

# Pension Board

**Monday, 11 March 2024 at 10.00 a.m.  
Committee Room - Tower Hamlets Town Hall,  
160 Whitechapel Road, London E1 1BJ**

## Supplemental Agenda

### **7. REPORTS FOR CONSIDERATION**

- 7.1 Pensions Administration and LGPS Quarterly Update – December 2023 (Pages 3 - 10)**
- 7.2 Training Plan – 2024-25 (Pages 11 - 14)**
- 7.3 Pension Board Work Programme – 2024-25 (Pages 15 - 26)**
- 7.4 Local Government Pension Scheme Consultation: Next Steps on Investments (Pages 27 - 30)**

### **10. EXCLUSION OF PRESS AND PUBLIC**

In view of the contents of the remaining items on the agenda the Committee is recommended to adopt the following motion: “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.”

#### **EXEMPT SECTION (Pink Papers)**

The Exempt/Confidential (pink) papers for consideration at the meeting will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please hand them to the Democratic Services Officer present or dispose of them in the confidential bins.



**10 .2 ESG, Voting, Engagement and Stewardship Update (Pages 31 - 118)**

**10 .3 Risk Management Policy and Quarterly Review of Risk Register (Pages 119 - 128)**

**Contact for further enquiries:**

Farhana Zia, Democratic Services Officer,

farhana.zia@towerhamlets.gov.uk

020 7364 0842


Town Hall, 160 Whitechapel Road, London, E1 1BJ

<http://www.towerhamlets.gov.uk/committee>



The best of London in one borough

**Tower Hamlets Council**  
Tower Hamlets Town Hall  
160 Whitechapel Road  
London E1 1BJ

Non-Executive Report of the:  <b>Pension Board</b>  <b>Monday, 11 March 2024</b>	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Julie Lorraine, Corporate Director, Resources	<b>Classification:</b> Unrestricted
<b>Pensions Administration and LGPS Quarterly Update – December 2023</b>	

<b>Originating Officer(s)</b>	Paul Audu, Head of Pensions and Treasury (Interim)
<b>Wards affected</b>	All

**Reasons for urgency**

The report was not published five clear days in advance of the meeting. Therefore, before this item can be considered at this meeting, the Chair of the Board would need to be satisfied that it is necessary to consider Quarterly Administration and LGPS Quarterly Update – December 2023 at this meeting, the Board may also take the view that it is important that there should not be an extended period without any member oversight.

**Executive Summary**

This report provides Board members with information on the administration and performance of the Scheme and update on key developments in the LGPS for the quarter to December 2023.

**Recommendations:**

The Pension Board is recommended to:

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

**1. REASONS FOR THE DECISIONS**

- 1.1 The Board receives this report on a quarterly basis in the discharge of its duty.

**2. ALTERNATIVE OPTIONS**

- 2.1 There are no alternative options to this report.

### 3. DETAILS OF THE REPORT

#### ADMINISTRATION UPDATE

- 3.1 The administration of the Scheme is carried out in-house by the pensions team. It involves maintenance of accurate Scheme records to enable Scheme benefits to be calculated correctly, effective processing of members joining and leaving the Scheme, and employer-related issues including new employer admissions and cessations. The table below shows the Scheme membership at 31 December 2023.

Table 1A: Analysis of Membership at 31 December 2023

Membership	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	7,934	8,425	102	7,292	2,355
% of Membership	30.39	32.27	0.39	27.93	9.02
Change from last quarter	10	-5	-65	63	-808

Table 1B: Change in Membership – Quarter to 31 December 2023

Membership	31 Dec 2023	30 Sep 2023	Change (%)
Active	7,934	7,924	0.13
Deferred	8,425	8,430	-0.06
Undecided	102	167	-38.92
Pensioner (incl. spouse & dependant members)	7,292	7,229	0.87
Frozen	2,355	3,163	-25.55
<b>Total</b>	<b>26,108</b>	<b>26,913</b>	<b>-2.99</b>

