

Pension Board Submission to the Pensions Committee

To: Pensions Committee

From: John Jones Independent Chair Tower Hamlets Pension Board

Date: 19 March 2020

1. The Pensions Board met on Monday 16th March with a good attendance of 4 Members at the meeting given the current difficult circumstances with the corona virus.
2. The main area of discussion concerned the current position with the pensions administration team and the lack of progress in addressing the resourcing of the team and in tackling the backlog of work. At our last meeting in November, the Board held a long and detailed discussion on the matters raised within pensions administration. We expressed serious concerns over the breaches in regulations, that required a formal report the pensions regulator, and the scale of the backlogs and weaknesses in data quality. At that time, it was clear that there were major issues to address in order to reduce these back logs and develop an effective service. The Board supported the proposed recovery plan and planned action. We agreed to receive a remedial action plan and update in January for both the Board and the Committee, but in the event this did not happen. The Committee will be aware that the Board has previously expressed concern about overall resourcing and performance in pensions administration.
3. We were updated verbally on the current position with this service and the steps needed to resolve the situation in terms of resources and timescales. We were also advised that system and interface problems exacerbate the difficulties faced by the team adding to their workload. Much of the detailed discussion was held in private, but the Committee should be very clear on the level of concern expressed by the Board in the lack of progress in addressing the issues of resourcing and planning within the Pensions administration team. Interim and short term resources can only go so far in supporting the recovery process and a properly resourced team underpins everything in the recovery plan. A decision on a revised resourcing structure is needed quickly with the focus on then

moving forward. The Board agreed to expedite any formal decisions that are required quickly in order to move this forward as soon as practical.

4. As part of this discussion we received an update from the Chief Internal Auditor on audit arrangements for the pensions administration service. The internal audit report prepared in 2019/20 identified a number of issues but these were never finalised and resolved within the Council. A wide ranging brief has now been prepared for an internal audit review to commence in April. The Auditor is open to holding a briefing on the issues arising from the review for the Committee and Board and my view is it would be helpful if this can be agreed.
5. The Executive Director attended the meeting and heard the Board's concerns about the recovery program, and undertook to respond quickly with a timeline for resourcing and implementing a new structure. Wherever possible the Board are willing to help expedite the resourcing and recovery programme. Advice was also sought from the Council's legal officer on whether a further report should be made to the Pensions regulator, and this advice will be considered as soon as it is available.
6. The Board did welcome the work carried out on a new risk model and the updated risk register. Some suggestions were made to the presentation of red and amber risks to enable a greater focus on these areas by the Board and Committee. Given the discussion earlier in the meeting on administration difficulties and reliability of data, concern was expressed over the confidence in the risks currently identified as green. However, overall the revised risk model was seen as a positive step forward. In future the risk register will be reviewed at each Pension Board meeting
7. Finally, the Board agreed the new revised conflicts of interest and Breaches policies. These should also be reported on at each meeting of the Pension Board.

John Jones
18th March 2020

