

Pension Board Submission to the Pensions Committee

To: Pensions Committee

From: John Jones Independent Chair Tower Hamlets Pension Board

Date: 14 September 2021

1. The Pensions Board held a hybrid meeting on Monday 6th September. The main items on the agenda were a presentation and discussion with LGIM on their approach to ESG issues when investing; an update on the current position in Pensions administration and a review of the Risk register. The meeting was well attended with 6 members present.
2. The LGIM presentation and discussion followed from a request at an earlier Board meeting when discussing the approach to ESG and in particular around voting in line with the Fund's policies. The main focus of the presentation was on climate related issues. LGIM were very thorough in setting out their approach and the actions they are taking, and this was welcomed and supported in the meeting. However, concern was expressed that the social and governance aspects of ESG are not receiving sufficient attention for example on Board diversity and executive pay. Overall the Board found it to be a very informative presentation and discussion. Following the meeting LGIM did send further information on diversity and their plans to respond to the COP26 agenda and this is available for Committee Members.
3. There was a full discussion on the issues raised in the Pensions Administration and LGPS Update report. The improvement in the staffing position was welcomed. Although more work is needed to fill all the posts in the new structure, everything is now in place to proceed with recruitment. Following a question on the recruitment timetable it was pointed out that recruiting skilled Pensions staff is difficult given the current market. It is important, therefore, that the recruitment process is reviewed and monitored at future meetings and further steps taken if necessary to fill vacant posts. The improvement in the performance statistics reflects the strengthened Pensions Administration team, and the team were thanked for their hard work in recent months. Other points

discussed in the meeting related to the number of frozen members; the dispatch of Annual benefit statements; and the move to digital rather than paper statements with effect from next year.

4. The Board reviewed the updated Risk Register for the Pension Fund. Since the last meeting 3 new risks have been added and the status of a further 6 have changed. Out of a total of 33 identified risks, 12 are assessed as green with 5 classified as red and 16 as amber. Whilst this represents an improvement on the last quarters figures the Board remain concerned about the current position. The 5 red risks are all associated with staffing and resource issues in the pension administration team. Following a discussion some amendments were recommended to risk G5 in respect of members understanding of their benefits under the scheme. It was also noted that the London CIV report on Climate Change includes no dates or targets to be achieved and this issue should be reported back to the CIV for action to be taken.
5. The Communication Strategy and Policy statement was welcomed by the Board. Following a discussion, it was suggested that an annual progress report be submitted to the Board and Committee; further consideration be given to ways to promote the benefits of the LGPS to employees; and the policy be strengthened by including an action to encourage feedback from staff.
6. The reports on Pensions and Cyber Risk and the Pensions Regulator Single Code consultation were agreed. Progress reports on these issues will be considered at future meetings. The Board received an update on Voting and Engagement of the Fund's investments and noted the current position
7. Finally, the proposals for training and development using the Hymans online scheme were discussed and Board members undertook to complete these training modules.

John Jones
16 September 2021