

## Pension Board Submission to the Pensions Committee

To: Pensions Committee

From: John Jones Independent Chair Tower Hamlets Pension Board

Date: 11<sup>th</sup> December 2023

1. The Pensions Board held a hybrid meeting on Monday 20<sup>th</sup> November. The main items on the agenda were updates on the Funding Strategy statement (FSS) and the financial position of the Fund; a report on policy on overpayment of pensions; an update on the current position in Pensions administration; and consideration of the response to the Government's consultation on the Local Government Pension Scheme (LGPS). The meeting was well attended with 6 members present in the room or online.
2. The proposed amendments to the FSS in respect of academies were welcomed and agreed by the Board after a discussion and questions raised on the implications for LBTH.
3. The report on the financial position of the Fund was discussed. There were questions on the funding assumptions behind the valuation, the performance of the Fund and the decision by Riverside HA to withdraw from the Fund. The Board welcomed the strong funding position of the Fund and the improvement achieved in recent years.
4. There followed a long discussion and questions on the report on the Fund's Liquidity and 3-year positive cash flow statement. This included the effect from the £20 million equity protection strategy, the implications of large scale transfers in and out of the Fund and the impact from potential changes in staffing levels in the Council. However, it was noted that the Fund remains cash flow positive in contrast to many other LGPS Funds, and that this strong liquidity position will be taken into account in the investment strategy.
5. The Board considered and agreed the report on Administering authority discretions in respect of overpayments of pensions. There

were some questions around the sums written off annually and the detailed figures and authority levels.

6. The Board considered and reviewed the latest Risk register including changes in individual risk levels since the last meeting. The issue of cyber security risk was raised in the meeting together with the number of red (8) and amber (14) risks identified in the report. Because the action plan sets out several important targets for improvement by end March 2024, it was agreed to consider the register in detail at the next Board meeting in March 2024.
7. The Council's response to the LGPS consultation document was clear and gave very helpful feedback on the questions posed. The Board asked questions on the proposal in respect of investing in private equity and knowledge and skills training for Committee members. The Board will return to the issues raised in the consultation document at a later date.
8. The Board considered the update on pensions administration and noted the generally good progress being made, albeit there were mixed performance figures reported. A question was raised on the % of Council employees registered as members of the Fund, and it was suggested that the benefits of the LGPS should be raised and promoted at next year's planned Annual General Meeting. Good progress is being made to resolve issues with the payroll system and this was welcomed. It has been a concern raised in the Board for some time now. The Board were also updated on progress with implementing the McCloud judgment and the staffing position in the administration team. In order to address backlogs of work and improve performance, it is very important that the team has a full complement of staff with the right skills. The Board were informed that support has been secured to help recruit to the vacant posts in the administration team.
9. There was a brief discussion on the progress report on Voting, Engagement and Stewardship. A question was raised as to whether the London CIV is a member of the LAPFF and to what extent it follows their advice on voting. The position of Ruffer was also discussed as their voting record is frequently at variance with LAPFF recommendations. The Head of Pensions and Treasury (HOPT) assured the Board that she personally requests confirmation from fund managers as to the reasons why they have voted at variance

with LAPFF recommendations, and that the responses will be reported to the Board.

10. The Board considered and supported the approach in the report on Cost Transparency of Investment Management and Polling Costs set out by the HOPT, and welcomed the decision to appoint an external supplier to undertake work on benchmarking these costs.

John Jones  
30th November 2023