its meetings.

Mr Jones also informed Committee members that the Board would be holding an extraordinary meeting in April 2024, to review the Pension Fund's risk register as an up-to-date version had not been available at the last Pensions Board meeting.

- Members of the Committee had no questions for Mr Jones.

The Chair thanked Mr Jones for attending the meeting and presenting his report.

5. REPORTS FOR CONSIDERATION

5.1 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 to about 5 pools.

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

- Mr Audu confirmed there was a plan to deal with investments outside of the pool and said this would be reported back to the Committee and Board. He said the plan was to include the other investments in the

LCIV where possible with an explanation as to why some of the investments were outside of the pool.

- Mr Audu said that Pension Scheme was open to all employees and whilst staff were auto-enrolled, some members choose to opt-out of the scheme for various reasons.

The Pensions Committee **RESOLVED** to:

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

5.2 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. Mr Audu also referred to the legislative update set out at paragraph 3.13 onwards.

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

- Members of the Committee had no questions for Mr Audu.

The Pensions Committee **RESOLVED** to:

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

6. TRAINING EVENTS

Mr Paul Audu, Interim Head of Pensions and Treasury stated that the Pensions Committee members alongside Board members would be provided training to maintain their knowledge and understanding of pensions, in line with the legislative requirements. He said the training plan was interlinked with the Committee's work plan with a structured approach to the training which would follow the CIPFA framework.

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

- Members concurred training and development were crucial for members to maintain knowledge and skills relating to Pensions work and looked forward to future training opportunities.

The Pensions Committee **RESOLVED** to:

1. Note the forthcoming training events.

7. PENSIONS COMMITTEE WORK PLAN

Mr Paul Audu, Interim Head of Pensions and Treasury said the work plan set out the reports coming to the Committee for the March 2024 meeting. He said a new workplan for municipal year 2024/25 would be presented to the Committee at its next scheduled meeting.

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

- Mr Audu confirmed that Fund managers would be invited to present at future meetings of the Committee.
- Mr Audu said he would enquire if Committee members could be invited to attend meetings with Fund Managers at their place of business rather than attend a meeting in Tower Hamlets, so members could gain a better understanding of their work environment and how they chose investments.

The Pensions Committee **RESOLVED** to:

1. Note the work programme for the Committee.

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

The restricted minutes of the meeting of 11th December 2023 were agreed to be an accurate record of the meeting and were approved by the Committee.

9.2 Revised Investment Business Plan 2023/24

Mr Paul Audu, Interim Head of Pensions and Treasury stated that the attached report at appendix 1, was the revised Investment Business Plan for 2023/24. Mr Tony English from Mercer added the Investment Business Plan had been updated to reflect the agreed changes to investments.

The Pensions Committee **RESOLVED** to:

1. Note the content of the report; and
2. Give consideration of the attached updated Investment Plan 2023/24 and agree the Business Plan.

9.3 Quarterly Investment Review - December 2023

Mr Paul Audu, Interim Head of Pensions and Treasury stated that the report informed members of the performance of the Pension Fund investments and its investment managers for the quarter ending December 2023.

The Pensions Committee **RESOLVED** to:

1. Note the content of the report;
2. Note the attached monitoring report – Quarter to 31st December 2023 from Mercer (Appendix 1);
3. Note the original Mercer paper titled “Asset Allocation Considerations” (Appendix 2);
4. Note the update from the Independent Adviser, Colin Robertson for quarter to 31st December 2023 (Appendix 3);
5. Note the verbal update on the status of the Pension Fund Investment rebalancing given by Mercer at the meeting; and
6. Read the report in conjunction with the linked report titled “Portfolio Rebalancing – Index Linked Gilts.”

The Committee meeting was held during the holy month of Ramadan. The Committee adjourned at 18:23 and re-commenced at 18:55 to allow for the breaking of the fast.

9.4 ESG, Voting, Engagement and Stewardship Update

Mr Paul Audu, Interim Head of Pensions and Treasury presented the report which provided an update on the stewardship activities carried out by the Tower Hamlets Pensions Fund’s investment managers and on its behalf the Local Authority Pension Forum (LAPFF) in the quarter ending December 2023.

The Pensions Committee **RESOLVED** to:

1. Note the content of the report and appendices.

9.5 Revised Investment Strategy Statement (ISS)

Mr Paul Audu, Interim Head of Pensions and Treasury stated the report provided an update on the revised Investment Strategy Statement (ISS).

The Pensions Committee **RESOLVED** to:

1. Note the content of the report; and
2. Give consideration of the attached updated Investment Plan 2023/24 and agree the Business Plan.

9.6 Portfolio Rebalancing – Index-linked Gilts

Mr Paul Audu, Interim Head of Pensions and Treasury stated the report provided an update on the rebalancing of the Pension Fund investment portfolio, as agreed by the Committee at its 11th December 2023 meeting.

The Pensions Committee **RESOLVED** to:

1. Note the content of the report;
2. Note the verbal update provided by Mercer on the Pension Fund Investment re-balancing; and
3. Note the report should be read in conjunction with the report titled “Quarterly Investment Review – December 2023.”

9.7 Risk Management Policy and Quarterly Review of Risk Register

Mr Paul Audu, Interim Head of Pensions and Treasury introduced the report and stated that the report provided an update on the changes to the Pension Fund Risk Register during the quarter ending 31st December 2023.

The Pensions Committee **RESOLVED** to:

1. Note the detailed risk register appended to the report (Appendix 1).

The meeting ended at 7.39 p.m.

Chair, Councillor Ahmodul Kabir
Pensions Committee