3.2 The table below shows the tasks completed and outstanding during the quarter to 31 December 2023.

Table1C: Analysis of Case types – Quarter to 31 December 2023

	Target days	Oct-23				Nov-23				Dec-23				
		Cases at Start	New Cases	Cases Processed	Cases Outstanding	Cases at Start	New Cases	Cases Processed	Cases Outstanding	Cases at Start	New Cases	Cases Processed	Cases Outstanding	
<b>Retirements</b>	<b>Albair Workflow</b>													
Voluntary	AHEARYA	25	9	36	25	8	8	7	10	5	5	6	8	1
Redundancy	AHRIDUNA	25	2	0	1	1	1	1	1	1	1	2	3	0
Medical	AHHRETA	25	0	1	1	0	0	2	2	0	0	3	2	1
late	AHLATERA	25	2	6	3	3	3	9	8	6	6	9	5	8
Flexible	AHFLDRA	25	0	1	0	1	1	0	0	1	1	1	0	2
Deferred into Payment	AHDBPARA	25	25	22	30	17	17	21	28	30	10	21	39	12
			<b>38</b>	<b>46</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>40</b>	<b>49</b>	<b>26</b>	<b>21</b>	<b>40</b>	<b>37</b>	<b>24</b>
<b>Transfers</b>														
Transfer In - Quotes	AHTVIQ	30	8	9	11	6	6	7	6	9	9	6	7	8
Transfer Out - Quotes	AHTVQO	30	7	2	5	4	4	5	7	2	2	5	2	5
Transfer In - Actual	IFAND3 & TVIN03		9	5	7	7	7	11	8	30	10	6	6	10
Transfer Out - Actual	IFACUT02 & TVOUT02		30	36	36	30	10	18	18	30	10	8	6	12
			<b>36</b>	<b>30</b>	<b>37</b>	<b>27</b>	<b>27</b>	<b>41</b>	<b>37</b>	<b>36</b>	<b>31</b>	<b>23</b>	<b>39</b>	<b>35</b>
<b>Refunds</b>														
Refund Calculations	AHRINDF	30	32	45	69	8	8	33	35	6	6	24	33	17
Refund Payments	AHRINDA	30	33	20	27	9	9	15	19	5	5	13	13	5
			<b>65</b>	<b>65</b>	<b>96</b>	<b>17</b>	<b>17</b>	<b>48</b>	<b>54</b>	<b>11</b>	<b>11</b>	<b>37</b>	<b>26</b>	<b>22</b>
<b>Estimates</b>														
Voluntary	AHBNST & AHEARLYQ	25	9	46	38	20	22	21	32	11	11	41	37	15
Redundancy	AHRIDUNQ	25	4	2	5	1	1	5	4	2	2	38	30	7
Medical	AHHREQ	25	3	1	3	1	1	3	3	1	1	3	1	3
late	AHLATERQ	25	2	36	11	5	5	10	11	4	4	4	4	4
Flexible	AHFLDRQ	25	4	3	6	1	1	6	5	2	2	6	7	1
Deferred into Payment	AHDBPARQ	25	8	25	21	12	12	18	25	5	5	5	5	5
			<b>30</b>	<b>90</b>	<b>77</b>	<b>42</b>	<b>42</b>	<b>63</b>	<b>80</b>	<b>26</b>	<b>25</b>	<b>97</b>	<b>87</b>	<b>35</b>
<b>Deferred</b>														
Deferred Calculations	AHDERLV	30	66	46	59	45	49	27	49	27	27	37	28	41
<b>Opt Out</b>														
Opt Out	OPTOPRT2	2	36	57	42	20	20	64	55	38	38	40	49	35
<b>New Starters</b>														
New Starters	AHNEWST	40	1	140	65	35	76	182	206	52	52	26	58	20
<b>Notifications</b>														
Notification Changes	AHNOMIN	30	6	7	9	4	4	9	9	4	4	1	4	1
<b>Add new</b>														
Address Changes	AHADRES	25	17	29	30	35	16	30	30	35	16	10	17	9
<b>Bank Account</b>														
Bank Account Change	BANKDICE	0	13	8	9	12	12	19	14	17	17	2	25	4
<b>General Enquiry</b>														
General Enquiry	AHMEMBER	30	111	130	167	77	77	132	157	52	52	113	114	51
<b>Deaths</b>														
Death Cases - General	AHDCATH	25	16	29	40	19	72	33	29	35	76	22	28	75
<b>TOTAL</b>			<b>430</b>	<b>635</b>	<b>698</b>	<b>422</b>	<b>451</b>	<b>688</b>	<b>769</b>	<b>330</b>	<b>370</b>	<b>448</b>	<b>466</b>	<b>352</b>

3.3 The above table excludes tasks received via the pension team inbox and telephone queries. Currently, most queries are actioned immediately without logging them to avoid further delay to existing backlog. However, some queries such as refunds, opt outs, death notifications, leavers and retirement quotes are logged as tasks and allocated to members of the pensions team to action.

