

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE PENSION BOARD

HELD AT 10.00 A.M. ON MONDAY, 16 MARCH 2020

**ROOM C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON, E14 2BG**

Members Present:

John Jones (Chair)	(Independent Chair)
John Gray (Member)	(Representing Active Admitted/Statutory Bodies Pension Fund Members)
Steve Hill (Member)	(Head of Benefits Services, Resources)
David Stephen Thompson (Member)	

Officers Present:

Paul Rock	– (Head of Internal Audit, Anti-Fraud and Risk)
Neville Murton	– Corporate Director of Resources
Miriam Adams	– Interim Pensions and Investment Manager
David Knight	– (Senior Democratic Services Officer)
Farhana Zia	– Senior Committee Officer

1. APOLOGIES

Apologies for absence were received from Councillor Kyrsten Perry, Nneka Oroge and Annette McKenna.

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS

There were no declarations of disclosable pecuniary interests.

3. UNRESTRICTED MINUTES

The unrestricted minutes of the meeting held on the 25th November 2019 were agreed and approved as a correct record save for the minute be amended at the top of Page 12; to state a joint meeting of the Pensions Board and Pensions Committee was requested in relation to the Pensions Administration item and the self-reporting to the Pensions Regulator.

It was requested that the draft minutes be circulated to all Board Members prior to the next meeting.

4. TERMS OF REFERENCE

The Chair clarified the terms of reference for the Board had been approved at the inaugural meeting of the Board and a copy was attached with Item 9, Appendix 1.

5. SUBMISSIONS FROM FUND MEMBERS

No submissions were received at the meeting from Fund Managers.

6. SUBMISSIONS / RESPONSES FROM PENSION COMMITTEE

The Chair stated a written report conveying the views of the Board Members would be submitted to the Pensions Committee.

7. REPORTS FOR CONSIDERATION

7.1 2020/21 Pension Fund Risk Register

Ms Miriam Adams, Interim Pensions and Investment Manager introduced the report stating the Risk Management policy and risk register for the Pension fund needs to be annually reviewed by the Pension Committee, with the Board having responsibility to review the risk register on a quarterly basis.

Ms Adams stated AON an independent financial services company had been hired to review the risk management policy and risk register and to identify any further risks to the pension fund.

She said the key areas the policy covered were governance, investment, policy and administration. Ms Adams referred Board Members to the summary risk register at pages 31 to 33. She said the old risk register had been combined with the new register.

In answer to questions from Board Members the following was noted:

- The register at pages 31 -33 is the new risk register. This is the summary Members of the Board will receive in future.
- **ACTION:** There are 7 to 8 risks in each category. The risk register needs to be organised showing a separation of risks rated red, amber and green. The red and amber risks should be shown at the top of the register and the date the action is completed needs to be stated, rather than the date of review of the risk.
- The Vice-Chair, Mr John Gray stated he was not confident the green risks were actually green and said he'd like some assurance which demonstrated the risk had been dealt with.
- The Chair, Mr John Johns noted every action as assigned to Miriam Adams and asked how this can be delivered. He said he welcomed the

new framework and agreed the Board needed to focus on the red and amber risks whilst not losing sight of the greens.

- Ms Adams confirmed the template at pages 28 and 29 of the agenda was the council-wide framework, which she had adapted for the Pensions Fund risk register. She said the values shown could be increased to show higher amounts, if that was required.
- With respect to the independent monitoring of the policy and its objectives, referred to on page 30, the Chair queried what the likely timing for this was to be and if it over-shadowed the Internal Audit review which was to be undertaken. Ms Adams stated it would not impinge on the Internal Audit review of the Pensions Fund.
- **ACTION:** The Chair, requested to see the terms of reference for the Independent Governance Review referred to at page 30.

The Board **RESOLVED** to:

1. Note and review the contents of the Risk Management Policy;
2. Note and review the contents of the revised Risk Register including new risks introduced;
3. Recommend that the Pensions Committee adopt and approve the Revised Risk Management Policy and its objectives; and
4. Recommend that the Pensions Committee adopt the revised Risk Register.

7.2 Pension Fund Administration Strategy

Ms Miriam Adams, interim Pensions and Investments Manager stated the revised Pensions Administration Strategy (PAS) was a service level agreement between the administering authority and the scheme employers. She said it was considered good practice to review the strategy, which she hoped to do with the Employers Forum on the 17th March 2020.

In answer to questions from Board Members the following was noted:

- The strategy was ambitious and clearly set out the direction of travel the Pension Fund should be taking, however there was some concern how this was to be achieved given the current issues with resourcing within the Pensions Team.
- Ms Adams confirmed there would be a consultation process with Employers and the Pensions Committee would be informed of the responses received.

The Board **RESOLVED** to:

1. Note the contents of the revised Pensions Administration Strategy;
2. Note the target the Fund aims to achieve once remediation is fully implemented;

3. Recommend that the Pensions Committee approve the revised Pensions Administration Strategy, subject to consultation with stakeholders;
4. Recommend that the Pensions Committee approve the proposed administration objectives set out in 3.4 below; and
5. Recommend that the Pensions Committee approve that the Pensions Administration Strategy is published as required by the LGPS Regulations.

7.3 Pension Fund Conflict of Interest Policy

Ms Miriam Adams, Interim Pension and Investments Manager introduced the report stating the Pensions Fund Conflict of Interest was a requirement of the Public Services Pensions Act 2013 and as such the Pensions Board and Committee were being asked to approve the policy.

Board Members welcomed the Policy and were told the Monitoring Officer reviewed Member conflicts of interest, although the policy applies to both members and officers alike.

The Board **RESOLVED** to:

1. Note the contents of the report;
2. Note the objectives of the Conflict of Interest Policy (Appendix A of the report)
3. Note that key advisers of the Fund were asked to provide copies of their policies dealing with Conflict of Interest;
4. Note that it is the responsibility of each individual covered by this policy to identify any potential instances where their personal, financial, business or other interests might come in conflict with their pension fund duties.

7.4 Pension Fund Breaches Policy

Ms Miriam Adams, Interim Pensions and Investment Manager introduced the report stating the policy outlined how breaches of the law should be reported and recorded. The policy covered a wide variety of tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investments or investment-related decisions. She said the emphasis was on self-reporting to the Pensions Regulator as per section 70 of the Pensions Act 2004.

Members of the Board welcomed the policy and said it was comprehensive and straightforward to understand.

- **ACTION:** Members of the Board requested they receive quarterly updates on the number of breaches reported.

The Board **RESOVLED** to:

1. Note the contents of the report;

2. Reviewed the Policy for reporting breaches of the law;
3. Noted the recommendation to delegate the responsibility for implementation of the policy to the S151 Officer; and
4. Recommend to the Pensions Committee to approve the policy appended at appendix A.

The meeting ended at 12.05 p.m.

Chair, John Jones
Pension Board