**Life Certificates 2024**

- 3.4 Overseas pensioners and dependants are required to complete a Life Certificate each year to check their existence. The 2024 Life Certification process commenced in February. Those who do not return Life Certificates after 2 reminders will have their benefits suspended. The first reminders were sent on 1<sup>st</sup> March 2024.

### Workflows

- 3.5 During the quarter to 31 December 2023, a total of 2302 workflows were produced.
- 3.6 The table below shows the performance relative to the CIPFA benchmark. Some tasks such as transfers in, transfers out, processing of deaths and retirements are contingent upon initial responses from third parties, other pension funds, lawyers or scheme members.

Table 3A: Performance against CIPFA suggested timelines (October – December 2023)

		Target Days	October % Within Target	November % Within Target	December % Within Target
<b>Retirements</b>	<b>Altair Workflow</b>				
Voluntary	AHEARLYA	15	35.71	40	87.5
Redundancy	AHREDUNA	15	100	0	100
Medical	AHIHRETA	15	100	100	100
Late	AHLATERA	15	66.67	87.5	100
Flexible	AHFLEXRA	15	-	-	-
Deferred into Payment	AHDBPAYA	15	43.33	71.43	63.16
<b>Transfers</b>					
Transfer In - Quotes	AHTVIQ	10	63.64	100	57.14
Transfer Out - Quotes	AHTVOQ	10	0	66.67	50
Transfer In - Actual	IFAIN03 & TVIN03	0			
Transfer Out - Actual	IFAOUT02 & TVOUT02	0			
<b>Refunds</b>					
Refund Calculations	AHRFNDF	10	24.24	81.82	76.92
Refund Payments	AHRFNDA	10	34.78	57.89	83.33
<b>Estimates</b>					
Voluntary	AHBENEST & AHEARLYQ	15	86.67	87.1	94.44
Redundancy	AHREDUNQ	15	25	100	96.97
Medical	AHIHRETQ	15	50	66.67	100

Late	AHLATERQ	15	72.73	63.64	50
Flexible	AHFLEXRQ	15	66.67	100	85.71
Deferred into Payment	AHDBPAYQ	15	90.48	92	80
<b>Deferred</b>					
Deferred Calculations	AHDEFLV	30	91.07	93.62	86.36
<b>Opt Out</b>					
Opt Out	OPTOPRT2	2	64.29	60	48.84
<b>New Starters</b>					
New Starters	AHNEWST	40	100	100	100
<b>Nominations</b>					
Nomination Changes	AHNOMIN	10	55.56	55.56	25
<b>Address</b>					
Address Changes	AHADDRES	15	72.41	90	87.5
<b>Bank Account</b>					
Bank Accoun Change	BANKCHGE	0	37.5	50	80
<b>General Enquiry</b>					
General Enquiry	AHMEMBER	10	64.02	69.23	85.59
<b>Deaths</b>					
Death Cases - General	AHDEATH	15	61.54	78.57	73.91
			<b>61.14</b>	<b>74.42</b>	<b>78.80</b>

## EMPLOYER UPDATE

- 3.8 The table below shows the employers with active members in the Scheme on 31 December 2023.

<b>Administering Authority</b>	<b>Scheduled Bodies</b>
London Borough of Tower Hamlets	Attwood Academy (Ian Mikardo School)
	Boleyn Multi-Academy Trust
<b>Admitted Bodies</b>	Bishop Challoner
Age UK East London	Canary Wharf College
Atlantic Cleaning Services	
Compass Contract Services Limited	Cyril Jackson Academy
East End Homes	East London Arts & Music
Greenwich Leisure Limited	Gateway (Bethnal Green & Vic)
Juniper Ventures Ltd	Letta Trust (Stebon and Bygrove Schools)
Mediquip	London Enterprise Academy
Olive Dining	Mulberry Academy
One Housing Group (formerly Island Homes)	Paradigm Trust (Culloden, Old Ford and Solebay Primary Schools)
Phoenix Trust – closed scheme	Sir William Burrough
Purgo Supplies Services Ltd	St. Pauls Way Community School
Tower Hamlets Community Housing Limited	Wapping High School
Taylor Shaw	
Vibrance (formerly Redbridge Community Housing Limited)	
Wettons Cleaning Limited	
Nourish Catering	

### **Data Quality**

- 3.9 During the quarter efforts were made to improve the quality of pensions data because of queries raised by the external auditor. Work is continuing in this regard to ensure accurate data.

### **Employer Insourcing**

- 3.10 The following insourcing arrangements is ongoing: Leisure services insourcing - Tower Hamlets Council Tower Homes (THH) - Tower Hamlets Council 1 November 2023.

### **Employer Admissions**

- 3.11 Employer admissions in the pipeline include Nourish Catering Ltd in respect of contracts with Thomas Baxter and John Scarr schools and Chisenhale and Old Palace.

### **Employer Cessations**



- 3.12 During the quarter, there was one employer cessation involving Tower Hamlet Homes which ceased on the 31/10/2023.

## **SCHEME and LEGISLATIVE UPDATE**

### **McCloud legislative Update**

- 3.13 The process of data collection from employers is ongoing and templates were issued to employers. About 30% of employers have provided data. Additional resources will be required for the McCloud exercise.

### **Member Self Service (MSS) Roll Out**

- 3.14 The roll out of Member Self Service (MSS) continues. Take-up is low. Officers will be visiting schools over the next few months to register LGPS members.

## **OUTSTANDING WORK**

- 3.14 In total there are currently 119 cases classified as 'Undecided Leavers' i.e. members that have left employment or opted out of the pension scheme and have yet to be processed as refunds, deferred beneficiaries, pensioners of transfers out.
- 3.15 Possible incoming transfer currently being processed – 261. In these cases, we are either waiting for a response from the transferring scheme, waiting for a response from the member, or waiting for payment of the transfer.

## **4. EQUALITIES IMPLICATIONS**

- 4.1 There are no specific equalities implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration.

## **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 There are no specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration.

## **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 There are no direct financial implications arising from the contents of this report.

## **7. COMMENTS OF LEGAL SERVICES**

- 7.1 The Pension Board is required to consider pension matters and ensure that the Council meets its statutory duties in respect of the fund. It is appropriate having

regard to these matters for the Board to receive information from the Pensions Administration team about the performance of the administration function of the pension fund.

- 7.2 When carrying out its functions as the administering authority of its pension fund, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector duty).

---

## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- NONE

### **Appendices**

- NONE

### **Local Government Act, 1972 Section 100D (As amended)**

**List of “Background Papers” used in the preparation of this report.**


- <https://ri.lgpsboard.org/items>

### **Officer contact details for documents:**

Paul Audu – Head of Pensions and Treasury Tel: 020 7364 4248 (Ext. 4248)

3<sup>rd</sup> Floor, Town Hall, 160 Whitechapel Road, London E1 1BJ

Email: [paul.audu@towerhamlets.gov.uk](mailto:paul.audu@towerhamlets.gov.uk)

Non-Executive Report of the:  <b>Pension Board</b>  <b>Monday, 11 March 2024</b>	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Julie Lorraine, Corporate Director, Resources	<b>Classification:</b> Unrestricted
<b>Training Plan – 2024/2025</b>	

<b>Originating Officer(s)</b>	Paul Audu, Head of Pensions and Treasury (Interim)
<b>Wards affected</b>	All

**Reasons for Urgency**

The report was not published five clear days in advance of the meeting. Therefore, before this item can be considered at this meeting, the Chair of the Board would need to be satisfied that it is necessary to consider Training Plan – 2024/2025 at this meeting, the Board may also take the view that it is important that there should not be an extended period without any member oversight.

**Executive Summary**

This report sets out the plan to support Tower Hamlets Local Pension Board members to maintain their knowledge and understanding in line with the legislative requirements and that Board members have access to information on Local Government Pension Scheme.

**Recommendations:**

The Pension Board is recommended to:

1. Note the content of this report;
2. Note the content of the linked report to this Board titled ‘Pension Board Work Programme – 2024/2025’; and
3. Note that training will be delivered at this meeting by Hymans Robertson.

**1. REASONS FOR THE DECISIONS**

- 1.1 To ensure that the Pension Board is supported to fulfil its role of assisting the administering authority in the effective governance and administration of the Fund. A training plan ensures that an appropriate approach is adopted for the delivery of training to Board members.

**2. ALTERNATIVE OPTIONS**

- 2.1 The report asks the Board to note this report and the linked report and consider the areas to be included in the work programme 2024/2025. Board members are also required to consider the options on training.

### **3. DETAILS OF THE REPORT**

- 3.1 The Pension Fund adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Public Sector Pensions Finance Knowledge and Skills and the CIPFA Knowledge and Skills Framework for Elected Representatives and Non-Executives in the Public Sector, as the basis of its Training Policy and Programme.
- 3.2 The CIPFA Knowledge and Skills Framework has been updated to cover recent developments that promote good governance. The Framework is adaptable to Pension Funds' own circumstances to strengthen knowledge and skills. CIPFA has issued a separate Framework for Local Pension Boards.
- 3.3 The Pension Fund's Training policy also reflects the requirements set out by the Pensions Regulator's Code of Practice on the Governance and Administration of Public Service Pension Schemes.
- 3.4 The CIPFA Framework is also effective as a self-assessment tool for Board members to assess their progress and develop their knowledge and skills in line with the Pensions Regulator Code of Practice.
- 3.5 Officers are developing documents to track Pensions Board training against the CIPFA Framework to enable Board members to self-assess their own progress through the areas covered by the Framework.
- 3.6 To further align the Fund's Policy and training arrangement with the CIPFA Framework and the Regulator's Code of Practice, Board members should be able to self-assess against the Framework that informs the Training Plan for the Board.
- 3.7 The Pensions Regulator provides an online training portal to support training for Board members involved with public service pension schemes. The Trustee Toolkit covers the key parts of the Code of Practice on governance and administration of public service pension schemes. Topics include conflicts of interest, risk and internal controls, member data, member contributions, information management, internal disputes and breaches of the law.

#### **Training Plan for 2024/25**

- 3.8 Induction training will be provided to new Board members during the year.
- 3.9 Training will be provided via a mix of virtual and in-person sessions, supplemented by other onsite and off-site events.
- 3.10 Training will be provided at each Board meeting.

3.11 Officers will develop a comprehensive plan in consultation with the Chair of the Board and brought to the next Board meeting on 5 June 2024.

#### **4. EQUALITIES IMPLICATIONS**

4.1 There are no specific equalities implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration.

#### **5. OTHER STATUTORY IMPLICATIONS**

5.1 There are no specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration.

#### **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

6.1 There are no financial implications arising from the contents of this report.

#### **7. COMMENTS OF LEGAL SERVICES**

7.1 There are no direct legal implications arising from this report.

---

### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- Pension Board Work Programme – 2024-25 (Agenda Item 7.3)

#### **Appendices**

- NONE

#### **Local Government Act, 1972 Section 100D (As amended)**

#### **List of “Background Papers” used in the preparation of this report.**

- NONE

#### **Officer contact details for documents:**

Paul Audu – Head of Pensions and Treasury Tel: 020 7364 4248 (Ext. 4248)

3<sup>rd</sup> Floor, Town Hall, 160 Whitechapel Road, London E1 1BJ

Email: [paul.audu@towerhamlets.gov.uk](mailto:paul.audu@towerhamlets.gov.uk)

This page is intentionally left blank

Non-Executive Report of the:  <b>Pension Board</b>  <b>Monday, 11 March 2024</b>	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Julie Lorraine, Corporate Director, Resources	<b>Classification:</b> Unrestricted
<b>Pension Board Work Programme – 2024/2025</b>	

<b>Originating Officer(s)</b>	Paul Audu, Head of Pensions and Treasury (Interim)
<b>Wards affected</b>	All

**Reasons for Urgency**

The report was not published five clear days in advance of the meeting. Therefore, before this item can be considered at this meeting, the Chair of the Board would need to be satisfied that it is necessary to consider Pension Board Work Programme – 2024/2025 at this meeting, the Board may also take the view that it is important that there should not be an extended period without any member oversight.

**Executive Summary**

This report sets out the proposed work programme for the Pension Board for the 2024/2025 municipal year. The proposed programme is subject to change in consultation with the Chair.

**Recommendations:**

The Pension Board is recommended to:

1. Note the contents of this report; and
2. Consider the draft proposed Pension Board Work Programme – 2024/2025 (Appendix 1) and approve the Work Programme. Board members are asked to read this report in conjunction with the linked report ‘Training Plan – 2024-25’ to this Board.

**1. REASONS FOR THE DECISIONS**

- 1.1 To provide an indicative Work Programme to ensure that the Pension Board can fulfil its role to assist the administering authority in the effective governance and administration of the Fund.

**2. ALTERNATIVE OPTIONS**

- 2.1 The report asks the Board to note this report and consider the issues to be included in the draft work programme 2024/2025 (Appendix 1) and Board members are asked to consider any alternative options.

### **3. DETAILS OF THE REPORT**

- 3.1 London Borough of Tower Hamlets is the Administering Authority for the Tower Hamlets Pension Fund.
- 3.2 The role of the Pension Board is to assist the Administering Authority in securing compliance with the regulations and ensuring the efficient and effective governance and administration of the Scheme.
- 3.3 The Board's remit is broad and complex and Board members are required to have knowledge and understanding of a wide range of matters at a level that will enable them to carry out their responsibilities.
- 3.4 A Training Plan is the subject of a separate report 'Training Plan – 2024-25' to this Board meeting.
- 3.5 The Work Programme reflects the priorities of the Administering Authority and it has been designed to support the effective management of the Fund in line with the regulations.

### **4. EQUALITIES IMPLICATIONS**

- 4.1 There are no specific equalities implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration.

### **9. OTHER STATUTORY IMPLICATIONS**

- 9.1 There are no specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration.

### **10. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 10.1 There are no financial implications arising from the contents of this report.

### **11. COMMENTS OF LEGAL SERVICES**

- 11.1 There are no direct legal implications arising from this report.

---

**Linked Reports, Appendices and Background Documents**



**Linked Report**

- Training Plan – 2024-25 (Agenda 7.2)

**Appendices**

- Appendix 1 – Draft Pension Board Work Programme – 2024-25

**Local Government Act, 1972 Section 100D (As amended)****List of “Background Papers” used in the preparation of this report.**

- NONE

**Officer contact details for documents:**

Paul Audu – Head of Pensions and Treasury Tel: 020 7364 4248 (Ext. 4248)

3<sup>rd</sup> Floor, Town Hall, 160 Whitechapel Road, London E1 1BJ

Email: [paul.audu@towerhamlets.gov.uk](mailto:paul.audu@towerhamlets.gov.uk)

This page is intentionally left blank

## Tower Hamlets Pension Board – Work Programme 2024/2025

<b>Pension Board Agenda</b>		
<b>Item</b>	<b>Description</b>	<b>Responsibility</b>
<b>Standing items (to appear on each agenda)</b>		
Pensions Committee Update	Consideration of the draft agenda of the upcoming Pensions Committee and summary minutes of the last Pensions Committee.	Head of Pensions & Treasury
Pensions Administration Report	Update on the performance of the Pensions Administration service and In-house pensions team activity including projects and KPIs.	Head of Pensions & Treasury
Employer Engagement and Communications Report	Update on Employer Engagement, Employer Contributions, Admissions and Cessations and Communications from the Fund	Head of Pensions & Treasury
Governance Report	Update on governance issues affecting the Fund, developments in the LGPS and regulatory environment, policy changes and LCIV Pool updates.	Head of Pensions & Treasury
TH Pension Fund Risk Register	Review of the Pension Fund's Risk Register – by exception.	Head of Pensions & Treasury

TH Pension Fund Breaches Log	Update on the Pension Fund's breaches log	Head of Pensions & Treasury
TH Pension Fund Quarterly Budget and Cashflow monitoring	Update on the Pension Fund budget and cashflow.	Head of Pensions & Treasury
Work Programme	Review of the Pension Board and Pensions Committee's work programme.	Head of Pensions & Treasury
Training	Receive training and consider Board members' participation in upcoming events/training. Feedback from events/training attended.	Head of Pensions & Treasury with the Chair of the Board
<b>5 June 2024</b>		
TH Pension Fund Closing 2023/24 and External Audit	Update on the 2023/24 TH Pension Fund year-end closing, preparation of financial statements and external audit work.	Head of Pensions & Treasury
Governance and Compliance Statement	Review of TH Pension Fund Governance and Compliance Statement	Head of Pensions & Treasury
Admissions Policy	Review of TH Pension Fund Admissions Policy	Head of Pensions & Treasury
Annual Report of the Pension Board	Annual report of the Pension Board to the Scheme manager outlining the work throughout the year	Head of Pensions & Treasury with the Chair of the Board
Training Strategy	Review/update of the Pension Fund Training Strategy	Head of Pensions & Treasury

Annual Benefits Statements (ABS) 2024	Update the Board on the preparation for issuing ABS by the statutory deadline of 31 August 2024.	Head of Pensions & Treasury
<b>11 September 2024</b>		
2025 Actuarial Valuation	Update on preparation and data quality.	Head of Pensions & Treasury
Pension Fund Annual Report and Accounts 2023/24	2023/24 Annual Report and Accounts for review.	Head of Pensions & Treasury
<b>7 November 2024</b>		
External Auditor's Report on the Pension Fund Accounts 2023/24	Review the External Auditor's findings for the Pension Fund financial Statements.	Head of Pensions & Treasury
Annual Employer Forum Agenda	Discuss the upcoming Pension Fund Employer Forum Agenda.	Head of Pensions & Treasury / Chair of the Board
Annual Training Plan	Review Training completed during the year and training proposals/recommendations for 2025/26	Head of Pensions & Treasury / Chair of the Board
<b>13 February 2025</b>		
Business Plan and Budget	Review 2024/25 Pension Fund Business Plan and Budget and discuss proposals for 2025/26.	Head of Pensions & Treasury / Chair of the Board
2025 Actuarial Valuation	Update on preparation. Discuss Actuary's key assumptions.	Head of Pensions & Treasury

**Pension Board - Actions, Requests and Queries**

<b>Subject / Issue(s)</b>	<b>Detail</b>	<b>Status (Pending/Complete)</b>

**Working Groups**

<b>Title</b>	<b>Meetings and actions since the last Pension Board</b>	<b>Membership</b>

**Training and Development – attendance monitoring**

<b>Date</b>	<b>Topic</b>	<b>Board Member(s)</b>	<b>Feedback</b>





This page is intentionally left blank

<p>Non-Executive Report of the:</p> <p><b>Pension Board</b></p> <p><b>Monday, 11 March 2024</b></p>	 <p><b>TOWER HAMLETS</b></p>
<p><b>Report of:</b> Julie Lorraine, Corporate Director, Resources</p>	<p><b>Classification:</b> Unrestricted</p>
<p><b>Local Government Pension Scheme Consultation: Next Steps on Investments</b></p>	

<b>Originating Officer(s)</b>	Paul Audu, Head of Pensions and Treasury (Interim)
<b>Wards affected</b>	All

### Reasons for urgency

The report was not published five clear days in advance of the meeting. Therefore, before this item can be considered at this meeting, the Chair of the Board would need to be satisfied that it is necessary to consider Local Government Pension Scheme Consultation: Next Steps on Investments at this meeting, the Board may also take the view that it is important that there should not be an extended period without any member oversight.

### Executive Summary

This report provides an update to the Pension Board on the outcome of the consultation on the Local Government Pension Scheme entitled “Local Government Pension Scheme (England and Wales) Next Steps on Investments” which closed on 2 October 2023. Link to the Government’s response to the consultation is included in this report.

### Recommendations:

The Pension Board is recommended to:

1. Note the contents of this report; and
2. Note the Government’s response to the consultation (Link to the Government’s response to the consultation is included in this report).

#### 1. REASONS FOR THE DECISIONS

- 1.1 To inform the Pension Board about the Government’s response to the consultation and next steps.

#### 2. ALTERNATIVE OPTIONS

- 2.1 There is no alternative to this report.

### **3. DETAILS OF THE REPORT**

- 3.1 The aim of the consultation was to seek views on how to accelerate the pace of delivery of the benefits of pooling, with particular focus on pension fund investment strategy, allocation to the UK market to support high growth sectors and levelling up, and use of (and objective setting for) investment consultants.
- 3.2 The consultation also sought views on the proposed deadline for the transition of assets to the pools by March 2025 and the move to consolidate pools with a threshold £50 billion assets under management per pool.
- 3.3 The government has announced that it is minded to publishing amendment regulations and revised Investment Strategy Statement (ISS) guidance, in collaboration with the Scheme Advisory Board (SAB). Pension funds are urged to transfer all assets to the pool by the end of March 2025 or otherwise set out the rationale and value for money and the review date.
- 3.4 A preferred model of pooling to be set out in a revised pooling guidance clarifying the delegation of strategy implementation and selection of fund managers. The government supports inter-pool initiatives.
- 3.5 A specific requirement for administering authorities to publish their training policy for the Pensions Committee and report against it.
- 3.6 A requirement to provide comprehensive analysis of asset allocation, savings from pooling and asset class return relative to the benchmark in annual reports.
- 3.7 Expansion of data collection on pension funds to include asset allocation, percentage of total assets pooled and the net savings of pooling.
- 3.8 A requirement for pension funds to develop and maintain a plan to target up to 5% allocation to support levelling up and monitor and report on the effectiveness of the plan. The revised ISS will also require pension funds to commit up to 10% to private equity.
- 3.9 Tower Hamlets Pension Fund has pooled 61% of its strategic asset allocation through London CIV, while 20% of its assets is pooled under a fee arrangement via the Pool.
- 3.10 The Fund has benefited from the availability of Private Markets investments like Renewable Energy Infrastructure fund and UK Housing fund via the pool. To date, the Fund has pooled all the liquid assets in its investment strategy bar Index Linked Gilts.
- 3.11 Officers will provide updates to future Boards.

### **4. EQUALITIES IMPLICATIONS**

4.1 There are no specific equalities implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration.

## **5. OTHER STATUTORY IMPLICATIONS**

5.1 There are no specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration.

## **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

6.1 The Local Government Pension Scheme (LGPS) is a national pension scheme administered locally. Tower Hamlets Council is the administering authority for the LGPS which provides pensions and other benefits for employees of the Council, Tower Hamlets Homes, Academies, various catering and cleaning contractors and a range of employers within the Fund.

6.2 The LGPS is a 'defined benefit' scheme which means that members benefits are not calculated based on investment performance. Contribution levels for scheme members are set nationally, and contribution levels for scheme employers including the council are set locally by the scheme actuary.

6.3 Increasing the level of investments in the UK and in private equity may increase fees because the nature of investments means they are more expensive to manage than for example listed passively managed equity tracking funds. However, different types of funds provide diversification may enable the Fund to adopt the correct risk/return profile to meet its liabilities and for this reason a mix of investments that includes some asset types with higher costs may be appropriate.

## **7. COMMENTS OF LEGAL SERVICES**

7.1 There are no direct legal implications arising from this report.

---

### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- NONE

#### **Appendices**

- Appendix 1 – Link to Government response to consultation is provide below.

#### **Local Government Act, 1972 Section 100D (As amended)**

#### **List of "Background Papers" used in the preparation of this report.**

- Consultation outcome: Local Government Pension Scheme (England and Wales): Next Steps on Investments – government response’ available online at: [Local Government Pension Scheme \(England and Wales\): Next steps on investments - government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-next-steps-on-investments-gov-uk)

**Officer contact details for documents:**

Paul Audu – Head of Pensions and Treasury Tel: 020 7364 4248 (Ext. 4248)

3<sup>rd</sup> Floor, Town Hall, 160 Whitechapel Road, London E1 1BJ

Email: [paul.audu@towerhamlets.gov.uk](mailto:paul.audu@towerhamlets.gov.uk)

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank