

Pension Board



Monday, 7 March 2022 at 10.00 a.m.

**Committee Room One - Town Hall, Mulberry Place, 5 Clove
Crescent, London, E14 2BG**

Agenda

Chair: John Jones

Members

Vice-Chair: David Stephen Thompson

John Gray, Nneka Oroge, Councillor Abdal Ullah, Roger Jones and Annette McKenna

Substitutes:

Michael Alderson

[A meeting is only quorate when at least one person of each member and employer representatives are present including an independent chair Or 50% of both member and employer representatives are present.]

Further Information

Reports for consideration, meeting contact details, public participation and more information is available on the following pages.



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Pension Board

Monday, 7 March 2022

10.00 a.m.

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4. SUBMISSIONS FROM FUND MEMBERS	
<p>To consider any written submissions from Fund Members/Stakeholders.</p> <p>(Submissions must be received by the Clerk to the meeting no later than 5.00p.m. on the day before the meeting.)</p>	
5. SUBMISSIONS / RESPONSES FROM PENSION COMMITTEE	
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**7. PENSIONS ADMINISTRATION AND LGPS QUARTERLY
UPDATE – DECEMBER 2021, 10/03/2022 PENSIONS
COMMITTEE**

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8. 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 committee papers in the agenda 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 post them to the Democratic Service Office, 1st Floor, Mulberry Place London E14 3BG or hold onto the papers until such time you can return to the Town Hall and dispose of the papers in the confidential bins.

8 .1 RESTRICTED MINUTES OF THE PREVIOUS MEETING(S)

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To confirm as a correct record of the proceedings the restricted minutes of the meeting of the Pensions Board held on 22nd November 2021.

**8 .2 ESG, Voting, Engagement and Stewardship Update, 10/03/2022
Pensions Committee**

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Next Meeting of the Committee:

Date Not Specified at Time Not Specified to be held in the Committee Room One -
Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG

Agenda Item 2

DECLARATIONS OF INTERESTS AT MEETINGS– NOTE FROM THE MONITORING OFFICER

This note is for guidance only. For further details please consult the Code of Conduct for Members at Part C, Section 31 of the Council's Constitution

(i) Disclosable Pecuniary Interests (DPI)

You have a DPI in any item of business on the agenda where it relates to the categories listed in **Appendix A** to this guidance. Please note that a DPI includes: (i) Your own relevant interests; (ii) Those of your spouse or civil partner; (iii) A person with whom the Member is living as husband/wife/civil partners. Other individuals, e.g. Children, siblings and flatmates do not need to be considered. Failure to disclose or register a DPI (within 28 days) is a criminal offence.

Members with a DPI, (unless granted a dispensation) must not seek to improperly influence the decision, must declare the nature of the interest and leave the meeting room (including the public gallery) during the consideration and decision on the item – unless exercising their right to address the Committee.

DPI Dispensations and Sensitive Interests. In certain circumstances, Members may make a request to the Monitoring Officer for a dispensation or for an interest to be treated as sensitive.

(ii) Non - DPI Interests that the Council has decided should be registered – (Non - DPIs)

You will have 'Non DPI Interest' in any item on the agenda, where it relates to (i) the offer of gifts or hospitality, (with an estimated value of at least £25) (ii) Council Appointments or nominations to bodies (iii) Membership of any body exercising a function of a public nature, a charitable purpose or aimed at influencing public opinion.

Members must declare the nature of the interest, but may stay in the meeting room and participate in the consideration of the matter and vote on it **unless:**

- A reasonable person would think that your interest is so significant that it would be likely to impair your judgement of the public interest. **If so, you must withdraw and take no part in the consideration or discussion of the matter.**

(iii) Declarations of Interests not included in the Register of Members' Interest.

Occasions may arise where a matter under consideration would, or would be likely to, **affect the wellbeing of you, your family, or close associate(s) more than it would anyone else living in the local area** but which is not required to be included in the Register of Members' Interests. In such matters, Members must consider the information set out in paragraph (ii) above regarding Non DPI - interests and apply the test, set out in this paragraph.

Guidance on Predetermination and Bias

Member's attention is drawn to the guidance on predetermination and bias, particularly the need to consider the merits of the case with an open mind, as set out in the Planning and Licensing Codes of Conduct, (Part C, Section 34 and 35 of the Constitution). For further advice on the possibility of bias or predetermination, you are advised to seek advice prior to the meeting.

Section 106 of the Local Government Finance Act, 1992 - Declarations which restrict Members in Council Tax arrears, for at least a two months from voting

In such circumstances the member may not vote on any reports and motions with respect to the matter.

Further Advice contact: Janet Fasan, Director of Legal and Monitoring Officer, Tel: 0207 364 4800.

APPENDIX A: Definition of a Disclosable Pecuniary Interest

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to the Member's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE PENSION BOARD

HELD AT 10.00 A.M. ON MONDAY, 22 NOVEMBER 2021

**COMMITTEE ROOM ONE - TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON, E14 2BG**

Members Present:

John Jones (Chair)	(Independent Chair)
David Stephen Thompson (Vice-Chair)	(Representing Retired/Deferred Pension Fund Members)
Michael Alderson	(Recovery Manager Revenue Services – Substituting for Roger Jones – Representing pensions Fund Employers)
Nneka Oroge*	(Representing Active Fund Members)

Guests Present:

Daniel Kanaris *	– AON
Mark Burrows *	– Quinbrook
Rosalind Smith-Maxwell*	– Quinbrook

Officers Present:

Nisar Visram*	– (Director of Finance, Procurement & Audit)
Miriam Adams	– Interim Head of Pensions and Treasury
Ngozi Adedeji	– (Principal lawyer Civil Litigation, Governance)
Farhana Zia	– (Democratic Services Officer, Committees, Governance)

*Attended online – virtually

1. APOLOGIES

Apologies for Absence were received from Mr John Gray, (Admitted Bodies Representative for Active Fund Members), Ms Annette McKenna (Representing Admitted Bodies Employers) and Councillor Kyrsten Perry, Chair of the Pensions Committee.

2. DECLARATIONS OF INTERESTS

There were no declarations of pecuniary interests made by members of the Board.

3. UNRESTRICTED MINUTES

The unrestricted minutes from the 6th September 2021 meeting were **AGREED** and **APPROVED** to be an accurate record of the meeting.

4. SUBMISSIONS FROM FUND MEMBERS

There were no submission made by fund members.

5. SUBMISSIONS / RESPONSES FROM PENSION COMMITTEE

There were no submissions/responses from the Pensions Committee.

6. REPORTS FOR CONSIDERATION

6.1 Governance Review Update (verbal)

Ms Miriam Adams, Interim Head of Pensions and Treasury introduced the item stating the Governance Review had been agreed to by the Pensions Board and Committee. She said the purpose was to review the policies and procedures in place and to ensure these were in line with best practice and legislation as stipulated by The Pensions Regulator (TPR). She said as part of the Governance Review, Mr Daniel Kanaris from AON was observing the Board and Committee meetings, for November 2021.

The Board then heard from Mr Kanaris who outlined the aims of the review. He said the review would check to see how the scheme complied with the TRP code of practise and would provide analysis on how governance of the Fund could be improved. Mr Kanaris said there were three elements to the review - direction, delivery and decision. Each area would focus on how compliant to the TRP code, the Pension Scheme was performing and would cite best practice for improvement. Mr Kanaris said a confidential questionnaire would be sent to Board and Committee members to gauge their views.

In response to questions from members the following was noted:

- The timescale to produce the review report was January 2022 for consultation and final report by February 2022, in time of the next set of Board and Committee meetings in March 2022.

The Chair, Mr John Jones thanked Ms Adams and Mr Kanaris for their update.

6.2 Member Training - Renewable Energy Infrastructure Training - Quinbrook Infrastructure Partners

Ms Miriam Adams, Interim Head of Pensions and Treasury introduced the item stating that following LBTH Pensions Fund expression of interest to join a renewable energy fund, a fund was set up by the London CIV in March 2021. Ms Adams said there are four managers who make up the Fund, Storebrand, Quinbrook, Foresight and BlackRock. She said the Board would be hearing from Quinbrook who would be providing an insight to renewable energy plus benchmarks relating to how they manage this asset class.

Members of the Board then heard from Mr Mark Burrows, European Head of Capital Formation at Quinbrook and Ms Rosalind Smith-Maxwell, Vice-President of the Investment Team in London. Mr Burrows and Ms Smith-Maxwell gave a presentation on various types of renewable energies available, the need to invest in new sources of energy by the National Grid and the effect renewable energy was having on global markets. Mr Burrows said the UK market was ahead of the curve and investment in different types of energy sources, such as solar and offshore wind had piqued interest, with a ground swell of political will to drive forward this change.

In response to questions from members the following was noted:

- In reference to Geo-thermal energy, Mr Thompson asked why growth for this type of energy was low. Ms Smith-Maxwell responded stating the cost was high in comparison with the solar and offshore wind categories. Geo-thermal refers to ground source heat pumps, which requires boring/drilling incredibly deep wells and large circular ones at surface level. Ms Smith-Maxwell said these were in development but there needed to be significant support to reduce the Capx cost to make it deployable at scale.
- In response to why Tidal wave technology and Hydro power were not being invested in, Ms Smith- Maxwell stated this again was due to the cost. She said many industrial backers had lost money in the research and development of tidal technology and there was some way to go to before the technology could be commercially viable. Ms Smith-Maxwell said the stress the blades undergo with tidal technology means there is a high level of breakage and therefore this technology is not considered to be reliable and/or affordable when compared to solar and offshore technologies.
- In response to if the National Grid was up to the challenge over the next 10 to 25 years to achieve a green revolution, Ms Smith-Maxwell said the National Grid had an ambitious plan to be carbon-free by 2025. She said they had a pathfinder programme to take this forward. She said the three areas of focus were EnerSure, constraint and voltage control. Ms Smith-Maxwell said they had identified these areas, as areas that required resolution and investment to enable more renewable energy to come online and for consumers to still have affordable and reliable power. Ms Smith-Maxwell said they were

identifying projects to invest in, which were Index linked and would achieve the best outcome for the industry and consumers.

The Chair, Mr John Jones thanked Mr Burrows and Ms Smith-Maxwell for their presentation and said the presentation provided a useful insight to how the renewable energy markets worked and how investments in this asset class can be beneficial to the Fund.

6.3 Member Training - Update on Hymans Academy (verbal)

Ms Miriam Adams, Interim Head of Pensions and Treasury asked members of the Board how they were finding the training modules and if any member had experienced any issues with logging in to the sessions.

The Chair, Mr John Jones and Mr David Thompson stated they had completed some of the modules which they had found to be quite intense but extremely informative. They said the modules took approximately an hour to complete rather than half an hour and required the learner to make notes. Time was also required for the learner to absorb the information.

- Members suggested that the tests at the end of each module ought to be in bitesize chunks but overall, the content of the training modules was very good.

6.4 Update on Pension Fund Accounts and Audit Plan (verbal)

Ms Miriam Adams, Interim Head of Pensions and Treasury provided a verbal update on the Pension Fund Account and Audit Plan. She said the 2018/19 and 2019/20 pensions account had been submitted to Deloitte's who had given an unqualified report relating to the ISA260. A number of queries such as pricing and data pairing were raised however, she was hopeful that by the next meeting of the Board in March 2022, the 2018/19 and 2019/20 audited accounts could be presented to the Board, as well as the draft accounts for 2020/21.

In response to questions from members the following was noted:

- Most of the issues relating to the 2018/19 and 2019/20 pensions fund accounts had been resolved save for a few outstanding queries. Deloitte will not issue a full audit until such time the Council's main accounts have been completed, because the opinion given relates to the full audit which includes the pensions fund.
- Regarding the work plan for the Pensions Fund 2021/22 this had not been issued by Deloitte for the same reason that the previous years' accounts are complete and up to date. It's been agreed the plan would be released soon after the completed accounts have been approved. Ms Adams added that the scheme's advisory board had been notified of the delay, to meet the deadline of 1st December for the annual report of the Fund.

The Chair, Mr Jones thanked Ms Adams for the update.

6.5 Review of Risk Management Policy and Risk Register

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the report provided an update on changes made to the Fund's Risk Register and Risk Management Policy.

The Chair, Mr Jones, suggested that the Board defer the Risk Management Policy to the next meeting of the Board, to enable members to read the policy document plus ensure an in-depth discussion could take place.

In reference to the Risk Register, Ms Adams stated that this had not changed from the last quarter. There remained five red rated risks, with several relating to administration. She said these would remain on the register until progress had been made with recruitment and data quality. She said there were several risks that could move to amber in the next six to nine months.

In response to questions from Members the following was noted:

- Mr Thompson stated it was important for the Board to have sight of the Risk register on a regular basis. He said of the 33 areas identified, two-thirds were either amber or red rated.
- Mr Thompson referred to Risk G3 "Services are not being delivered to meet legal and policy objectives" and said the comments section needed to provide facts on how and why the rating had been changed from red to amber. Mr Thompson referred to point 3, in the comments section which stated, "recruitment of permanent staff was underway." He said it was unclear from this statement if "underway" meant it was at the beginning of the process to recruit staff or if permanent staff had been recruited and had embedded into the organisation. He said this required additional explanation.
- Mr Thompson referred to risk F11 and stated "external changes" needed to be identified with some indication or description of what the external changes are.
- **ACTION:** The Risk Management Policy to be deferred to the March 2022 meeting of the Board.
- In response to the issues raised by Mr Thompson, Ms Adams provided a detailed update in relation to each risk and said some of the risks would remain on the register in order not to lose sight of them and to ensure compliance. She said the data issue, relating to Iconnect had been discussed by the Board previously. She said her team was continuing to encourage employers to adopt this first line of data input and verification, but progress had been slow.

The Pensions Board **RESOLVED** to:

1. Defer the Risk Management Policy to its next meeting in March 2022; and
2. Noted and commented of the detailed Risk Register.

6.6 Quarterly ESG, Voting, Engagement and Stewardship Update

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the report provided an overview of the of the stewardship activity carried out by Tower Hamlets Pensions Fund's investment managers and on its behalf by the Local Authority Pensions Forum (LAPFF) in the quarter ending September 2021.

The Chair stated as this was a regular report he would move to questions from Members.

In response to questions from members the following was noted:

- In reference to appendix 1, the Chair asked if LGIM was a tracker fund. Ms Adams responded stating it was a passive fund, with low carbon stocks that were Index linked.
- Referring to the Fraser Group and BHP, the Chair asked why the voting alerts showed "n/a". Ms Adams explained that these were low carbon stocks and therefore they did not hold too may energy stocks.
- In reference to paragraph 3.3, Mr Thompson said the five areas identified were high level requirements with the interventions referred to as 'Director matters.' He said only two of the five areas were covered, governance and board composition and therefore he wanted to hear again why this was. Ms Adams pointed out the report was a quarterly report and therefore reported on voting activity during that quarter. She said a considerable amount of activity occurred behind the scenes and with the move away from the Baillie Gifford equity fund to the Paris Aligned fund there had been a significant change in the landscape of what kind of stock could be invested in. Ms Adams explained that for most companies their year-end was either December or March and it was usual to see further activity in the last quarter of the reporting cycle.

The Pensions Board **RESOLVED** to:

Note the recommendations being made to the Pensions Committee who were to consider this report at its meeting of 25th November 2021.

The Pensions Committee is recommended to:

1. Note the content of this report and appendices.

6.7 Pensions Board Work Plan 2021-22

Members of the Board were asked to note the Pension Board's work plan for 2021/22.

Members of the Board had no questions for Ms Adams.

The Pensions Board **RESOLVED** to:

1. Note the workplan for 2021/22.

7. PENSIONS COMMITTEE AGENDA FOR THE FORTHCOMING MEETING

The Chair, Mr John Jones stated the agenda for the Pensions Committee scheduled for the 25th November had been published on the Council's website and said several reports discussed by the Board, were also on the agenda for the Committee.

Mr Jones confirmed he would be providing an update to the Committee and would be attending the meeting.

8. EXCLUSION OF PRESS AND PUBLIC

The Chair **MOVED** and it was

RESOLVED

"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."

8.1 RESTRICTED MINUTES OF THE PREVIOUS MEETING(S)

The Board members noted the restricted minutes of the Pension's Board meeting of 6th September 2021 and had no comment to make in relation to the exempt items.

The Board **AGREED** and **APPROVED** the restricted minutes of 6th September 2021.

8.2 Administration and LGPS Quarterly Update

The minute for this item is restricted.

8.3 London Collective Investment Vehicle Changes


The minute for this item is restricted.

9. ANY OTHER BUSINESS

No other business was discussed by the Board Members.

The meeting ended at 12.00 p.m.

Chair, John Jones
Pension Board

Non-Executive Report of the: Pensions Committee Thursday, 10 March 2022	 TOWER HAMLETS
Report of: Corporate Director, Resources	Classification: Open (Unrestricted)
Public Service Pensions Schemes: Pensions Dashboards	

Originating Officer(s)	Miriam Adams
Wards affected	(All Wards);

Executive Summary

This report provides an overview of the introduction of a national Pensions Dashboard, emanating from a Government led project requiring the pension industry to design and own the dashboard. The Pension Scheme Act 2021 received Royal Assent on 11 February 2021, and provides the legal framework to support pension dashboards, including powers to compel schemes to provide member information.

The Money and Pensions Service (MaPS), an arm’s-length body sponsored by the Department for Works and Pensions, has established the Pensions Dashboards Programme (PDP) team to work closely with its chosen suppliers to design the digital

infrastructure to safeguard data and protect consumers. DWP has now released a consultation on the regulations to put these provisions into place.

Recommendations:

The Pensions Committee is recommended to:

1. Note the requirement to improve the reliability of data in accordance with the Pensions Dashboards Programme data standards guide in order to supply the correct information to the dashboards and ensure compliance with the statutory staging timeline to onboard schemes.

2. Note the critical bottleneck the scheme faces in respect of council employee data.

1. REASONS FOR THE DECISIONS

- 1.1 This is a regulatory requirement and there will be penalties for non-compliance which could be up to £5k for individuals (£50k otherwise). TPR might impose them on a ‘per request’ basis.

2. ALTERNATIVE OPTIONS

- 2.1 There are no alternatives to this report. It is good practice to provide the Pensions Committee and Pensions Board with regulatory updates to enable informed decision making.

3. DETAILS OF THE REPORT

Background

- 3.1 In 2019, the UK government established the Money and Pensions Service (MaPS), which brought together the Money Advice Service, the Pensions Advisory Service and Pension Wise. These are also government-backed bodies created to improve awareness of pension assets, pension regulations and the options as you approach retirement. The Pensions Dashboard Programme was launched in April 2020 and work is still in progress.
- 3.2 The Pension Schemes Act 2021 (the Act) provides a framework to support pensions dashboards, and in particular gives new powers compelling schemes to provide information.
- 3.3 Schemes with more than 1,000 members (excluding pensioners) will start to connect with dashboards between October 2023 and April 2024. Pensions dashboards will be online platforms providing one place for individuals to access pensions information from multiple sources, including on their State Pension.
- 3.4 The Government hopes that this will give individuals a better understanding of their pensions and support their retirement planning. As required under the Act, the Money and Pensions Service (MaPS) will develop and host its own pensions dashboard. Currently, the aim is that an individual will submit a request to find their pensions information (confirming their identity and giving the relevant consent). A 'pension finder service' then sends this 'find request' to all pension schemes: if a pension scheme finds a match with this individual it will confirm this with the dashboard service and, if the individual then requests to view their information, the dashboard will pull the individual's data directly from the pension scheme

Requirements for Public Service Pension Schemes

- 3.5 The draft regulations propose that pension schemes must connect to the digital architecture (which includes being able to respond to find and view requests) within prescribed timescales as set out below. Schemes must identify whether information held in the 'find request' matches with an individual's pension and, if it does, return a pension identifier. Schemes should have discretion over which data elements they use to search their records for a match, but will need to minimise the risks of either not returning pensions matches or returning incorrect matches.

- 3.6 Schemes will need to have regard to any guidance issued by the Pensions Regulator (TPR) on matching. In December 2021, the Pensions Administration Standards Association (PASA) published initial guidance on the data conventions for matching their records. Schemes must then return ‘view data’ to individuals. Much of the proposed view data is already provided by schemes under the Disclosure Regulations.

However, certain ‘administrative data’ must also be provided such as information about the scheme and the administrator, and where relevant, the individual’s employment. Certain ‘signpost data’ must also be provided where relevant, via website addresses. It is not clear at this point whether requirements will also include the Investment Strategy Statement in the LGPS. Schemes will also have to provide ‘value data’ quantifying the member’s benefits. The Tower Hamlets Pension Fund now has its own website which is expected to support further the requirement to provide scheme specific data.

- 3.7 The guidance underlying the present money purchase illustrations (which we think will impact on members with Additional Voluntary Contributions) is to be amended to reflect and build on these new requirements—this will not be expected until October 2023, so the annualised values will not need to be provided until then.
- 3.8 Defined benefit arrangements must show the accrued deferred benefit at the illustration date (or revalued to that date for a deferred member). Active members will also need to see a projected benefit at retirement but based on current salary.
- 3.9 There will be some exemptions from providing this information –it is proposed that pensioners are out of scope. The draft regulations propose timescales for schemes to provide this information to the dashboard. Administrative data and signpost data should be provided immediately. Value data should also be provided immediately if it relates to information already prepared in a recent benefit statement and otherwise within 10 days (or 3 days if the information only includes defined contribution (i.e. AVCs) information)

Requirements for pensions dashboard services

- 3.10 The current understanding is that organisations other than MaPS will be able to develop and host dashboards if they meet requirements set out in the draft regulations. They will be known as Qualifying Pensions Dashboard Services if they meet all the requirements, including authorisation from the Financial Conduct Authority, compliance with relevant standards and connection to the specified digital architecture. Dashboards must also show an individual’s State Pension: as a ‘current amount’ and ‘forecast amount’. Reporting and enforcement action.
- 3.11 The DWP proposes that schemes will need to report information such as the number of find requests received, how many positive matches were notified to MaPS, and how many possible matches arose (and how soon these were

resolved into full matches, or whether they resulted in a nonmatch or remained unresolved). They would also report on the number of view requests received, and the time taken to respond to each one.

- 3.12 For breaches of the requirements, TPR would have the option to issue a compliance notice to the scheme manager (or to third parties who have caused a compliance breach).

Standards

- 3.13 The DWP proposes that there will be a range of standards covering the legislative requirements, including: data; design and messaging; technical matters; and reporting. It is expected that MaPS will set these standards, although TPR may set the reporting standards. Timescales for joining dashboards All schemes in scope will have to register with the MaPS Governance Register and must then connect to the dashboard. The current proposed onboarding deadline for Public Service Pension Schemes is 30 April 2024. There will be a limited provision for schemes to request an extension to their staging date, if they had in good faith embarked on a programme to transition data to a new administrator before staging dates were known. Schemes can volunteer to connect to the dashboard early if permitted to do so by MaPS and TPR. Further LGPS regulations is expected.

McCloud

- 3.14 McCloud reform will create challenges for LGPS funds to provide information for the pensions dash boards.
The draft regulations currently allow for Public Service Pension Schemes (excluding the LGPS) to provide more than one pension value to those members impacted by transitional protection. LGPS would not need to report two different values, due to giving an automatic “underpin” approach to the McCloud remedy, rather than an options exercise.

DWP recognises the scale of the work placed on Public Service Pension Schemes in response to the McCloud Judgment, and reflects this in its proposal to stage all Public Service Pension Schemes by the end of April 2024. DWP has also affirmed that it recognises further mitigation may be afforded to Public Service Pension Schemes following this consultation to help Public Service Pension Schemes to successfully onboard to pension dashboards in line with their staging principles. Officers anticipate that additional external consultancy and advice may be required for this project.

- 3.15 Current Time Scales
- June 2023 – large schemes (1,000+ members) and Master trusts have staging deadlines between June 2023 and September 2024 depending on type
 - April 2024 – Public service and collective defined contribution schemes
 - October 2024 – Medium schemes (100 – 999 members) have deadlines between October 2024 and October 2025
 - 2026 – small schemes (99 or fewer members) to comply by 2026.

Preparation For Staging Date

- 3.16 Officers will commence preparing the logistics to ensure the Fund's data is 'dashboard ready' for 2023 once the ongoing work on payroll data is completed. A reassessment of the quality of member data against the PDP data standards guide, in order to identify any gaps and improve the success of data matches to feed into the pension dashboard ecosystem at the relevant staging date will then commence. External support may be required.

4. EQUALITIES IMPLICATIONS

- 4.1 Department for Levelling up, Housing and Communities and Her Majesty's Treasury undertake equality impact assessments with regard to the statutory reform of the public sector pension schemes and the LGPS.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further 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. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.

Risk Management

- 5.2 The primary source of scheme member data and pay information is via the employer.
- 5.3 There is a risk of censure from the Pensions Regulator (Tpr) for failing to comply with the statutory date to connect to the dashboard's ecosystem. There is also a potential for increased appeals from members who rely on inaccurate data fed into the pension dashboard system to inform retirement planning.
- 5.4 There is a risk that employers in the scheme will not be able to meet fund timescales to provide correct data.
- 5.5 Members may become confused by the presentation of LGPS data on the national dashboards, particularly this may be around differing language to that

already provided to members via Annual Benefit Statements, scheme literature and the Fund's secure online portal.

- 5.6 There is also the risk that if the government mandate that transfer out details should be uploaded to the dashboard it may be seen as encouraging members to transfer out their benefit entitlements to riskier pension provisions, and also may encourage an increase in pension scams.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 There are none arising directly from this report but there will be systems and staffing, external consultants costs that will come to light in due course to manually update active records where employers have provided incorrect data.

7. COMMENTS OF LEGAL SERVICES

- 7.1 Most of the provisions of The Pensions Schemes Act came into force on 1st October 2021. In addition to the arrangements for Funds to upload information to dashboards, the Act amongst other things gives the Pensions Regulator increased regulatory and investigatory powers including the power to prosecute individuals who put pension funds at risk or incur losses. The Pension Schemes Act 2021 provides the legal framework to support pension dashboards, including powers to compel schemes to provide member information. The LGPS already provides deferred and active scheme members with Annual Benefit Statements. Whilst there are no immediate legal implications arising from this report, the Fund will need to ensure compliance with the provisions of the Act on the relevant implementation dates.

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


List any background documents not already in the public domain including officer contact information.

- These must be sent to Democratic Services with the report
- State NONE if none.

Officer contact details for documents:

Miriam Adams, Interim Head of Pensions & Treasury, 4248

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<p>Non-Executive Report of the:</p> <p>Pensions Committee</p> <p>Thursday, 10 March 2022</p>	
<p>Report of: Corporate Director, Resources</p>	<p>Classification: Open (Unrestricted)</p>
<p>The General Data Protection Regulation</p>	

Originating Officer(s)	Miriam Adams
Wards affected	(All Wards);

Executive Summary

This report sets out the requirements for the Council, as administering authority for the Local Government Pensions Scheme, to comply with the General Data Protection Regulation (GDPR).

Recommendations:

The Committee is recommended to:

1. Note the content of this report
2. Note the updated Full GDPR Privacy Notices and Employer's Memorandum of Understanding issued by the LGA (Appendices 1-5).

1. REASONS FOR THE DECISIONS

- 1.1 This report ensures full compliance to legislation.

2. ALTERNATIVE OPTIONS

- 2.1 There is no alternative option, this is a legislative requirement.

3. DETAILS OF THE REPORT

- 3.1 The General Data Protection Regulation (GDPR) came into effect since May 2018 previously the UK relied on the Data Protection Act 1998. Pension schemes necessarily hold and process significant amounts of personal data

relating to members. As a matter of good governance, it is important that member data is safeguarded. There is already a legal obligation on LGPS fund Administering Authorities to keep member data secure. Since GDPR came into effect potential penalties also apply if they get it wrong.

- 3.2 The basic objective of the GDPR is to enforce stronger data security and privacy rules among organisations when it comes to protecting personal data.
- 3.3 Administering Authorities are responsible for the personal data held by their LGPS funds, meaning the GDPR changes are related to them. Administering Authorities must demonstrate compliance with the GDPR in relation to their LGPS funds. The London Borough of Tower Hamlets Pension Fund is administered by Tower Hamlets Council and leverages off many of the support services of that organisation and shares many of its control functions.
- 3.4 Further details can be found in the Fund's administration strategy.

What personal data do we hold?

- 3.5 Initial data received by the Fund is provided by scheme employers whilst members are active members. The types of data we hold and process will typically include: contact details, including name, address, telephone numbers and email address, identifying details, including date of birth and national insurance number, information relating to scheme member benefits in the Fund, including length of service or membership and salary, other information in relation to scheme member membership like bank account details, information about scheme member family, dependents or personal circumstances for example marital status, death and other information relevant to the distribution and allocation of benefits payable on death and information about scheme member health.

What will the Fund do with scheme member personal data?

- 3.6 The Tower Hamlets Pension Fund will use personal data to administer the Fund and to calculate and provide members and beneficiaries with benefits. In some cases, recipients may be outside of the UK. If this occurs, the Fund will ensure appropriate safeguards are in place to protect scheme member data with applicable laws. Employer responsibilities can be found in the administration strategy.
- 3.7 In September 2021, the Local Government Association emailed administering authorities letting them know that updated versions of the following GDPR documents were now available. The changes have been made by Squire Patton Boggs. The revised documents have been updated to reflect Brexit, the Schrems II decision on transfers of data outside the European Economic Area and guidance on data sharing agreements issued by the Information Commissioner's Office.
 - Template full privacy notice (v4)
 - Template summary privacy notice (v3)

- Template data retention policy (funds) (v2)
- Template data retention policy (employers) (v2)
- Memorandum of understanding (v2)

Memorandum of Understanding for Scheme Employers

- 3.8 The LGA produced an updated version of the template for a memorandum of understanding (MOU) for Scheme Employers (appendix 5) in September 21. This document sets out expectations and standards required between the Fund and scheme employer.

Action for Administering Authorities

- 3.9 Administering Authorities are required to review the changes to each document and update local versions of privacy notices to ensure greater transparency to member's attention. The templates have been shared with the Administering Authority's Information Governance Team for comments. GDPR requires additional content to be included in all privacy notices regarding how personal data will be used by data controllers. The administering authority, as a data controller, must tell anyone whose personal data they collect, what information is held, how it is used, who it may be shared with and what safeguards are in place.

Existing Fund documents, fact sheets, new member information packs and letters will be reviewed to ensure the privacy notice is now included on all Fund documents and reference to data protection and privacy notice with a link to the full privacy notice on the website.

Monitoring

- 3.10 The Fund will continue a program of continuous review of GDPR and good management of members' personal data. Annual updates on compliance will be provided to the Board and Committee. The Pensions Administration Team Leader - Data and Pensions Administration Team Leader – Employers will be the Data Champions for the team. Both team leaders will review and develop any additional changes to processing activities including the management of third-party requests for member data (e.g. transfer out requests), which also helps strengthen the Fund's ability to protect members from fraud and scam activity.

4. EQUALITIES IMPLICATIONS

- 4.1 There are no direct equalities impact as a result of this report.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further 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. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report considers the introduction of additional responsibilities for the administering authorities in respect of data protection. There are significant fines for non-compliance with these additional regulatory requirements.

7. COMMENTS OF LEGAL SERVICES

- 7.1 Changes to legislation and statutory guidance are detailed in the report. Failure by the Fund to comply with legislation and/or statutory guidance can result in enforcement action and fines from the Pensions Regulator and the Information Commissioner. The Fund could also be the subject of claims for compensation from persons who are the subject of data breaches. Furthermore the Fund may also be subject to legal action such as judicial review claims and there is the risk of reputational damage to the Fund should it be found to be in breach of GDPR.

Linked Reports, Appendices and Background Documents

Linked Report

Pension Fund Administration Strategy

- [http://democracy-internal.towerhamlets.gov.uk/mgConvert2PDF.aspx?ID=165447&ISATT=1&LO\\$=1#search=%22GDPR%22](http://democracy-internal.towerhamlets.gov.uk/mgConvert2PDF.aspx?ID=165447&ISATT=1&LO$=1#search=%22GDPR%22)

Appendices

- GDPR Privacy Notice Summary
- GDPR Full Privacy Notice
- GDPR Memorandum of Understanding for Employers
- GDPR Personal Data Retention Policy
- GDPR Personal Data Retention Policy Expectations

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

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

List any background documents not already in the public domain including officer contact information.

- NONE

Officer contact details for documents:

Miriam Adams, Interim Head of Pensions & Treasury, Ext 4248

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FULL PRIVACY NOTICE

for the members and beneficiaries of the Tower Hamlets Pension Fund

This privacy notice is for members and beneficiaries of the Tower Hamlets pension Fund (the "**Fund**"). It has been prepared by the London Borough of Tower Hamlets (the "**Administering Authority**", or "**we**") in its capacity as the administering authority of the Fund. This privacy notice describes how we collect and use personal data in accordance with data protection legislation.

This privacy notice will also be made available on the Fund's website at the following link:

<https://www.towerhamletspensionfund.org/resources/>

It is important that you read this privacy notice together with any other privacy notice or fair processing policy we may provide on specific occasions when we are collecting or processing personal data about you so that you are fully aware of how and why we are using your data. This privacy notice replaces any general privacy notice we may have previously issued and supplements any other notices and privacy policies we issue that are specific to particular data collection / processing activities.

Why we are providing this notice to you

As the Administering Authority of the Fund we hold certain information about you and from which you can be identified ("**personal data**") which we use to administer the Fund and to pay benefits from it. In line with data protection legislation, we are required to give you specified information about the personal data we hold about you, how we use it, your rights in relation to it and the safeguards that are in place to protect it. This notice is designed to give you that information.

The technical bit

The Administering Authority holds personal data about you, in its capacity as a controller, for the proper handling of all matters relating to the Fund, including its administration and management. This includes the need to process your data to contact you, to calculate, secure and pay your benefits, for statistical and financial modelling and for reference purposes (for example, when we assess how much money is needed to provide members' and beneficiaries' benefits and how that money should be invested), and to manage liabilities and administer the Fund generally. Further information about how we use your personal data is provided below.

The legal basis for our use of your personal data will usually be that we need to process your personal data to satisfy our legal obligations as the Administering Authority of the Fund. However, where that legal basis does not apply then the legal basis for our use of your personal data will be one or more of the following:

- a) we need to process your personal data to carry out a task in the public interest or in the exercise of official authority in our capacity as a public body; and
- b) we need to process your personal data for the legitimate interests of administering and managing the Fund and liabilities under it, calculating, securing and paying

benefits and performing our obligations and exercising any rights, duties and discretions the Administering Authority has in relation to the Fund; and

- c) because we need to process your personal data to meet our contractual obligations to you in relation to the Fund (for example, under an agreement that you will pay additional voluntary contributions to the Fund), or to take steps, at your request, before entering into a contract.

What personal data we hold, and how we obtain it

The types of personal data we hold and process about you can include:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth, national insurance number and employee and membership numbers.
- Information that is used to calculate and assess eligibility for benefits, for example, length of service or membership and salary information.
- Financial information relevant to the calculation or payment of benefits, for example, bank account and tax details.
- Information about your family, dependants or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.
- Information about your health, for example, to assess eligibility for benefits payable on ill health, or where your health is relevant to a claim for benefits following the death of a member of the Fund.
- Information about a criminal conviction if this has resulted in you owing money to your employer or the Fund and the employer or the Fund may be reimbursed from your benefits.

We obtain some of this personal data directly from you. We may also obtain data (for example, salary information) from your current or past employer(s) or companies that succeeded them in business, from a member of the Fund (where you are or could be a beneficiary of the Fund as a consequence of that person's membership of the Fund) and from a variety of other sources including public databases (such as the Register of Births, Deaths and Marriages), our advisers and government or regulatory bodies, including those in the list of organisations that we may share your personal data with set out below.

Where we obtain information concerning certain "special categories" of particularly sensitive data, such as health information, extra protections apply under the data protection legislation. We will only process your personal data falling within one of the special categories with your consent, unless we can lawfully process this data for another reason permitted by that legislation. You have the right to withdraw your consent to the processing at any time by notifying the Administering Authority in writing. However, if you do not give consent, or subsequently withdraw it, the Administering Authority may not be able to process the relevant information to make decisions based on it, including decisions regarding the payment of your benefits.

Where you have provided us with personal data about other individuals, such as family members, dependants or potential beneficiaries under the Fund, please ensure that those individuals are aware of the information contained within this notice.

How we will use your personal data

We will use this data to deal with all matters relating to the Fund, including its administration and management. This can include the processing of your personal data for all or any of the following purposes:

- To contact you.
- To assess eligibility for, calculate and provide you (and, if you are a member of the Fund, your beneficiaries upon your death) with benefits.
- To identify your potential or actual benefit options and, where relevant, implement those options.
- To allow alternative ways of delivering your benefits, for example, transfers to or mergers with other pension arrangements.
- For statistical and financial modelling and reference purposes (for example, when we assess how much money is needed to provide members' and beneficiaries' benefits and how that money should be invested).
- To comply with our legal and regulatory obligations as the administering authority of the Fund.
- To address queries from members and other beneficiaries and to respond to any actual or potential disputes concerning the Fund.
- The management of the Fund's liabilities, including the entering into of insurance arrangements and selection of Fund investments.
- In connection with the sale, merger or corporate reorganisation of or transfer of a business by the employers that participate in the Fund and their group companies.

Organisations that we may share your personal data with

From time to time we will share your personal data with advisers and service providers so that they can help us carry out our duties, rights and discretions in relation to the Fund. Some of those organisations will simply process your personal data on our behalf and in accordance with our instructions; they are referred to as processors. Other organisations will be responsible to you directly for their use of personal data that we share with them; they are referred to as controllers. The controllers may be obliged under the data protection legislation to provide you with additional information regarding the personal data they hold about you and how and why they process that data. Further information may be provided to you in a separate notice or may be obtained from the advisers and service providers direct, for example via their websites.

Whenever one of our advisers or service providers acts as a joint controller with us in respect of your personal data, because we jointly determine the purposes and means of processing it, we will agree with them how we are each going to meet our respective and collective obligations under the data protection legislation. If you would like more information about how such an arrangement works please contact us using the contact details below.

The organisations that we may share your personal data with may include the following advisers and service providers:



Processors	Controllers
<ul style="list-style-type: none"> • Administrator – (currently Tower Hamlets Pension Fund) • Accountants – (currently Tower Hamlets Pension Fund) • Tracing bureaus for mortality screening and locating members and beneficiaries – (Not applicable at present) • Overseas payments provider to transmit payments to Fund members and beneficiaries with non-UK accounts – (currently Western Union) • Printing companies – (currently Tower Hamlets Council – Communication Team) • Pensions software provider – (currently Heywoods Pensions Technologies) • Suppliers of IT, document production and distribution services (Current Tower Hamlets Council) 	<ul style="list-style-type: none"> • Actuarial consultant – (currently Hymans Robertson) • Fund benefit consultant – (currently Hymans Robertson) • Investment adviser – (currently Mercer) • Additional Voluntary Contribution providers – (currently Aviva and Utmost) • Legal adviser – (currently Tower Hamlets Legal team and Burgess Salmon) • Fund Actuary – (currently Hymans Robertson) • External and Statutory auditor – (currently Deloitte) • Internal auditor – (currently London Borough of Tower Hamlets) • LGPS National Insurance database – (South Yorkshire Pensions Authority) • Administering authorities of other LGPS funds (or their agents, such as third party administrators) where you have been a member of another LGPS fund and the information is needed to determine the benefits to which you or your dependants are entitled • The Department for Work and Pensions • The Government Actuary's Department • The Cabinet Office – for the purposes of the National Fraud Initiative • HMRC • The Courts of England and Wales – for the purpose of processing pension sharing orders on divorce

Where we make Fund investments or seek to provide benefits for members and beneficiaries in other ways, such as through the use of insurance, then we may also need to share personal data with providers of investments, insurers and other pension scheme operators.

From time to time we may provide some of your data to your employer and their relevant subsidiaries (and potential purchasers of their businesses) and advisers for the purposes of enabling those entities to understand the liabilities and obligations of the employer regarding the Fund. Your employer would generally be a controller of the personal data shared with it

in those circumstances. For example, where your employment is engaged in providing services subject to an outsourcing arrangement, the Administering Authority may provide information about your pension benefits to your employer and to potential bidders for that contract when it ends or is renewed.

Where requested or if we consider that it is reasonably required, we may also provide your data to government bodies and dispute resolution and law enforcement organisations, including those listed above, the Pensions Regulator, the Pensions Ombudsman and Her Majesty's Revenue and Customs (HMRC). They may then use the data to carry out their functions.

The organisations referred to in the paragraphs above may use the personal data to perform their functions in relation to the Fund as well as for statistical and financial modelling (such as calculating expected average benefit costs and mortality rates) and planning, business administration and regulatory purposes. They may also pass the data to other third parties (for example, insurers may pass personal data to other insurance companies for the purpose of obtaining reinsurance), to the extent they consider the information is reasonably required for a legitimate purpose.

We do not use your personal data for marketing purposes and will not share this data with anyone for the purpose of marketing to you or any beneficiary.

Transferring information outside the UK

In some cases, recipients of your personal data may be outside the UK. As such, your personal data may be transferred outside the UK to a jurisdiction that may not offer an adequate level of protection as is required by the UK Government.

If this occurs, additional safeguards must be implemented with a view to protecting your personal data in accordance with applicable laws. Please use the contact details below if you want more information about the safeguards that are currently in place.

How long we keep your personal data

We will only keep your personal data for as long as we need to in order to fulfil the purpose(s) for which it was collected and for so long afterwards as we consider may be required to deal with any questions or complaints that we may receive about our administration of the Fund, unless we elect to retain your data for a longer period to comply with our legal and regulatory obligations. In practice, this means that your personal data will be retained for the greater of:

- such period as you (or any beneficiary who receives benefits after your death) are entitled to benefits from the Fund and for a period of 15 years after those benefits stop being paid. For the same reason, your personal data may also need to be retained where you have received a transfer, or refund, from the Fund in respect of your benefit entitlement.
- 100 years from a member's date of birth
- 100 years from the date of birth of any beneficiary who received benefits from the

Fund after the member's death.

Your rights

You have a right to access and obtain a copy of the personal data that the Administering Authority holds about you and to ask the Administering Authority to correct your personal data

if there are any errors or it is out of date or incomplete. In very limited circumstances, you may also have a right to ask the Administering Authority to restrict the processing of your personal data, or to transfer or (in extremely limited circumstances, such as where your personal data is no longer needed for the purpose for which it is being processed) erase your personal data. You should note that we are not obliged to erase your personal data if we need to process it for the purposes of administering the Fund.

In certain circumstances you have the right to object to the processing of your personal data; for example, you have the right to object to processing of your personal data which is based on the public interest or legitimate interests identified in the section above headed "*The technical bit*", or where processing is for direct marketing purposes.

You can obtain further information about your rights from the Information Commissioner's Office at www.ico.org.uk or via its telephone helpline (0303 123 1113).

If you wish to exercise any of these rights or have any queries or concerns regarding the processing of your personal data, please contact the Fund Administrator as indicated below. You also have the right to lodge a complaint in relation to this privacy notice or the Administering Authority's processing activities with the Information Commissioner's Office which you can do through the website above or their telephone helpline.

As explained in the section above headed "*How we will use your personal data*", one of the reasons we collect and hold your personal data is to administer your Fund benefits. If you do not provide the information we request, or ask that the personal data we already hold is deleted or that the processing of the personal data be restricted, this may affect our ability to administer your benefits, including the payment of benefits from the Fund. In some cases it could mean the Administering Authority is unable to put your pension into payment or has to stop your pension (if already in payment).

Updates

We may update this notice periodically. Where we do this we will inform members [and beneficiaries] of the changes and the date on which the changes take effect.

Contacting us

Please contact the Fund administrator Tower Hamlets Pension Fund for further information.

pensions@towerhamlets.gov.uk

Data Protection Officer

Version 4: issued on **20 September 2021**



You may also contact our data protection officer by emailing dpo@towerhamlets.gov.uk for further information.

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PRIVACY NOTICE (SUMMARY)

for the members and beneficiaries of the Tower Hamlets Pension Fund

As the Administering Authority of the Fund we hold certain information about you and from which you can be identified ("**personal data**") which we need to administer the Fund.

In this privacy notice, we have summarised some of the key ways in which we collect and use personal data in accordance with our requirements under data protection legislation. Further information can be found in the Full Privacy Notice at the following link:

[Resources | Tower Hamlets Pension Fund](#)

It is important that you read this privacy notice together with any other privacy notice or fair processing policy we may provide on specific occasions when we are collecting or processing personal data about you so that you are fully aware of how and why we are using your data. This privacy notice replaces any general privacy notice we may have previously issued and supplements any other notices and privacy policies we issue that are specific to particular data collection / processing activities

What personal data do we hold?

The types of data we hold and process about you can include:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth and national insurance number.
- Information relating to your benefits in the Fund, including length of service or membership and salary.
- Other information in relation to your membership of the Fund or to enable the calculation or payment of benefits, for example bank account details.
- Information about your family, dependants or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.
- Information about your health, for example, to assess eligibility for benefits payable on ill health, or where your health is relevant to a claim for benefits following the death of a member of the Fund.¹
- Information about a criminal conviction if this has resulted in you owing money to your employer or the Fund and the employer or Fund may be reimbursed from your benefits².

We obtain some of this personal data directly from you³. We may also obtain data from your employer (for example, salary information) and from other sources including public

¹ Explicit consent may be required in the processing of health data and ill health early retirement applications. This privacy notice does not seek such consent, which should be obtained at the time of any application. It should not generally be necessary to renew consents obtained under the Data Protection Act 1998 in respect of past ill health early retirement applications provided that the requirements of the UK GDPR/ new UK data protection legislation were complied with. However, legal advice should be taken. As a pragmatic approach, Administering Authorities should consider renewing consent when communicating with individuals about special category data collected prior to 25 May 2018. An appropriate policy document may also be required where special category information is processed.

² Explicit consent may also be needed to process information about criminal convictions/offences. An appropriate policy document will also be required in almost all cases where information about criminal convictions is processed. Extra information will have to be provided to the individual as and when the consent is obtained or the Administering Authority receives personal data concerning criminal convictions/offences. The Administering Authority may wish to review and update any current communications and documentation and/or take legal advice in relation to the same. See note 4 above.

³ Please note that where members or beneficiaries are asked to provide health related data, explicit consent to the processing of that data should be obtained at the time it is requested. See note 4 above.

databases and the advisers and service providers that we may share your personal data which are listed in the Full Privacy Notice.

What will we do with your personal data?

We will use this personal data to administer the Fund and to calculate and provide you (and, if you are a member of the Fund, your beneficiaries if you die) with benefits. We will also use this personal data for statistical and financial modelling and reference purposes (for example, when we assess how much money is needed to provide members' benefits and how that money should be invested), and to comply with our legal obligations.

From time to time we will share your personal data with third parties, including our contractors, advisors, government bodies and dispute resolution and law enforcement agencies and insurers in order to comply with our obligations under data protection legislation, and in connection with the provision of services that help us carry out our duties, rights and discretions in relation to the Fund. These organisations are listed in the Full Privacy Notice.

In some cases recipients of your personal data may be outside the UK. If this occurs, we will make sure that additional safeguards are in place to protect your data in accordance with applicable data protection laws. Please use the contact details below if you want more information in connection with this.⁴

What is the legal basis for our use of your personal data?

The legal basis⁵ for our use of your personal data will usually be that we need to process your personal data to satisfy our legal obligations as the Administering Authority of the Fund. However, where that legal basis does not apply then the legal basis for our use of your personal data will be one or more of the following⁶:

- a) we need to process your personal data to carry out a task in the public interest or in the exercise of official authority in our capacity as a public body; and
- b) we need to process your personal data for the legitimate interests of administering and managing the Fund and liabilities under it, calculating, securing and paying benefits and performing our obligations and exercising any rights, duties and discretions the Administering Authority has in relation to the Fund; and⁷

⁴ This generic wording does not fully meet the requirements of the UK GDPR and the standards of the ICO but is intended to address the requirements of Articles 13(1)(f) and 14(1)(f) of the UK GDPR. The European Data Protection Board (previously Article 29 Working Party) guidelines state that known third countries should be specified, along with the UK GDPR-compliant mechanism that is being used to protect the personal data, but this may not be practical. If Administering Authorities have further details about the international transfers of personal data and the safeguards in place to protect that data, then this paragraph should be amended. Administering Authorities should consider their own circumstances and take legal advice where appropriate.

⁵ This is intended to address the requirements of Articles 13(1)(c) and 14(1)(c) of the UK GDPR. However, please note it is possible this may contain insufficient detail. Given the ICO's increasing focus on transparency, where Funds have carried out extensive, detailed mapping of their processing activities (which we recommend), consider including further information (for example, a detailed table that identifies each of the processing activities carried out by the Fund) in this section or at the end of this privacy notice.

⁶ We have assumed that the Administering Authority or its advisers/service providers are not carrying out any automated decision making (including profiling). Administering Authorities should check the position because any automated decision making that is being carried out will need to be flagged in the privacy notice (see Article 13(2)(f) and Article 14(2)(g) of the UK GDPR). The Administering Authority should also be made aware that if they carry out automated decision making in the future then that further information will need to be provided to the individuals concerned. The Administering Authority should take legal advice before undertaking any automated decision making (including profiling).

⁷ The UK GDPR does not permit public authorities to rely on legitimate interests for any processing they undertake in their capacity as a public authority. However, where the public authority has other legitimate purposes outside of their tasks as a public authority e.g. a contract between the Administering Authority and individual where AVCs are being made, it may be possible to rely on legitimate interests as a legal basis for collecting and processing that personal data. Legal advice should be taken.

- c) because we need to process your personal data to meet our contractual obligations in relation to the Fund (for example, under an agreement that you will pay additional voluntary contributions to the Fund), or to take steps, at your request, before entering into a contract.

How long will we hold your data?

We will only keep your personal data for as long as we need it to administer the Fund and to deal with any questions or complaints that we may receive about this, unless the law requires us to keep it for a longer period. In practice, this means that your personal data may be retained for **the greater of**⁸:

- Such period as you (or any beneficiary who receives benefits after your death) are entitled to benefits from the Fund and for a period of 15 years⁹ after those benefits stop being paid. For the same reason, your personal data may also need to be retained where you have received a transfer, or refund, from the Fund in respect of your benefit entitlement;
- 100 years from a member's date of birth¹⁰;
- 100 years from the date of birth of any beneficiary who received benefits from the Fund after the member's death.

Your rights¹¹

You have a right to access and obtain a copy of the personal data that we hold about you and to ask us to correct your personal data if there are any errors or it is out of date or incomplete. In very limited circumstances, you may also have a right to ask us to restrict¹² the processing of your personal data or to transfer or (in extremely limited circumstances, such as where your personal data is no longer needed for the purpose for which it is being processed) erase¹³ your personal data. You should note that we are not obliged to erase your personal data if we need to process it for the purposes of administering the Fund.

⁸ The greater of "100 years from date of birth" and "last payment of benefits to the Member/Beneficiary plus 15 years", is intended to ensure that Administering Authorities are acting in line with the Pensions Regulator's Code of Practice 14 (Public Service Pension Schemes) which notes that data will need to be held for long periods of time and schemes will need to retain some records for a member even after that individual has retired, ensuring that pension benefits can be properly administered over the lifetime of the member and their beneficiaries (paragraph 135).

⁹ The suggested period of "last payment of benefits plus 15 years" is based on the current maximum statutory limitation period, as any complaints about the payment of those benefits would usually need to be brought within that timeframe.

¹⁰ The suggested period of "100 years from date of birth" is based on the guidelines by the National Archives and the ICO's retention policy.

¹¹ This is intended to address the requirements of Articles 13(2)(b) and 14(2)(c) of the UK GDPR. The privacy notice will need to be amended and simplified if it is to be sent to children (and potentially other vulnerable individuals) in order to ensure they can understand the content.

¹² See Article 18 of the UK GDPR. The Administering Authority should restrict the processing of the personal data (subject to certain exceptions e.g. storage or to defend a legal claim or for reasons of important public interest) where the individual has contested the accuracy of the personal data. The processing would also have to be restricted in this way where the individual has raised an objection for any reason, and the Administering Authority's justification is based on the necessity to: perform a task in the public interest or pursuant to an official authority; or (if applicable) in its legitimate interests. In practice we anticipate Administering Authorities are likely to have another justification for processing data (i.e. to satisfy their legal obligations under the LGPS regulations) and so members will not be able to restrict processing of accurate data. However, any applicable restriction will last until the Administering Authority is able to verify the accuracy of the personal data or demonstrate the justification for its processing respectively. For reference, note: Article 21(1) contains the right of the data subject to object to the processing of personal data in circumstances relating to the individual, where the controller is relying on the justifications in Article 6(1)(e) or (f), which includes those mentioned immediately above. Under Article 21(2), the right to object also includes where personal data is used for direct marketing purposes and profiling for that purpose.

¹³ See Articles 17(1) and 17(2) of the UK GDPR. This information has to be included notwithstanding that in relation to the LGPS it is not anticipated that members/beneficiaries will in practice have a right of erasure (due to the legal basis for which personal data is collected and processed).

In certain circumstances you have the right to object to the processing of your personal data; for example you have the right to object to processing of your personal data which is based on the public interest or legitimate interests identified in the section above headed "*What is the legal basis for our use of your personal data?*", or where the processing is for direct marketing purposes.

You can obtain further information about your rights from the Information Commissioner's Office at: www.ico.org.uk or via its telephone helpline (0303 123 1113).

If you wish to exercise any of these rights, please contact the Fund Administrator below¹⁴. You also have the right to lodge a complaint in relation to this summary notice, the Full Privacy Notice or our processing activities with the Information Commissioner's Office, which you can do through the website above or their telephone helpline.¹⁵

One of the reasons we collect and hold your personal data is to administer your benefits from the Fund¹⁶. If you do not provide the information we request, or ask that the personal data we already hold is deleted or that the processing of the personal data be restricted, this may affect our ability to administer your benefits, including the payment of benefits from the Fund. In some cases it could mean that we are unable to put your pension into payment or have to stop your pension (if already in payment).¹⁷

Contacting us

Please contact the Fund administrator for further information. Details below:

By phone

You can ring 020 7364 4251

Our opening hours are Monday to Friday: 9.00 am – 5.00 pm

By email

You can email us at pensions@towerhamlets.gov.uk or via access to Member Self Service

By mail

You can write to us at:

London Borough of Tower Hamlets
Town Hall
Pensions Services
Mulberry Place
5 Clove Crescent
London E14 2BG

Data Protection Officer

You may also contact our data protection officer dpo@towerhamlets.gov.uk for further information.¹⁸

¹⁴ The controller is also under an obligation to inform other data recipients that personal data has been rectified, restricted or erased, and inform the individual of such data recipients on request. See Article 19 of the UK GDPR.

¹⁵ This is intended to satisfy the requirements of Articles 13(2)(d) and 14(2)(e) of the UK GDPR.

¹⁶ In order to satisfy Article 13(2)(e) of the UK GDPR, correspondence/documentation asking for personal data should contain specific information about why such information needs to be provided and whether the individual is obliged to provide the information. Legal advice should be taken to ensure any such correspondence/documentation is compliant.

¹⁷ See Article 17(3) of the UK GDPR. Article 18(2) and 18(3) provide exceptions to the right of the individual to restrict the processing of personal data in certain circumstances.

¹⁸ Details on how the data protection officer can be contacted e.g. a contact number/email address should be provided here. This is intended to satisfy the requirements of Articles 13(1)(b) and 14(1)(b) of the UK GDPR.



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PERSONAL DATA RETENTION POLICY

Tower Hamlets Pension Fund (the “Fund”)

This document has been prepared by The London Borough of Tower Hamlets (“**Administering Authority**”, or “**we**”) in its capacity as the administering authority of the Fund and sets out the Fund's policy on the retention of personal data in accordance with data protection legislation applicable to the Administering Authority when processing personal data.

This policy document can also be accessed via the following link: <https://www.towerhamletspensionfund.org/resources/> and should be read in conjunction with the Fund's privacy policy notice, which can be accessed via the following link: <https://www.towerhamletspensionfund.org/resources/>

Introduction

As controllers, we are required by data protection legislation to comply with the principles of data minimisation and storage limitation. Personal data we process:

- must be adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed; and
- must not be kept in a form which permits identification of a data subject for longer than is necessary for the purposes for which the personal data is processed.

We are obliged to retain certain records (whether in hard copy or electronic form) for various periods of time because:

- we have a statutory obligation to do so; and/or
- the information contained in those records may be necessary for the future (for example, questions may arise about the calculation of benefits paid in the past, and data that may be relevant to a possible legal claim needs to be kept until the period within which that claim could be brought has expired).

This policy document sets out the measures adopted by the Fund to comply with the principles of data minimisation and storage limitation in relation to personal data that it holds.

Types of personal data we hold

We hold and process the following types of personal data in relation to Members and beneficiaries of the Fund:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth, national insurance number and employee and membership numbers.
- Information that is used to calculate and assess eligibility for benefits, for example, length of service or membership and salary information.
- Financial information relevant to the calculation or payment of benefits, for example, bank account and tax details.
- Information about the Member's family, dependents or personal circumstances, for

example, marital status and information relevant to the distribution and allocation of

benefits payable on death.

- Information about the Member's health, for example, to assess eligibility for benefits payable on ill health, or where the Member's health is relevant to a claim for benefits following the death of a Member of the Fund.
- Information about a criminal conviction if this has resulted in the Member owing money to the Member's employer or the Fund and the employer or Fund may be reimbursed from the Member's benefits.

Retention periods for personal data

In compiling our policy on the retention of personal data, we have taken into account the guidelines on the retention of personal data as set out by / in:

- Information and Records Management Society;
- The National Archives;
- HMRC compliance handbook manual CH15400;
- Lord Chancellor's Code of Practice on the Management of Records issued under Section 46 of the Freedom of Information Act 2000;
- Information Commissioner's Office's guidance on storage retention; and
- The Pensions Regulator's code of practice 14 for public service pension schemes.

Data protection legislation requires that we retain personal data for no longer than is necessary in order to fulfil the purpose(s) for which it is processed. Given the long-term nature of pensions, we need to ensure that personal data is retained to:

- comply with our legal and regulatory obligations regarding the payment of benefits from the Fund; and
- deal with any questions or complaints that we may receive about our administration of the Fund.

We will retain personal data for **the greater of:**

- such period as the Member (or any beneficiary who receives benefits after the Member's death) are entitled to benefits from the Fund and for a period of 15 years after those benefits stop being paid; or
- 100 years from the Member's date of birth; or
- 100 years from the date of birth of any beneficiary who received benefits from the Fund after the Member's death.

During any period when we retain personal data, we will keep that personal data up to date and take all reasonable steps to ensure that inaccurate data is either erased or rectified without delay. We will periodically review the personal data that we retain and consider whether it is still required; any personal data that we no longer require will be destroyed.

Member's and beneficiary's rights

Beneficiaries form a wider category of people who receive benefits from the Fund, for example the active/deferred/pensioner Member's spouse / child(ren) / dependants who may receive

benefits from the Fund following a Member's death. Members of the Fund and beneficiaries have a right to access and obtain a copy of the personal data that we hold about them and to ask us to correct personal data if there are any errors or it is out of date or incomplete.

In certain circumstances a Member / beneficiary has the right to:

- object to the processing of their personal data;
- restrict the processing of their personal data until any errors are corrected;
- transfer their personal data; or
- erase their personal data.

If the exercise of the Member's / beneficiary's rights would prevent us from paying or continuing to pay a pension from the Fund, we will consider retaining a minimised version of that Member's / beneficiary's personal data in order to fulfil our legal and regulatory obligations.

Participating Employers

This policy applies to the London Borough of Tower Hamlets in its capacity as the administering authority of the Fund. We have produced separate guidance for other participating employers in the Fund about our expectations for the retention by them of personal data we may require to administer the Fund. That guidance includes a suggested data retention policy that employers can each adopt in relation to their participation in the Fund.

Review

This policy will be reviewed by the Fund at least every 3 years or where Regulations or significant change takes place.

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example, marital status and information relevant to the distribution and allocation of

benefits payable on death.

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- transfer their personal data; or
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If the exercise of the Member's / beneficiary's rights would prevent us from paying or continuing to pay a pension from the Fund, we will consider retaining a minimised version of that Member's / beneficiary's personal data in order to fulfil our legal and regulatory obligations.

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Review

This policy will be reviewed by the Fund at least every 3 years or where Regulations or significant change takes place.

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LOCAL GOVERNMENT PENSION SCHEME

Memorandum of Understanding regarding Compliance with Data Protection Law

1 INTRODUCTION

- 1.1 The Local Government Pension Scheme ("**LGPS**") in England and Wales is an occupational pension scheme registered under section 153 of the Finance Act 2004 and its rules are currently set out in The Local Government Pension Scheme Regulations 2013 (SI 2013/2356) as amended ("**LGPS Regulations**").
- 1.2 The LGPS is administered locally by administering authorities which are defined in Regulation 2 of the LGPS Regulations and listed in Part 1 of Schedule 3 of the LGPS Regulations.
- 1.3 London Borough of Tower Hamlets ("**Administering Authority**") is an administering authority under the LGPS Regulations. The Administering Authority manages and administers the Tower Hamlets pension fund within the LGPS (the "**Fund**") in accordance with its statutory duty under Regulation 53 of the LGPS Regulations. Employers employing employees who are eligible to be members of the LGPS will participate in the Fund as a "**Scheme Employer**" (as defined in schedule 1 of the LGPS Regulations). The Administering Authority and the Scheme Employer (together the "**Parties**") are required to share personal data relating to the Scheme Employer's current and former employees who participate in the Fund (the "**Members**") and their dependants, beneficiaries and/or potential beneficiaries, in order for the Administering Authority to fulfil its statutory duties to manage and administer the Fund under Regulation 53 of the LGPS Regulations and provide the Members with benefits upon retirement, pay ill-health benefits, pay death grants, pay survivors' pensions to Members' spouses, civil partners and co-habiting partners, pay children's pensions upon the death of the Member, offer Members the option of paying additional voluntary contributions to one or more providers in accordance with Regulations 1 – 52 of the LGPS Regulations.
- 1.4 Scheme Employers are under a statutory obligation, as detailed in Regulation 80 of the LGPS Regulations, to provide certain personal data relating to its Members on an annual basis to the Administering Authority, including the Member's name, gender, date of birth, national insurance number, pensionable pay, employer and employee pension contributions, details of any additional pension contributions and additional voluntary contributions.
- 1.5 This Memorandum of Understanding sets out:
 - (a) the basis on which personal data will be shared between the Parties; and
 - (b) the Administering Authority's expectations of the Scheme Employer during its participation in the Fund;

in order to comply with Data Protection Law, including the General Data Protection Regulation (2016/679) as amended and incorporated into UK law under the UK European Union (Withdrawal) Act 2018. For the avoidance of doubt, the commitments set out in this Memorandum of Understanding only apply in respect of personal data shared between the Parties.

- 1.6 References to "**Data Protection Law**" in this Memorandum of Understanding mean the UK Data Protection Act 2018, the Electronic Communications Data Protection Directive (2002/58/EC) and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2426/2003) (each as amended and incorporated into the laws of England & Wales, Scotland and Northern Ireland), the GDPR and all applicable laws and regulations relating to personal data and privacy which are enacted from time to time, including (where applicable) the guidance and codes of practice issued by the Information Commissioner's Office and any other competent authority. References in this Memorandum of Understanding to the "**GDPR**" are to the General Data Protection Regulation (2016/679) as amended and incorporated into the laws of England & Wales, Scotland and Northern Ireland under the UK European Union (Withdrawal) Act 2018, but also include a reference to the underlying EU regulation itself if and to the extent that it is applicable.

2 CONTROLLERS

- 2.1 The Parties acknowledge that they will:
- (a) not hold a pool of joint data;
 - (b) be separate and independent controllers in relation to the copies of the Members' personal data they respectively hold and/or otherwise process;
 - (c) each act as independent controllers in relation to personal data transferred to them;
 - (d) each be responsible for complying with the requirements in Data Protection Law that are applicable to them as independent controllers.
- 2.2 References to Members' personal data includes personal data relating to the Members' dependants (including children) spouses/civil partners (where applicable), beneficiaries and/or potential beneficiaries.

3 DATA SHARING

- 3.1 The Parties confirm that they understand their respective obligations under Data Protection Law as controllers and agree to only process personal data relating to the Members:
- (a) transparently, fairly and lawfully and in accordance with the data protection principles set out in Data Protection Law;
 - (b) where there are lawful grounds for doing so; and
 - (c) in accordance with Data Protection Law and best practice guidance (including the Data Sharing Code of Practice issued by the Information Commissioner's Office and updated from time to time).
- 3.2 Each Party will separately inform the Members (as required under Data Protection Law) of the respective purposes for which they will each process their personal data and provide all required information to ensure that the Members understand how their personal data will be processed in each case by the Administering Authority or Scheme Employer (as applicable). The Scheme Employer's privacy notice to



Members will inform them that their personal data will be provided to the Administering Authority and a copy of that notice will be provided to the Administering Authority on request.

- 3.3 When sharing personal data, including for any onward transfers of personal data, the Parties shall ensure that they have a lawful basis for doing so.
- 3.4 To the extent any Scheme Employer or Administering Authority makes any transfer of personal data outside of the UK or European Economic Area, it shall ensure compliance with Chapter 5 of the GDPR and the principles set out in the judgment issued by the Court of Justice of the European Union on July 16, 2020 (case C-311/18; "**Schrems II**").
- 3.5 In the event that a Scheme Employer or Administering Authority collects, uses or otherwise processes Special Category Personal Data, or Criminal Convictions Data, it shall comply with all of the requirements under Data Protection Law, as applicable. This includes ensuring that a condition for the processing of this data has been satisfied.
- 3.6 Each Party shall ensure that it:
 - (a) only collects, uses or otherwise processes personal data for a specific and limited purpose;
 - (b) has measures in place to ensure that personal data remains accurate and up-to-date; and
 - (c) ensures that all staff who have access to the personal data are properly trained in the handling of personal data.
- 3.7 Each Party confirms that it understands its respective obligations under Data Protection Law, to ensure that the Members' personal data of which it is a controller is kept and used securely at all times and to take such technical and organisational security measures against unauthorised and unlawful processing of, accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to the Members' personal data transmitted, stored or otherwise processed as may be required. Such measures will have due regard to the state of technological development and the cost of implementation of these measures, to ensure a level of security appropriate to the harm that might result from such processing and the nature, scope, context and purposes of processing the Members' personal data and the risk or likelihood and severity for the rights and freedoms of data subjects. Such measures will ensure:
 - (a) the ongoing confidentiality, integrity, availability and resilience of processing the Members' personal data;
 - (b) the ability to restore the availability and access to the Members' personal data in a timely manner in the event of a physical or technical incident;
 - (c) carrying out of regular testing, assessing and evaluating the effectiveness of technical and organisational measures for ensuring the security of the processing.

- 3.8 Each Party undertakes to notify the other as soon as practicable if an error is discovered in the Members' personal data of which it is a controller and which was received from or a copy of which has been provided to the other Party, to ensure that such other Party is then able to correct its own records. This will happen whether the error is discovered through existing data quality initiatives or is flagged up through some other route (such as the existence of errors being directly notified to the Administering Authority or Scheme Employer (as appropriate) by the Member (or the Member's dependants, spouse/civil partner) themselves).

4 TRANSFER OF MEMBERS' PERSONAL DATA

- 4.1 The Parties agree that Members' personal data will only be transferred from one Party to the other via an acceptable method specified by the Administering Authority which may include any of the following:

- (a) face to face;
- (b) registered mail;
- (c) secure email;
- (d) SFTP link;
- (e) encrypted removable media;
- (f) access secure website;
- (g) third party solution as agreed by the Parties;

- 4.2 Each Party will, when transferring the Members' personal data of which it is the controller to the other Party, ensure that that data is secure during transit (whether physical or electronic).

- 4.3 If either the Administering Authority or the Scheme Employer appoints professional advisers, third party administrators or another entity which provides other services involving the transfer of Members' personal data, those third parties will be processors or controllers in their own right. The Administering Authority or the Scheme Employer (as applicable) will comply with its own obligations in accordance with Data Protection Law (in particular, by requiring any such entity to which it transfers Members' personal data to also comply with Data Protection Law) and shall ensure that that nothing in the terms of engagement between the Administering Authority or the Scheme Employer (as applicable) and such third party would contradict this Memorandum of Understanding.

5 RIGHTS OF MEMBERS (INCLUDING THE MEMBER'S DEPENDANTS, SPOUSES/ CIVIL PARTNERS (WHERE APPLICABLE))

- 5.1 Each Party shall, in respect of the personal data of which it is a controller, respond to any requests from Members to have access to or exercise any of their other rights under Data Protection Laws in relation to any of their personal data or a complaint or enquiry relating to that Party's processing of the Members' personal data received by that Party in line with its own obligations under the Data Protection Law. Such

requests, complaints or enquiries should be directed to the individuals named in 9 below.

- 5.2 Each Party agrees to provide reasonable assistance to the other as is necessary to enable the other Party to comply with any such requests in respect of Members' personal data of which that Party is a controller and to respond to any other queries or complaints from Members.

6 DATA SECURITY BREACHES AND REPORTING PROCEDURES

Each Party confirms that it understands its respective obligations under Data Protection Law in the event of any personal data breach, unauthorised or unlawful processing of, loss or destruction of or damage to any of the Members' personal data, including (where necessary) an obligation to notify the Information Commissioner's Office and/or the Member(s).

7 ADDITIONAL RESPONSIBILITIES OF SCHEME EMPLOYERS

- 7.1 Notwithstanding the statutory obligations which apply to Scheme Employers under the LGPS Regulations and as a controller under Data Protection Law, the Administering Authority, as Administering Authority for the Fund, expects Scheme Employers participating in the Fund to comply with the responsibilities set out below in relation to Members' personal data.
- 7.2 On request, the Scheme Employer will inform Head of Pensions & Treasury at the Administering Authority of any appointed qualified person to fulfil the role of data protection officer ("DPO") together with their contact details. If the Scheme Employer has not appointed a DPO, the Scheme Employer, on request, will inform Head of Pensions & Treasury at the Administering Authority of the details of a nominated person for GDPR compliance purposes.
- 7.3 The Scheme Employer will demonstrate to the Administering Authority's satisfaction when dealing with ill health early retirement applications for current employees that explicit Member consent has been received which gives consent to processing by both the Scheme Employer and the Administering Authority. In the absence of such consent, the Administering Authority may not be able to process the Member's application.
- 7.4 The Scheme Employer acknowledges the financial penalties that can be imposed by the Information Commissioner's Office in relation to breaches of Data Protection Law and will inform the Administering Authority within 5 working days from the point that it becomes aware that the Scheme Employer may be liable to pay such a financial penalty. The Scheme Employer further acknowledges that any liability it may have to pay a financial penalty to the Information Commissioner's Office may result in a revision of the rates and adjustments certificate in accordance with Regulation 62(7) of the LGPS Regulations.



8 COMPLIANCE WITH THE MEMORANDUM OF UNDERSTANDING

8.1 Failure by the Scheme Employer to comply with the terms set out in this Memorandum of Understanding may result in the Administering Authority taking any or all of the following actions:

- (a) reporting the Scheme Employer's non-compliance to the Information Commissioner's Office;
- (b) Report the Scheme Employer to both the Pension Committee and Pension Board

9 CONTACTS

Each Party has identified a key person who is responsible for assisting with queries, correspondence and notifications including requests made pursuant to 5.1 above:

Administering Authority	Scheme Employer
Name: Head of Pensions and Treasury Email: pensions@towerhamlets.gov.uk Telephone: 0207 3644251 Address: Pensions & Treasury Mulberry Place, 5 Clove Crescent London E14 2BG	Name: Email: Telephone: Address:

10 REVIEW AND AMENDMENT OF MEMORANDUM OF UNDERSTANDING

The Administering Authority will review the Memorandum of Understanding from the earlier of 3 years or change in Regulation. The Administering Authority also reserves the right to amend the Memorandum of Understanding at any time and with immediate effect and will provide written notice to the Scheme Employer of such amendment.

Non-Executive Report of the: Pensions Committee Thursday, 10 March 2022	 TOWER HAMLETS
Report of: Kevin Bartle, Interim Corporate Director Resources	Classification: Open (Unrestricted)
Risk Management Policy and Quarterly Review of Risk Register	

Originating Officer(s)	Miriam Adams
Wards affected	(All Wards)

Executive Summary

This report updates the Board and Committee on changes to the Fund’s Risk Register and Risk Management Policy. Risk Management is the practice of identifying, analysing and controlling in the most effective manner all threats to the achievement of the strategic objectives and operational activities of the London Borough of Tower Hamlets Pension Fund (“the Fund”). A certain level of risk is inevitable in achieving the Fund objectives, but it must be controlled.

Recommendations:

The Committee is recommended to:

1. Note and comment on the detailed Risk Register (Appendix 1)

1. REASONS FOR THE DECISIONS

- 1.1 The terms of reference of the Pensions Committee sets out its responsibilities with regard to risk management, namely:
 - *To review the risks inherent in the management of the Pension Fund.*
- 1.2 The Board is established by Public Sector Pensions Act 2013 and the first core function of the Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator (TPR) in relation to the Scheme.

- 1.3 The consideration of the risks associated with administering the Pension Fund properly fall within the terms of reference of the Committee. Setting out of a policy recognises the importance that is placed in this area in accordance with the CIPFA guidance and recognise the increased role of the Pensions Regulator following the Public Service pensions Act 2013.
- 1.4 The risk register is presented in Appendix 1 for the Board to review and assist to demonstrate compliance with both regulations and guidance provided by CIPFA and TPR.
- 1.5 Not all risks can be eliminated, however with proper management and monitoring the impact to the Fund will be minimised. An example of this is economic downturn which the Fund has mitigated to an extent by having Equity protection in place to cover some of its equity investments from severe falls in the market.

2. ALTERNATIVE OPTIONS

- 2.1 Not reviewing the Risk Register for the Pension Fund potentially exposes the Fund and Council to action by the Pensions Regulator.

3. DETAILS OF THE REPORT

- 3.1 The Pensions Regulator's Code of Practice recommends that a Pension Fund has a Risk Management Policy in place and that this is reviewed periodically. The risk management policy covers key areas such as:
 - The Fund's attitudes to, and appetite for risk
 - Aims
 - Risk measurement and management; and
 - Responsibility

The Committee approved the updated Risk Management Policy for Tower Hamlets Pension Fund in December 2021.

The Pensions Board undertakes quarterly detailed review of the identified risks and the process for maintaining the Risk Register and report back to the Pensions Committee on any areas of concern. The Pensions Committee carries out an annual review of the high level and emerging risks identified from the Fund's Risk Register. The Risk Register brings together all the Fund's risks in a single document. It continues to be based on the 4 key areas of activity within the Fund: Governance, Funding, Administration and Investment.

- 3.2 The roll out of iconnect to employers have been completed bar 5 entities. All new employers admitted to the scheme upload data.
- 3.3 Admin and Governance risk AG3 has been updated to include the fact that the following employers or LEA school (s) are yet to provide monthly data

upload via iconnect. Tower Hamlets Council, Mulberry Academy, East End Homes, Tower Hamlet Homes and Cayley Primary school.

This has significant impact on current data quality as the Council is over 85% of the Fund. Incorrect data has significant impact on the Fund's ability to provide correct pensions estimates or calculations. Currently pensions admin staff have to manually check payroll records on the council's payroll system before processing any calculation to avoid errors. This risk will remain red until the above have been resolved.

- 3.4 Risk FI 11- McCloud judgement updated with progress to date. Delay in LGPS legislation remains an issue and a risk in the Fund's ability to meet current deadlines of April 2023. In the meantime, the Fund is working with Heywood on data collection from employers.

Risk F12 - Climate Change Impact updated with Committee work on Net Zero target and Decarbonisation target analysis as well as TCFD report.

Risk G11 - Failure to secure and manage personal data in line with data protection requirements updated with GDPR policies and templates to be issued to employers in March 2022.

Risk G7 - Legal requirements and/or guidance are not complied with, leading to financial loss and / or reputational damage - internal factors. Risk updated with on-going governance and TPR compliance review by Aon. The report is expected to be presented to Committee in June 2022.

Risk G3 - Services are not being delivered to meet legal and policy objectives. Risk updated to on-going monitoring.

- 3.5 Risk G9 - Failure to secure and manage personal data in line with GDPR requirements. Data Protection replaced with GDPR. Risk updated in line with administration strategy requirements, privacy policy and LGA templates to be shared with scheme employers and put up on scheme website.

Risk AG14 – Financial irregularity introduced. This is a risk of unintentional overpayments from deaths or unchecked payments. The Fund now procures data matching with government agencies like NFI half yearly and matching covers pensioner and deferred records.

Risks to be closely monitored during the quarter

- 3.6 Risk FI 4 - Value of liabilities increase due to market yields/inflation moving out of line from actuarial assumptions. With inflation on the rise and expected to continue to rise, this risk will be watched closely with the help of expert advice from Mercer consultant and the Fund Independent Adviser.

4. EQUALITIES IMPLICATIONS

4.1 There are no direct equalities implication arising from this report.

5. OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further 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. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

Risk Management

5.2 Section 249A of the Pensions Act 2004 requires the administering authority to manage risk by establishing and operating internal controls which are adequate for the purpose of securing that the scheme is administered and managed:

- (a) in accordance with the scheme rules
- (b) in accordance with the requirements of the law

The Risk Register, Risk Management Policy which is the subject of this report is designed to ensure compliance with the Council's statutory duties regarding managing risk related to the administration and management of the Pension Fund.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 There are no direct financial implications arising as a result of this report, other than that by implementing a new Risk Register, the Fund is trying to minimise the chance of financial and reputational loss occurring.

6.2 There are clearly some risks which would be difficult to transfer or manage, such as the impact that increased longevity will have on the liabilities of the Pension Fund, but the understanding of such risks could well impact on the other aspects of the decision-making process to lower risks elsewhere.

7. COMMENTS OF LEGAL SERVICES

- 7.1 Section 249A of the Pensions Act 2004 requires the administering authority to manage risk by establishing and operating internal controls which are adequate for the purpose of securing that the scheme is administered and managed: -
- (a) in accordance with the scheme rules
 - (b) in accordance with the requirements of the law
- 7.2 The Risk Register, Risk Management Policy which is the subject of this report is designed to ensure compliance with the Council's statutory duties regarding managing risk related to the administration and management of the Pension Fund.
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Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Risk Register (Appendix 1)

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

List of "Background Papers" used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- These must be sent to Democratic Services with the report
- State NONE if none.

Officer contact details for documents:

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Email: miriam.adams@towerhamlets.gov.uk

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RISK REGISTER DECEMBER 2021 UPDATE

Governance

Risk no:	Risk Overview (this will happen)	Risk Description (if this happens)	Current Impact (see key)	Current Likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Further Action and Owner	Indicative Time Frame	Comments and update December 2021
G1	The Fund's objectives/legal responsibilities are not met or are compromised - external factors	Externally led influence and change such as scheme change, national reorganisation, cybercrime and asset pooling	Moderate	Unlikely	Green	1 - Continued discussions at PC and PB regarding this risk 2 - Fund's consultants involved at national level/regularly reporting back to PC 3 - Key areas of potential change and expected tasks identified as part of business plan (ensuring ongoing monitoring) 4 - Asset pooling IAA in place 5 - Officers on London CIV Working Group 6 - Ongoing monitoring of cybercrime risk by Officers and PC 7.) Close working relationship between officers, investment consultant, scheme actuary and independent investment adviser. 8.) Officers keep abreast with regulatory changes and immediate reporting to Pensions Board 9.) Update business continuity plans regularly	Moderate	Unlikely	Green	Prepare Fund Business Plan in addition to current Board and Committee work plan.	on going standard monitoring	This risk is now green due to the following reasons: 1.) There are no outstanding investment request with LCIV. 2.) Officers work closely with scheme actuary 3.) Officers provide update on new legislative changes to Board and Committee quarterly 4.) Officers keep abreast with LGA communications to ensure new changes are picked up 5.) Officers work closely with Heywoods to assess impact on new changes. 6.) Cyber crime risk is now a stand alone risk in line with prioritisation by TPR and SAB
G3	Services are not being delivered to meet legal and policy objectives	Impact of sickness, resignation, retirement, unable to recruit to posts that become vacant as a result. Local authority paygrades may be a barrier to recruiting highly skilled staff. Failure to review existing contracts leads to poor value, sub-optimal providers.	Moderate	Possible	Yellow	1 - Business plan includes workforce matters 2 - Ensure quarterly update reports are robust and include all matters of administration 3.) - Consider additional resources, such as outsourcing or use of external consultants as required 5 - Staff reviews implemented and vacant positions recruited to 6 - All procurement carried out in line with the Council's procurement rules and guidance 7 - Contracts reviewed annually (including market testing where applicable) to ensure Fund receives good value 8 - Pension Fund contracts should be agreed and managed by staff with pension fund experience and LGPS Framework used where available 9- National LGPS Framework first consideration for pension contracts as applicable. 10- Ensure employers provide correct employee payroll data	Minor	Unlikely	Green	1 -Keep up to date with legislative changes via LGA, HMRC, Actuarial , investment manager, investment adviser newsletters, guidance and bulletins '2.) Continue training of new and newly promoted staff (MA) 3.) Annual appraisals and target setting for all staff.	On going monitoring	This risk has been upgraded from red to amber. The Corporate Director Resources agreed that the contract is returned to the management of the Head of Pensions & Treasury. 2.) Monthly client meetings now take place between Heywoods and Pensions Team to ensure services issues are resolved 3.) Recruitment of permanent staff is progressing 4.) Staff attend LGA organised training. This is not restricted to senior staff. Attendance is tailored to officers areas of work. 5.) As and when required, in house training is delivered during team meetings, regulatory changes are discussed during monthly team meetings and fund actuary is engaged to provide additional training as required. For example Annual Allowance.
G4	Appropriate objectives are not agreed or monitored - internal factors	Policies not in place or not being monitored	Moderate	Possible	Yellow	1- Range of policies in place and all reviewed regularly (work in progress) 2 - Review of policy dates included in business plan 3 - Monitoring of all objectives at least annually (work in progress) 4 - Policies stipulate how monitoring is carried out and frequency 5 - Business plan in place and regularly monitored 6 - PC has approved a mission statement which summarises the overarching objectives of the Fund	Insignificant	Rare	Green	1- Ensure objectives agreed for each policy (MA) 2- Ensure all policies are finalised, approved and regularly reviewed (MA) 3 - Resolution on pensions admin contract (MA) 4.) Procure governance review every 4/5 years 5.) Fund compliance against TPR Code of Practice to be undertaken every 3 years or when Code is updated 6.) Review remediation plan every 2/3 years to ensure continuous improvement program	on going standard monitoring	All key policies now in place (administrative strategy, breaches policy, IDRP, Investment Strategy Statement, Communications Policy.
G5	Inappropriate or no decisions are made	Governance (particularly at PC) is poor including due to: - turnover of PC members - lack of knowledge and appropriate skills at PC - failure to take appropriate advice - poor engagement /preparation / commitment - poor oversight / lack of officer skills & knowledge - PC members have undisclosed Conflicts of Interest - PC decision making process is too rigid	Minor	Unlikely	Green	1 - Renewed Officer focus on decision-making / governance including considering structure, behaviour and knowledge 2 - Oversight by Local Pension Board 3 - Training Policy, Plan and monitoring in place for PC and PB members. Training needs analysis undertaken annually 4 - Range of professional advisors covering Fund responsibilities guiding the PC, PB and officers in their responsibilities 5 - Induction training in place for new PC members covering CIPFA Knowledge and Skills requirements and TPR toolkit 6 - Training / improvement plans in place for all officers as part of the Council's performance appraisal programme 7 - Declaration of conflict of interest is standing item on agenda. PC members required to complete annual declaration of interest 8 - Process exists to allow urgent decisions outside of PC meetings 9. - PC flexible to arranging of additional training in relation to key matters 10. PC and PB signed up to the Hymans online knowledge portal.	Minor	Unlikely	Green	1 - Revise and update Conflicts of Interest Policy (MA) '2 - Monitor Board and Pensions Committee participation in Hymans online training. 3. Update PC and PB training plan with regulatory changes from CIPFA, TPR or SAB as and when. 4. Arrange additional training as required (scheme actuary, investment adviser, investment managers or officer) 5.) Monitor use of Hymans online knowledge portal	on going standard monitoring	1.) Declaration of interest now standing meeting agenda item - completed. 2.) 'Hymans bitesize online training for PC and PB-commence September 2021 3.) Fund Investment adviser and fund actuary provide additional training as required. 4.) Fund managers provide additional training as required

G6	Losses or other detrimental impact on the Fund or its stakeholders	Risk is not identified and/or appropriately monitored (recognising that many risks can be identified but not managed to any degree of certainty)	Major	Unlikely		1 - Risk policy in place 2 - Risk register in place and key risks/movements considered quarterly and reported to PC meeting 3 - Attendance at regional / national forums to keep abreast of current issues and their potential impact on the Fund. 4 - Fundamental review of risk register quarterly and annually 5 - TPR Code Compliance review completed annually 6 - Annual internal and external audit reviews 7 - Breaches procedure also assists in identifying key risks	Moderate	Rare		1 - Revise / update Risk Policy (MA) 2 - Revise / update Risk Register (MA) 3 - Ensure Annual Reviews of Risk Register / TPR Compliance (MA) 4 - Revise / update Breaches procedure (MA)	On going monitoring	1.) Breaches Policy Review completed 2.) Risk register review on going 3.) TPR Code of Compliance review March 2022 4.) Internal audit review 2020/21 completed March 21
G7	Legal requirements and/or guidance are not complied with, leading to financial loss and / or reputational damage - internal factors	Those tasked with managing the Fund are not appropriately trained or do not understand their responsibilities (including recording and reporting breaches), or there is a lack of access to appropriate legislation / guidance.	Major	Unlikely		1 - TPR Code Compliance review completed annually 2 - Annual internal and external audit reviews 3 - Breaches procedure also assists in identifying non-compliant areas 4 - Training policy in place (fundamental to understanding legal requirements) 5 - Use of nationally developed administration system 6 - Documented processes and procedures to ensure compliance 7 - Strategies and policies include statements or measures around legal requirements/guidance 8 - Wide range of expert advisers in place 9 - Officers maintain knowledge of legal framework for routine decisions. Council's legal team is involved in reviewing PC papers and other legal documents. 10 - Access to LGA material, use of specialist advisors, membership on national and regional forums and attending training. 11 - Collaborative working with other Funds to assess requirement and impact of new legislation.	Moderate	Rare		1 - Ensure Annual Reviews of Risk Register / TPR Compliance (MA) 2 - Revise / update Breaches procedure (MA) 3.) Provide Board and Committee with regular update of regulatory changes as well as LGPS changes.	Jun-22	1.) Revised training plan for Board and Committee March 22 2.) TPR Code Compliance review March 22 commenced by Aon.
G8	Material misstatement of accounts and potentially a qualified audit opinion	Poor internal monitoring and reconciliation process leads to incorrect financing / assets recorded in the Statement of Accounts	Catastrophic	Unlikely		1 - Qualified Accountant produces accounts using most recent SORP, Accounting Code of Practice, Disclosure Checklist and other relevant CIPFA training materials/publications. Attendance at Pensions Officers Group Meetings 2 - Draft Statement of Accounts and working papers reviewed by the Head of Pensions & Treasury and the Chief Accountant. 3 - Reconciliation undertaken between the book cost and market values to the custodians book of records received quarterly. Further reconciliation undertaken between the custodian and investment managers' records. 4 - A checklist of all daily, weekly, monthly and quarterly reconciliations is maintained. Full reconciliation and interim accounts are prepared on a quarterly basis. 5 - All reconciliations are independently reviewed and signed off by a second officer. 6 - All adjustments (including unrealised profits) posted into the general ledger so that accounts can be reported created directly from AGRESSO.	Moderate	Rare		1) - Consider controls and whether further actions are required (MA) 2.) Head of Pensions & Treasury reviews all reconciliations (transfer in, transfer out, refunds, benefit paid, lump sum, death benefits and pensions paid)	On going monitoring	Council audit on going. This risk will be reviewed once 2018/19, 2019/20 and 2020 accounts audit have been completed
G9	Pensions administration contract agreed and managed by non pensions and non finance staff	Several key risks on data. Services paid for which the Fund had not implemented. Lack of Pensions regulatory and legislative knowledge of staff agreeing contract	Moderate	Rare		1.) Raise concerns with appropriate LBTH IT staff and resolve	Moderate	Rare		Contract management reassigned by S151 Officer to pensions currently for the duration of the Interim Head of Pensions & Treasury stay with LBTH. Negotiate possibility of moving current contract to LGPS Framework terms and conditions Interim Head of Pensions & Treasury meets on a monthly basis with Heywood Client relationship manager to discuss ongoing projects, outstanding tasks, altair system, new developments in the company and LGPS as a whole.	On going standard monitoring	Management of pensions administration software contract now assigned to Head of Pensions and Treasury who will liaise with IT and information governance teams as and when IT expertise is required. Pensions team officers now attend Heywoods CLASS group meetings for LGPS schemes to keep abreast with developments. Client meetings takes place each month between provider and Head of Pensions and Treasury. Pension officers to ensure that software contract procurement due in 2024 will be procured via National LGPS Framework
G10	Failure to comply with TPR Cyber requirements for Pension Schemes	Confidential and personal member information is put at risk. Potential breach Of the Data Protection Act 2018. A breach of Corporate IT systems may lead to a failure of the pensions administration system and / or a breach of Data Protection regulations	Moderate	Possible		Council's policies on cyber protection and data protection apply to the Fund. Membership database is locally hosted and subject to the Council's wider cyber security protections including off side back ups. Computers are password protected, Access to sensitive data pool is limited to restricted number of staff, All staff complete corporate mandatory training on data protection and cyber crime. Sharing of password is prohibited. Pension staff are prohibited from amending their own records. System reports are set up to exclude the record of the member of staff running the report. Only one senior members of the team can override	Moderate	Possible		Assess Fund against Draft TPR Code of Practice. Risk cannot be completely eliminated . 2.) Complete LGPS Cyber Score card 3.) Provide cyber risk assessment to Board every 2 years	Sep-22	Comments on cyber score card received from Heywoods, Hymans Robertson. Hymans to assist with Cyber risk review and engagement with LBTH IT.

G11	Failure to secure and manage personal data in line with GDPR requirements	Cyber attacks may lead to loss or compromise of data. Leading to Audit criticism, legal challenge, reputational risks and financial penalties	Moderate	Possible		1.) Annual Information governance for staff 2.) Policies and procedures in place and reviewed regularly (Breaches, Data Protection, Systems Access and Retention Schedule) 3.) Secure physical storage measures 4.) Admin system providers implement range of protections against cyber threats including encryption, firewalls, annual 3rd party penetration testing etc. 5.) Use of actuary's portal to send data for calculations 6.) Actuary implement range of protection against cyber crime	Moderate	Possible		1.) On going monitoring. Ensure completion of cyber score card by LBTH IT officers. 2.) Arrange for Local Pensions Board to receive assurance presentation by Divisional Director IT at its November 2021 meeting. 3.) LGA suggested GDPR policies issued to employers	Jun-22	Scheme version of LGA GDPR policies and templates submitted to Committee for approval and issues to employers in March 2022
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Funding & Investment Risks (includes accounting and audit)

Risk no:	Risk Overview (this will happen)	Risk Description (if this happens)	Current impact (see key)	Current likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Further Action and Owner	Indicative Time Frame	Comments and update December 2021
FI 1	Investment and/or funding objectives and/or strategies are inappropriate, inconsistent or otherwise no longer fit for purpose such that asset values fall/liabilities rise and funding levels fall and/or employer costs rise unexpectedly	Investment and funding strategies are considered in isolation or without proper advice or without considering legislative changes such as LGPS regulations (e.g. asset pooling), external factors (e.g. McCloud) and other funding and investment related requirements	Catastrophic	Unlikely		1 - ISS / FSS are set in line with legislation /guidance, approved by PC, reviewed regularly and contain links to each other 2 - Close liaison between the Fund's actuary and strategic investment adviser 3 - Fund commissions stochastic modelling from the actuary to test the likelihood of success of achieving required returns 4 - The Fund uses Strategic Investment consultant, but has also engaged an independent adviser to challenge/confirm investment/investment strategy decisions 5 - The Investment Consultant / Independent Adviser along with officers have regular meetings to review the investment strategy and present options to the Committee for approval. 6 - The Fund subscribes to a number of organisations that assist officers to keep abreast of development / changes to the LGPS which may affect funding	Minor	Unlikely		1 - Ensure strategies reviewed in response to external changes (MA) 2 - Consider whether any controls set out in this point are not currently done, and consider implementing (MA)	Jun-22	The Pensions Committee is currently undertaking a full investment strategy review
FI 2	Employer contributions are insufficient and/or inappropriate relative to the employer's risk profile, potentially leading to other employers having to meet their liabilities	- Funding and/or investment strategy doesn't take into account changes to employer risk characteristics or the strength of employers' covenant. - Employer contributions not in line with Rates and Adjustments Certificate from actuarial valuation - Fund fails to recover other Employer income adding to the deficit.	Major	Unlikely		1 - Ensuring appropriately prudent assumptions on ongoing basis 2 - Employer covenant analyses undertaken by the actuary, along with employer profiling to help understand employer specifics. This is carried out on admission and periodically and the actuary uses this information when contribution rates are being set triennially. 3 - Employer monitoring database developed / updated quarterly to capture key metrics that drive an employer's liabilities. 4 - Regular profiling of employers' characteristics to ensure that assumptions are still relevant and the FSS is fit for purpose. 5 - Employer contribution payment is monitored against expected payment quarterly and late payers reported to PC. 6 - All employer expenditure incurred by the fund is recharged to the relevant employer via itemised invoices. All income recoverable is itemised in the custodian reports. 7 - Recovery / timing of invoices is regularly monitored. 8 - Actuarial / Investment advice provided by qualified professionals and subject to peer review to ensure that it is fit for purpose.	Moderate	Unlikely		1 - Ensure employer covenant monitoring remains fit for purpose (MA) 2 - Consider whether any controls set out in this point are not currently done, and consider implementing (MA)	Mar-23	This risk will be evaluated upon completion to the 2022 triennial valuation
FI 3	Investment targets are not achieved therefore materially reducing solvency / increasing contributions	-Markets perform below actuarial assumptions - Fund managers and/or in-house investments don't meet their targets - Market opportunities are not identified and/or implemented.	Major	Possible		1 - Use of a diversified portfolio (regularly monitored) 2 - Annual formal reviews of the continued appropriateness of the funding/investment strategies by the PC 3 - On going monitoring of appointed managers (including in house investments) managed through regular updates and meetings with key personnel 4 - Officers regularly meet with Fund Managers, attend seminars and conferences to continually gain knowledge of Investment opportunities available 5 - Consideration / understanding of potential Brexit implications 6 - Equity Protection and Currency Hedging Strategy in place to protect equity gains and potentially reduce volatility of contributions.	Moderate	Unlikely		1 - Consider whether any actions set out in this point are not currently done, and consider implementing (MA)	Ongoing	This risk cannot be completely eliminated however by diversify and monitoring the Pensions Committee reduces the risk of occurrence

FI 4	Value of liabilities increase due to market yields/inflation moving out of line from actuarial assumptions	Market factors impact on inflation and interest rates. Legislative changes such as LIBOR transition could impact investment returns.	Moderate	Possible		1 - Use of a diversified portfolio which is regularly monitored. 2 - Monthly monitoring of funding and hedge ratio position versus targets. 3 - Annual formal reviews of the continued appropriateness of the funding/investment strategies by the PC. 4 - Consideration / understanding of potential Brexit implications. 5. Monitoring of Fund investments affected by LIBOR transition and bench mark changes required by investment managers from LIBOR to SONIA. 5. Fund Actuary consulted when making strategic investment changes involving asset allocations	Moderate	Unlikely		1 - Consider whether any controls set out in this point are not currently done, and consider implementing (MA) 2. Pensions Committee receives quarterly funding update from scheme actuary 3. Independent Adviser provides updates on inflation 4.) Pensions Committee reviewing various inflation inked asset classes.	On going monitoring next review March 23	LIBOR transition now well underway. A number of managers have changed benchmarks.
FI 5	Investment Strategy fails to deliver appropriate returns	Long-term Investment Strategy issues caused by: - Responsible Investment (including Climate Change) is not properly considered - Actual asset allocations move away from strategic benchmark - Relevant information relating to investments is not communicated to the PC - The risks associated with the Fund's assets are not fully understood resulting in taking either too much or too little risk	Catastrophic	Unlikely		1. Fund has in place Responsible Investment (RI) Strategy 2. RI Policy has Strategic RI Priorities 3. London CIV has RI policy in place 4. Asset Allocations formally reviewed as part of quarterly report to PC and necessary action taken to correct imbalance 5 - PC receives formal quarterly reports on both the overall performance of the Fund and individual investment managers 6 - Full Investment Strategy review undertaken by Investment Consultant after triennial valuation with Annual/Ad-hoc Strategy reviews undertaken in intervening years to ensure the Strategy is still appropriate to achieve long term funding objectives 7- PC sign up to TCFD 8 - PC set net zero carbon targets	Catastrophic	Unlikely		1 - Consider whether any controls set out in this point are not currently done, and consider implementing (MA) 2- Pensions Committee is currently working on adopting TCFD accreditation and reporting	On going monitoring. Risk cannot be completely eliminated	1.) London CIV RI Policy completed May 21 2.) Draft Tower Hamlets Pension Fund RI Policy June 21 3.) TCFD accreditation March 22 4.) Net zero target set by Pensions Committee November 2020 5.) Full Investment Strategy Review March 22
FI 6	The Asset Pool fails to meet the Fund's needs	Issues with the London CIV including: - The investment strategy adopted by London CIV through fund manager appointments - Asset pooling restricts Fund's ability to fully implement a desired mandate - Investment consultant notes that LCIV does not possess required inhouse skill to manage new asset classes like Renewable Infrastructure fund coinvestments	Major	Unlikely		1 - The Fund is a founding member of London CIV and is an active participant at all levels (Executive and Officer) of London CIV. 2 - Specifically, the Fund has representation at the Investment Advisory Committee and Officer's business meetings where strategies and fund manager appointments that align with the Fund's investment strategy are promoted. 3 - The London CIV will have as wide a range of mandates as possible and also that there will be a choice of manager for each mandate/asset class. However, because the CIV has to reach consensus among its 32 members, there is a risk that the full complement of mandates in the Fund may not be replicated by London CIV. 4- The London CIV is planning to appoint investment managers to all asset classes that the Fund is currently invested in. 5 - Fund will be able to retain mandates not currently appointed to by the London CIV and may invest in other pools if they have a desired mandate 6 - Fund to continue close monitoring of Renewable Energy Fund and pressue the LCIV to take advice before coinvestmet are made.	Moderate	Unlikely		1 - Keep abreast of asset pooling developments generally and London CIV issues specifically, and ensure the Fund is well placed to act accordingly (MA) 2 - Pensions Committee to write to LCIV raising any concerns and continue close monitoring	on going monitoring	1.) Procurement of Renewable Energy fund completed - March 21. 2.) There are currently no outstanding investments requiring procurement.
FI 7	Value of liabilities/contributions change due to demographics being out of line with assumptions	Employer related assumptions (early retirements, pay increases, 50:50 take up), life expectancy and other demographic assumptions are out of line with assumptions	Moderate	Unlikely		1 - Regular monitoring of actual membership experience carried out by the Fund. 2 - Actuarial valuation assumptions based on evidential analysis and discussions with the Fund/employers. 3 - Ensure employers made aware of the financial consequences of their decisions 4 - In the case of early retirements, employers pay capital sums to fund the costs for non-ill health cases. 5 - Employer monitoring project commissioned with Hymans to review employers close to cessation.	Moderate	Unlikely		1 - Consider whether any controls set out in this point are not currently done, and consider implementing (MA)	Mar-23	The Fund subscribes to Hymans Club Vitae for demograhic monitoring
FI 8	Insufficient cash to pay benefits as they fall due, resulting in disinvestment at depressed asset prices	Increases in benefit outflow, including new retirements, or inadequate monitoring, or reductions in contributions not anticipated/expected and/or investment income is less than expected	Minor	Rare		1 - Annual cashflow monitoring undertaken and utilised to inform Investment Strategy to ensure that Fund is always able to meet liabilities as they fall due 2 - Ensuring all payments due are received on time including employer contributions (to avoid breaching Regulations) 3 - Employer contribution payments monitored on a monthly basis; including a full reconciliation between expected and actual 4 - Late payers are identified and reported to the PC as part of quarterly pensions administration report. 5 - Holding sufficient liquid assets as part of agreed cashflow management policy 6 - Monitor cashflow requirements 7 - Treasury management policy is documented	Minor	Rare		1 - Consider whether any controls set out in this point are not currently done, and consider implementing (MA) 2 - £20m cash requested from Schroders equity protection proceeds to meet cahflow gap for 2021/22 and 22/23	on going mointrng. Next review 2023 June	Pensions Committee agreed £20m cash to cover operational cash short falls in 2021 and 2022

FI 9	Loss of employer income and/or other employers become liable for their deficits	Employer ceasing to exist or otherwise exiting (e.g. when contract ends) with insufficient funding (bond or guarantee).	Moderate	Unlikely		1 - Employer monitoring database developed and updated quarterly to capture key metrics that drive an employers' liabilities and status within the Fund. 2 - Contract dates for admitted bodies are monitored, so that officers are aware and able to identify employers that are due to leave the Scheme. 3 - Fund Actuary is notified of the need to calculate a cessation valuation 3 months before an employer is due to leave the Fund. 4 - Admission agreements policy requires a guarantee or bond. 5 - Fund Actuary undertakes periodic review of employer profiles which are factored into employer contribution rates.	Minor	Unlikely		1 - Consider whether any controls set out in this point are not currently done, and consider implementing (MA)	Mar-23	
FI 10	COVID-19 Pandemic	The Council is the main employer in the Fund. There are a number of small employers mainly from outsourcing of school catering and cleaning over the years. Employers unable to pay employer contributions. Ceding employers unable to support outsourced operations. Investment environment changes radically, and Fund is slow to respond, leading to lower solvency	Moderate	Possible		1.) Draft contribution deferral policy submitted to Committee for consideration in July 2020 2.) Covenant reviews and review of high risk employers in the fund. 3.) Active investment monitoring, possible implementation of Equity Protection by Pensions Committee. 4.) FSS updated and Debt Referral policy and updated exist policies now in place.	Moderate	Possible		update draft contribution deferral policy once SAB update is issued. Continuous monitoring (MA)	on going monitoring	
FI 11	McCloud Judgement	Implementation of the proposed remedy following new pension legislation and scheme specific regulations for the removal of age discrimination from the LGPS due to the McCloud judgement. Pension Fund officers unable to adequately comply with legislative and regulatory amendments arising from the proposed McCloud remedy due to employers inability to provide historic data required. There is a key risk that employers will not respond when contacted or employers will not have the required information due to GDPR rules which require finance data to be destroyed after 6 years or some employers may have changed payroll provider. DLUHC has confirmed the proposed remedy and the intention to introduce legislation to the statute books from 1 April 2023 but applied retrospectively to 31 March 2012 and 31 March 2014.	Moderate	Possible		1.) Adjustments were made to the 2019 valuation to account for any possible McCloud impact 2.) Quarterly update to Pensions Committee and Pensions Board 3.) Officers to commence with McCloud project implementation 4.) On 4 February 2021 HM Treasury published its response to the consultation and sets out its preferred remedy choice. DLUHC have produced a document that gives general details as to how the remedy proposal would work for the LGPS. Further legislative changes are required before the remedy can be implemented, however due to the complexity of the proposed remedy pension administrators and pension systems providers have commenced development of systems and processes based on current understandings to enable the remedy to be implemented 5.) Employers have been notified of need to keep historic data 6.) Pensions Funds will need to understand what the impact of the remedy means, develop processes and calculations to apply the regulations or the amended schemes.	Moderate	Possible		1 - Continuous monitoring in intervalation updates (MA) 2 - Set up McCloud project set up and updates reported to Pensions Board and Committee quarterly 3 - communications with scheme members and employers commenced 4.) Possible inability to extract historic payroll data for affected scheme members remains a problem. Officers are working with LBTH payroll and other employers. 5.) Employer change of payroll provider and failure of employer to keep historic data 6.) Engage Heywood to undertake initial collection and bulk upload of scheme member data required from scheme employers. 7.) Officers should keep up to date of all relevant correspondence issued by DLUHC, LGA & HMRC and keep up to date with bulleting and guidance from the Home Office as well as regularly attend webinars, forums and seminars.	Apr-23	McCloud implementation service procured from Heywood. Officers will work along side Heywood to implement remedy. Communication issued to employers in August 21 informing them of need to keep historic data of employees. Heywood commenced contacting employers on behalf of the Fund to collect historic missing data. Data will be one of the main agenda items during the employers forum
F12	Climate Change Impact	Climate Change has the potential to materially impact financial returns	Moderate	Possible		Annual monitoring of Fund carbon footprint by Pensions Committee. Pensions Committee sign up to net zero carbon by 2040. Changes to investment strategy to reduce climate change risk	Minor	Unlikely		increased monitoring of climate change risk, increased manager monitoring of climate change risk, Pensions Committee prepared TCFD report and Pensions Committee considering Decarbonisation target analysis as well as Net Zero strategy.	on going monitoring	

Administration & Communication Risks


Risk no:	Risk Overview (this will happen)	Risk Description (if this happens)	Current impact (see key)	Current likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Further Action and Owner	Indicative Time Frame	Comments and update December 2021
AG 1	Unable to meet legal and performance expectations due to external factors	Big changes in employer or scheme member numbers or unexpected work increases (e.g. regulation changes such as increase in transfers out due to new pension freedoms)	Major	Possible		1 - Ongoing reporting to management/PC/PB to quickly identify issues (For example on transfers - Monitor numbers and values of transfers out being processed and report regularly) 2 - External consultants available to assist if required 3 - Recruitment to new posts	Minor	Unlikely		1 - Ongoing consideration of resource levels post recruitment of new posts (MA) 2 - Ongoing consideration of likely national changes and impact on resource (MA)	On going	This risk remains a possibility due to regulatory changes however officer will mitigate by procuring external consultancy expertise

AG 2	Unable to meet legal and performance expectations (including inaccuracies and delays in benefit calculations) leading to potential member complaints and poor data security	Staff are poorly trained and/or we can't recruit/retain sufficient quality of staff, and/or appropriate succession planning is not in place	Major	Likely		<ul style="list-style-type: none"> 1 - Training Policy, Plan and monitoring in place 2 - External consultants available to assist if required 3 - Data protection training, policies and processes in place 4 - Business plan includes workforce matters 5 - Review of administration team structure 6 - Quarterly update reports consider resourcing matters 7 - Staff reviews implemented and most vacant positions now recruited to 8 - Ongoing training within the team 	Minor	Unlikely		<ul style="list-style-type: none"> 1 - Recruit to any vacant roles (MA) 2 - Ongoing consideration of succession planning (MA) 3 - Continue training of new and newly promoted staff (MA) 4. Complete team restructuring (MA) 	Mar-22	On going work with LBTH payroll team to resolve historic employee data inaccuracies.
AG 3	Unable to meet legal and performance expectations (including inaccuracies and delays and potential legal breaches) due to lack of or poor quality data from the council and other employers.	Employers: -don't understand or meet their responsibilities -don't allocate sufficient resources to pension matters - don't engage with the Administering Authority - the council is the main employer in the scheme and accounts for over 85% of income to the pension fund. Payroll reports and data information received from the council do not agree to amounts paid to the scheme. The following employers are yet to upload data on iconnect themselves or via their payroll provider - Tower Hamlets Council, Tower Hamlets Homes, East End Housing, Mulberry Academy and Central Foundation	Major	Likely		<ul style="list-style-type: none"> 1 - Administration strategy updated and consulted upon 2 - Communications Strategy (to be reviewed) sets out how Fund will engage with all Stakeholders 3 - Ensure information communicated to Employers is clear, concise and relevant 4 - Where available use standard templates/information from the LGPS employers association 5 - Provide training to employers that is specific to their roles and responsibilities in the LGPS 6 - Employer access to the i-Connect portal (roll-out in progress), and forms available on website 7 - Employers can access specialist support from Fund Officers 8 - Engage with relevant council team on employee data quality 	Minor	Unlikely		<ul style="list-style-type: none"> 1 - Continue to work with identified employer to ensure issues are resolved (MA) 2 - Revise / update Admin / Comms Strategies (MA) 3 - Identify other employer data issues and engage with employers on these (MA) 4. Put in place Pension Fund website 5. Update Board on progress with LBTH payroll 	Jun-23	Data remains an issue with council
AG 4	High administration costs and/or errors (including rectification costs and IDR costs or fraud) and reputational damage if Ombudsman rules against the Fund	Systems or are not kept up to date or not utilised appropriately, or complaints are not dealt with appropriately or other processes inefficient	Major	Possible		<ul style="list-style-type: none"> 1- Business plan has number of forthcoming improvements (i-connect/MSS etc) 2 - Use of Altair which is a nationally recognised software with plentiful guidance / support 3 - Ongoing training on how to use systems within the Administration team 4- Fund has (PC approved) Internal Dispute Resolution Policy (IDRP) 5 - Robust checks / adherence with best practice including undertaking regular reconciliation of payments 	Minor	Unlikely		<ul style="list-style-type: none"> 1 - Ongoing roll out of iConnect and MSS (MA) 2 - Assessment of Team skills / capabilities once restructure is complete (MA) 	Sep-23	
AG 5	Scheme members do not understand or appreciate their benefits and cannot make informed decisions	Newsletters and letters are inaccurate, poorly drafted, overly complicated, irrelevant, too technical or insufficient in some other manner	Moderate	Unlikely		<ul style="list-style-type: none"> 1 - Communications Strategy reviewed and updated 2 - Members provided with explanatory notes and guidance and given access to further pension support 3 - Website provides information on the Scheme and on Members' benefits 4 - Member self service to be launched in 2020 	Insignificant	Unlikely		<ul style="list-style-type: none"> 1 - Implementation of member self service to progress to deferred members (MA) 2 - Ensure all communication and literature is up to date / relevant (MA) 3 - Revise / update Admin / Comms Strategies every 3 years or as required (MA) 4 - Consider annual communications survey (MA) 	on going monitoring	Communication with scheme members continue to improve. Employers forum is scheduled annually, Members who require pensions savings statement receive statements annually, Member self service roll out. Fund website now up and running by 31 October 2021. Scope to include pensioner members on MSS explored with software provider.
AG 6	Service provision is interrupted or incorrect benefits paid and/or records are lost, including data breaches	System failure or unavailability, including as a result of cybercrime or fraud / misappropriation by officers	Major	Rare		<ul style="list-style-type: none"> 1 - Disaster recovery plan in place and allows the pension administration system to be run from an alternative site 2 - Altair administration system is subject to daily software backups and off-site duplication of records 3 - Pensioner payroll system is subject to daily software backups and off-site duplication of records 4 - Robust checks / adherence with best practice including undertaking regular reconciliation of payments 5 - Internal Audit plan includes dedicated hours for review of internal controls in relation to the management and accounting of the Pension Fund. The plan is designed on a risk basis, so that areas of high risk will be subject to more frequent internal audits 6 - Recommendations from internal audits of processes and controls are implemented in a timely manner 	Moderate	Rare		<ul style="list-style-type: none"> 1 - Ongoing checks relating to suitability of disaster recovery plan (MA) 2 - Review of cybercrime risk controls (MA) 3. continuous monitoring of business continuity plans for pensions 	Mar-23	Cyber risk introduced. Fund provided with details of Heywood's own disaster recovery, Plans in progress to secure access to pension admin records should council's network be temporarily down
AG 7	COVID-19 affecting the day to day functions of the Pensions Administration services including customer telephony service, payment of pensions, retirements, death benefits, transfers and refunds. 2	Disruption in work patterns of the team affected by covid-19 pandemic. Remote working presenting data protection risks.	Minor	Unlikely		<ul style="list-style-type: none"> TREAT 1) The Pensions Administration team have shifted to working from home. 2) The administrators have prioritised death benefits, retirements including ill health and refunds. If there is any spare capacity the administrators will prioritise transfers and divorce cases. 3) Revision of processes to enable electronic signatures and configure the telephone helpdesk system to work from home. 4) Sending additional and follow up letters to overseas pensioners. 5) All members of the Pensions & Investments teams have phones diverted to mobiles to maintain required level of customer contact. This includes main team member which was also diverted to mobile. 	Minor	Unlikely		<ul style="list-style-type: none"> 1. Implement council procedures for staff home working (MA) 2.) Implement Pensions Regulator directive on covid-19 (MA) 3.) Undertake LGPS AON Cyber crime assessment review and implement recommendations 	on going monitoring	

AG 8	Guaranteed Minimum Pension (GMP) reconciliation. In accurate record keeping	From 6 April 2016 changes to the State Pension Scheme remove the contracting-out nature of the LGPS. GMP's no longer provided by HMRC. GMP information held by Fund could be wrong resulting in potential for liabilities being paid by Fund. High Court ruling determination that UK defined pension schemes must compensate members for differences attributable to GMP. Impact of the potential adjustments to be made to members' pensions as a result of the GMP reconciliation exercise.	Major	Likely		1.) Establish internal controls 2.) resolve contract with ITM. 3.) Identify terms of LBTH IT procurement of GMP reconciliation in Aquila Heywood contract 3.) Possible impact on pensions team resources	Minor	Unlikely		1 - Data analysis carried out and action taken to reconcile and adjust paid pension paid to retired members. 2. to review GMP amounts allocated to active and deferred members 3. Internal Audit	Ongoing review in March 2022 once impact of final legislation is known	
AG 9	Impact of covid-19 on scheme employers	Employer affected by covid-19 could go into administration or encounter short to medium term cash flow issues. The council is the main employer in the scheme.	Moderate	Unlikely		1 - Develop Policy to address eventualities 2 - Monitor employer contributions 3 - Review admission agreements and employer covenants	Insignificant	Unlikely		1 - Continuous monitoring of employer contributions (MA) 2 - Liaise with employers experiencing difficulty paying contributions (MA)	on going monitoring	
AG 10	Failure to provide an Annual Benefit Statement to 100% of active members due to incorrect data provided by employers in the scheme	Historic issues around data provision by council and other employers in the scheme remain. Where scheme employers are unable to provide correct and timely data on their employees this has a direct impact on the Fund's ability to provide correct Annual Benefit Statements to all its scheme members especially active members. Incorrect salary data means pension estimates are also incorrect when provided to members.	Major	Likely		1.) Establish data portal for employers to upload data 2.) Enforce data submission by employers 3.) Review and identify data errors within days of employer upload 4.) Contact employers immediately to rectify data errors on portal 5.) Provide training to employers on how to use data portal and recognising data errors 6.) Reconcile monthly contributions paid by employers against data uploaded to portal and contact employers within reasonable time frame 7.) Ensure employers provide end of year payroll reports.	Minor	Unlikely		1 - Take steps to address issues with employers directly 2. Escalate to senior officers for each employer. 3. Report to internal audit and Pensions Regulator as last resort. All employers apart from LBTH council, East End Homes, Tower Hamlets Homes, Mulberry Academy, ITRES and Cayley. 4.) Reconciliations of payroll spreadsheet compared with payroll data extraction report shows employees with differences in employer and employee contributions. Continue to liaise with LBTH payroll to resolve.	Dec-21	Review date extended to March 2023 pending council resolution of employee payroll data in accuracies and upload of employee payroll data to pensions portal
AG 11	Data Quality Issues	The Fund produced a remediation plan which is expected to put in place improvements for pension fund administration and governance over a 2 to 3 year period. Data quality is a key issue and it is necessary to nip in the bud from the onset which is at the point when the initial data is received from the employer.	Major	Likely		1.) Liaise with pensions admin software provider to produce annual data reviews. 2.) Set initial targets which are achievable then raise with time. 3.) Upload member data to actuary data portal to identify errors annually	Minor	Unlikely		1 - Take steps to address issues with employers directly 2. Escalate to senior officers for each employer. 3. Report to internal audit and Pensions Regulator as last resort 4. Liaise with actuary and action data quality report recommendations issued during triennial valuations	Jun-22	
AG 12	Scam detection and Prevention	There is a risk that a Scheme Member could be the victim of fraud. This could be caused by the Scheme Member being exploited into transferring their pension from the LGPS to a bogus or unsuitable pension scheme. This could result in the Scheme Member losing their pension or being at financial loss. This could also result in the Regulator finding against the Fund and requiring it to make good the losses experienced by the Scheme Member.	Major	Possible		The Fund complies with the Code of Good Practice and the Pensions Regulator's guidance and check list. Pension officer notify team leaders and managers if transfer is to a scheme which is perceived as a "scam". Scheme members are required to sign against the TPR check list to ensure they are aware and have taken adequate financial advice. Companies House, HMRC and FCA register is checked to ensure legitimacy.	Minor	Unlikely		Electronic news letters to scheme members via MSS to continue to make members aware of pension scam awareness and cyber security risks	On going monitoring	
AG 13	McCloud	Inability of scheme employers to provide required data	Major	Possible		Perfrom data review exercise in bulk and individually to identify scheme members who may qualify and / or identify missing data	Moderate	Possible		1.) Software provider currently developing calculations and recalculations of deferred benefits and those already in receipt of pension to identify incorrect values and any over/underpayments. 2.) The ABS will need to be amended following implementation of the amended remedy regulations as it is anticipated McCloud data will be included for each scheme member. 3.) ABS contain a statement on McCloud provided by the LGA. 4.) Changes by software provider should include bulk calculations and calculations for individuals, include revised pension amounts, arrears payable/collectible (benefits and contributions) plus interest payable if applicable.	Sep-22	

AG 14	Financial Irregularity	There is a risk of unintentional overpayments. Failure to address financial irregularity may result in a financial loss to the Fund and scheme employers, as well as reputational damage to the Council	Moderate	Possible		Unintentional overpayments – The NFI activity may identify overpayments where no fraudulent activity has arisen, but a benefactor has unintentionally benefited from the Fund, e.g. payments continuing to be made to a widow(er) following the death of their partner. In such instances, officers act compassionately whilst still protecting the assets of the Fund.	Minor	Unlikely		Reconciliation of scheme data (pensioners and deferred members) against NFI is procured half yearly.	Sep-22	Note: cases do not necessarily constitute a fraud, but do represent areas where there is a discrepancy between the Fund's information and data from the government agencies. Half yearly comparison eliminates risks of over payment. NFI data matching costs is met by the Fund.
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Totals					
Governance		Funding & Investment Risks (includes accounting and audit)		Administration & Communication Risks	
Red	0	Red	0	Red	5
Amber	7	Amber	7	Amber	5
Green	3	Green	5	Green	4

<p>Non-Executive Report of the:</p> <p>Pensions Committee</p> <p>Thursday, 10 March 2022</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Kevin Bartle, Interim Corporate Director, Resources</p>	<p>Classification: Restricted</p>
<p>Pensions Administration and LGPS Quarterly Update – December 2021</p>	

Originating Officer(s)	Miriam Adams
Wards affected	(All Wards)

Executive Summary

To provide Members with information relating to the administration and performance of the Fund over the last quarter as well as update on key LGPS issues and initiatives which impact the Fund.

Recommendations:

The Pensions Committee is recommended to:

1. Note and comment on the contents of this report and appendix

1. REASONS FOR THE DECISIONS

- 1.1 This Committee need to receive this report on a regular basis to discharge its duty.

2. ALTERNATIVE OPTIONS

- 2.1 There are no alternative options to this report.

3. DETAILS OF THE REPORT ADMINISTRATION UPDATE

Scheme Membership at 31 December 2021.

- 3.1 A core part of running the pension fund is the maintenance of scheme membership records that enable scheme benefits to be calculated in addition to dealing with new members joining and members leaving the scheme. This activity is carried out in house. The team also deals with employer related issues, including new employers and cessation. Task outstanding reported last quarter slightly moved since reported due to reopening of a few frozen and pensioner cases since quarter end report.

Membership Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	7,315	8,132	331	6,907	1,851
% of Membership	29.83%	33.16%	1.31%	28.16%	7.55%
Change from last quarter	(8)	60	(29)	81	41

Membership Category	At 30/09/21	+/- Change (%)	31/12/21
Active	7,323	-0.1	7,315
Deferred	8,072	0.7	8,132
Pensioner (incl spouse & dependant members)	350	-8.3	321
Undecided	6,826	1.2	6,907
Frozen	1,838	0.7	1,851
Total	24,409	0.5	24,526

- 3.2 The table below shows tasks completed and outstanding on 31 December 2021.

Task type	Tasks Outstanding 30/09/21	New Tasks	Tasks Closed	Tasks Outstanding 31/12/21
Transfer in quotes	6	56	47	15
Transfer Out quotes	15	71	61	29
Employee estimates	32	74	71	21
Retirement quotes	23	196	189	30
Preserved benefits	75	137	196	21
Opt out	10	208	185	33
Refund Calculations	6	123	116	12
Refund Payments	7	69	66	10
Death in payment or in service	14	102	87	29
Actual Transfers In	10	29	28	11
Actual Transfers Out	12	37	39	10
Others	34	266	284	16
Starters	5	531	494	42
Leavers	81	214	263	32
Total Tasks	330	2,113	2,126	311

- 3.3 The above tables exclude most tasks received via the pension team inbox. Most queries are currently actioned immediately without logging them to avoid

further delay to existing backlog. Some queries like refunds, opt outs, death notifications, leavers, retirement quotes are logged as tasks and allocated to members of the team to action.

3.4 The setting up of workflows for tasks was included in the Pensions Administration remediation plan presented to Committee in June 2020. Since then, the team has engaged with Aquila Heywood, the pensions administration software provider to set up workflows for majority of tasks thereby enabling staff to follow the same processes, minimising errors and monitor performance.

3.5 The use of workflow system now enables the team to benchmark its tasks against CIPFA suggested KPI's. The table below shows performance of completed cases for newly set up workflows on 31 December 2021.

The Head of Pensions and Treasury meets with officers within the team weekly or fortnightly to review their tasks lists. This is expected to be passed on to the Pensions Admin Manager and Team Leaders.

3.6 Additional workflows outstanding to be set up:

- Optout
- Transfer in actual
- Transfer out actual
- Bank account change
- Bacs return
- AVC
- APC

3.7 The table below shows performance against CIPFA suggested timelines. Some tasks such as transfers in and out as well as processing of deaths and retirements require initial responses from 3rd parties, other pension funds, lawyers or scheme members which sometimes take time.

Description	Altair Workflow Ref	CIPFA Target (Days)	Oct	Nov	Dec
			% Within Target	% Within Target	% Within Target
Retirements					
Voluntary	AHEARLYA	15	100.00	100.00	87.50
Redundancy	AHREDUNA	15	90.91	100.00	87.50
Medical	AHIHRETA	15	80.00	-	100.00
Late	AHLATERA	15	71.43	100.00	100.00
Flexible	AHFLEXRA	15	-	-	100.00
Deferred into Payment	AHDBPAYA	15	42.11	75.00	67.86
Transfers					
Transfer In - Quotes	AHTVIQ	10	64.71	57.14	50.00
Transfer Out - Quotes	AHTVOQ	10	33.33	72.73	14.29
Transfer In - Actual	IFAIN03 & TVIN03	0	workflow to be developed		
Transfer Out - Actual	IFAOUT02 & TVOUT02	0	workflow to be developed		

Refunds					
Refund Calculations	AHRFNDF	10	96.67	90.48	97.37
Refund Payments	AHRFNDA	10	95.00	79.17	93.75
Estimates					
Voluntary	AHBENEST & AHEARLYQ	15	68.00	70.37	82.35
Redundancy	AHREDUNQ	15	64.29	66.67	100.00
Medical	AHIHRETQ	15	100.00	50.00	100.00
Late	AHLATERQ	15	100.00	100.00	71.43
Flexible	AHFLEXRQ	15	100.00	100.00	100.00
Deferred into Payment	AHDBPAYQ	15	91.30	88.89	83.33
Deferred					
Deferred Calculations	AHDEFLV	30	73.20	88.06	88.89
Opt Out					
Opt Out	OPTOUT	2	workflow to be developed		
New Starters					
New Starters	AHNEWST	40	100.00	100.00	100.00
Nominations					
Nomination Changes	AHNOMIN	10	100.00	90.48	93.75
Address					
Address Changes	AHADDRES	15	100.00	95.45	100.00
Bank Account					
Bank Account Change	BANK-01	0	workflow to be developed		
General Enquiry					
General Enquiry	AHMEMBER	10	89.80	81.13	83.78
Deaths					
Death Cases - General	AHDEATH	15	75.92	67.65	57.69
Monthly Average			78.99	76.06	84.52

Pension Savings Statement 2020/21

- 3.9 Annual Allowance (AA) is the value of annual pension savings a scheme member can make each year and still receive tax relief. If the value of pension benefits in any one year grows by more than the Annual Allowance, then the growth will become subject to a tax charge – unless the scheme member has any unused annual allowance amounts from the previous 3 tax years. The Fund issued majority of statements to scheme members who required one by 6th October, there remains a few which require more work to resolve. It is the member's responsibility to resolve the tax issue with HMRC.

The Fund is not authorised to provide any financial advice to our members.

EMPLOYER UPDATES

- 3.10 Employers with active members on 31 December 2021.

Administering Authority	Scheduled Bodies
London Borough of Tower Hamlets	Attwood Academy (Ian Mikardo School)
Admitted Bodies	Canary Wharf College
Compass Contract Services Limited	City Gateway
East End Homes	East London Arts & Music
Gateway Housing Association (formerly Bethnal Green and Victoria Park Housing Association)	London Enterprise Academy
Greenwich Leisure Limited	Letta Trust (Stebon and Bygrove Schools)
One Housing Group (formerly Island Homes)	Mulberry Academy
Tower Hamlets Community Housing Limited	Paradigm Trust (Culloden, Old Ford and Solebay Primary Schools)
Vibrance (formerly Redbridge Community Housing Limited)	Sir William Burrough
Wettons Cleaning Limited	St. Pauls Way Community School
Mediquip	Tower Hamlets Homes Limited
Atlantic Cleaning Services	Wapping High School
Purgo Supplies Services Ltd	Boleyn Multi-Academy Trust
Juniper Ventures Ltd	
Olive Dining	
Age UK East London	

- 3.11 As at the time of writing of this report all employers have submitted data to 31 December 2021 however officers continue to liaise with employers on quality of data received. The Pensions Admin Team continues to extract data from council resource link system pending when the payroll team takes on this responsibility. Data extracted still remain incomplete and inaccurate in some instances.

The focus remains to get the Council, Mulberry Academy Trust, Tower Hamlets Homes, East End Homes, Cayley School and Bowden House School and their payroll provider uploading of monthly employee payroll data to the i-Connect pensions portal.

Admission of New Employers

- 3.12 No new employer admissions during the quarter.

LGPS SCHEME and LEGISLATIVE UPDATES

2022/23 Employee Contribution Bands

- 3.13 Below are the employee contribution bands which will be effective from 1 April

2022. These are calculated by increasing the 2021/22 employee contribution bands by the September 2021 CPI figures of 3.1 per cent and then rounding the result to the nearest £100.

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £15,000	5.50%	2.75%
2	£15,001 to £23,600	5.80%	2.90%
3	£23,601 to £38,300	6.50%	3.25%
4	£38,301 to £48,500	6.80%	3.40%
5	£48,501 to £67,900	8.50%	4.25%
6	£67,901 to £96,200	9.90%	4.95%
7	£96,201 to £113,400	10.50%	5.25%
8	£113,401 to £170,100	11.40%	5.70%
9	£170,101 or more	12.50%	6.25%

HMT

- 3.14 On 20 January 2022, the Government made a written statement on Indexation and revaluation in public service pension schemes and published the 2022 pensions increase (PI) multiplier tables. The statement confirms that public service pensions will increase on 11 April 2022 by 3.1 per cent, except for pensions that have been in payment for less than a year, which will receive a pro-rata increase. The statement also confirms that active LGPS CARE accounts will increase on 1 April 2022 by 3.1 per cent. The Government expects to make the annual revaluation orders in March 2022.

SF3

- 3.15 On 21 December 2021, DLUHC published revised SF3 statistics for 2020/21. Initial figures for 2020/21 was published on 27 October 21, the statistics were based on data provided by 83 of the 85 administering authorities, which in some cases was based on provisional accounts data. Where data was based on provisional accounts, authorities were asked to submit revised data if their audited figures were significantly different.

DWP

- 3.16 DWP launch second review of State Pension age. The review was launched on 14 December 2021. It will consider if the State Pension age (Spa) rules are still appropriate based on the latest life expectancy data and other evidence.

The Pensions Act 2014 requires Government to regularly review Spa and for the latest review to be published by 7 May 2023. The Government Actuary will provide a report assessing the appropriateness of Spa considering the latest life expectancy projections.

Levelling Up by Investing Locally

3.17 Government white paper issued 2 February states and ambition for the LGPS to invest up to 5% of its assets in local projects.

It is the understanding of the LGPS Scheme Advisory Board that this local context refers to UK rather than local to a particular fund and currently there is no mandation beyond the requirement to have a plan. This issue is covered in more detail in the December quarter performance report.

Section 13

3.18 The Government Actuary’s Department (GAD) in December 2021 published its report on the 2019 LGPS valuations in England and Wales, prepared under Section 13 of the Public Service Pensions Act 2013. The report checks whether local fund valuations comply with four criteria and sets out some recommendations for the Scheme Advisory Board and DLUHC to consider. The 2019 report noted the LGPS scheme’s strong funding position and the positive steps taken since the last report in 2016.

McCloud

3.19 The recently introduced Public Service Pensions and Judicial Offices Bill to Parliament makes provision to rectify the unlawful age discrimination identified by the McCloud judgement. For the LGPS, the Bill confirms which members will be in scope and what service is ‘remediable’. This clarity will allow for LGPS legislation to be changed to implement the McCloud remedy. On 18th February 2022, further amendments to the Public Service Pensions and Judicial Offices Bill will be debated at report stage. LGPS specific legislation remain expected. In the interim officers focus on working with Heywood in respect of filling data gaps and data collection from employers.

The table below shows work completed by Heywood and officers during the quarter.

Completed Tasks	Next Period
<p>The following activities have been completed so far in respect of working with employers to collect required data:</p> <ul style="list-style-type: none"> • Kick off call/Employer survey • Run reports and identified all in scope members • Employers contact details supplied by the pension fund 	<p>Activities planned for next quarter:</p> <ul style="list-style-type: none"> • Issue data to employers and set deadline for response (2 weeks) • Monitor response from employers

<ul style="list-style-type: none"> • Data split complete – Majority of email addresses missing complete • Preparations to send data to employers 	
Slippage and remedial action on data collection	Key risks and issues
	<ul style="list-style-type: none"> • Risk that employers do not respond or supply data in in correct format • Heywood will send the Fund a list of employers who have not replied.

McCloud project plan on 31 January 2022.

Task	Target Completion Date	Current Status
Planning	Oct-20	Complete
Understanding of broad technical requirements	Feb-21	Complete
Consider use of 3rd party provider	Apr-21	Complete
Identify stakeholders	May-21	Complete Jul 21
Identify workstream for McCloud*	May-21	Complete
Locate historic council employee data held in house	Jul-21	Outstanding
Receive LGPS regulations and guidance*	Jun-21	Expected Mar 22
Understand detailed technical requirements from LGPS regulations and guidance*	Jul-21	Expected May 22
Establish initial possible data set	May-21	Completed Dec 21
Analyse data set for membership in scope*	Sep-21	Completed Feb 22
Commence employer engagement to ensure receipt of member data when required	May-22	May-22
Attend employer's forum	Aug-22	Aug-22
Identify scheme members who may be affected*	May-22	May-22
Establish delivery format*	Mar-22	Jun-22
Member Communication (continuous)	July 21 -- Mar 23	Mar-23

Analyse data received from employers and establish how to deal with non-compliance	Apr 22 - Jul 22	Sep-22
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*Status dependent on LGPS legislation issued

Member Self Service (MSS) Roll Out

- 3.20 The roll out of Member Self Service (MSS), the pensions portal to enable scheme members access pension records, update home address, nominations and telephone numbers continue.

The team commenced roll out via a phased roll out approach, starting with scheme members in Mulberry Place with email addresses on the pensions systems. This was followed by larger employers like Tower Hamlet Homes and St Pauls Way Trust School Academy. In January the roll out to LGPS members employed by schools took place in addition to a remainder to staff in Mulberry Place who had initially received pin numbers.

DLUHC Levelling Up whitepaper

- 3.21 The government published the Levelling Up whitepaper which includes references to LGPS funds having plans for up to 5% of assets to be allocated to projects which support local areas. It is the understanding of the Scheme Advisory Board that in this context local refers to UK rather than local to a particular fund and that there will be no mandate beyond the requirement to have a plan. Further details will emerge over the period up to an expected summer consultation which will also include the outstanding climate risk and reporting regulations and the pooling guidance.

DWP Consultation on Pensions Dashboards Regulations

- 3.22 The DWP have launched a consultation on the draft Pensions Dashboards Regulations. The consultation closes on 13th March 2022.

3.23 GDPR Documents

The LGPS Scheme Advisory Board issued new versions of GDPR documents updated to reflect Brexit, the Schrems II 9 decision on transfer data outside the European Economic Area and guidance on data sharing agreements issued by the Information Commissioner's Office.

The Tower Hamlets Pension Fund GDPR documents have been processed, passed to the Administering Authority's Governance Information team for comments and presented to Pensions Committee in March 2022 for approval.

- Full privacy notice (v4)
- Summary privacy notice (v3)

- Data retention policy (funds) (v2)
- Data retention policy (employers) (v2)
- Memorandum of understanding (v2)

3.24 Updated Code of Transparency

Following a consultation with Code signatories, proposed amendments to the LGPS Code of Transparency were agreed by the LGPS Scheme Advisory Board at its meeting of 27th September.

Investment costs are a complex area which pension committees and officers need to consider and understand.

The Code of Transparency covering investment management fees and costs was developed and approved by the Board and launched in May 2017. Fund managers to the LGPS have been encouraged to sign up to this Code. All Tower Hamlets Pension Fund investment managers have signed up to the Code. Officers receive annual breakdown of costs in the Transparency Code format.

The LGPS Code of Transparency helps LGPS clients gather cost information in a consistent format. Cost information must always be viewed in the context of risk and return and should form part of any overall value for money assessment.

The compliance system makes the process of collation more efficient than the previous adhoc arrangements and will ensure the Board can monitor compliance for LGPS funds and pools.

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 This section of the report is used to highlight further 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. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.

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 Pensions Committee 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 Committee to receive information from the Pensions Administration team about the performance of the administration functions of the pension fund and updates on the LGPS generally.

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:

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Appendix 1

Monthly Data Submission on 31 December 2021

(Employer data submission is not a guarantee that correct data was submitted)

Employer Name	Employer Code	Employer Type	Payroll Provider	Data Submitted to
Age UK	00045	Admitted Body	Employer inhouse payroll	31/12/21
Atlantic Cleaning Services	00037	Admitted Body	Employer inhouse payroll	31/12/21
City Gateway	00025	Admitted Body	EPM	31/12/21
Compass Contract	00027	Admitted Body	Compass Group	31/12/21
Gateway (Bethnal Green & Vic)	00010	Admitted Body	Employer inhouse payroll	31/12/21
Greenwich Leisure Limited	00007	Admitted Body	Employer inhouse payroll	31/12/21
Juniper Catering St Saviours	00040	Admitted Body	Employer inhouse payroll	31/12/21
Juniper Cleaning St Saviours	00041	Admitted Body	Employer inhouse payroll	31/12/21
Medequip	00035	Admitted Body	Employer inhouse payroll	31/12/21
Olive Dining	00043	Admitted Body	Employer inhouse payroll	31/12/21
One Housing (Toynbee Island)	00011	Admitted Body	Employer inhouse payroll	31/12/21
Purgo Supply Cyril Jackson	00039	Admitted Body	Employer inhouse payroll	03/12/21
Purgo Supply St Paul's	00042	Admitted Body	Employer inhouse payroll	04/12/21
REDBRIDGE CHL (Vibrance)	00004	Admitted Body	Employer inhouse payroll	31/12/21
THCH (Closed Scheme)	00003	Admitted Body	Employer inhouse payroll	31/12/21
THCH (Open Scheme)	00008	Admitted Body	Employer inhouse payroll	31/12/21
Taylor Shaw - Catering	00036	Admitted Body	Elior	31/12/21
Taylor Shaw - Stepney Green	00048	Admitted Body	Elior	
Wettons Cleaning Services Ltd	00034	Admitted Body	Employer inhouse payroll	31/12/21
Bishop Challinor Catholic Federation of Schools	00131	Scheduled Body	SGW Payroll	31/12/21
Canary Wharf College	00021	Scheduled Body	Employer inhouse payroll	31/12/21
Clara Grant - Boelyn Trust	00046	Scheduled Body	Access Group	31/12/21
Cyril Jackson Academy	00044	Scheduled Body	Midland HR	31/12/21
East London Arts & Music	00030	Scheduled Body	Day One Trust	31/12/21
Ian Mikardo Academy	00029	Scheduled Body	EPM	31/12/21
LETTA Trust	00028	Scheduled Body	Access Group	31/12/21
London Enterprise Academy	00023	Scheduled Body	Strictly Education	31/12/21
Paradigm Trust	00033	Scheduled Body	Neo People	31/12/21
Sir William Burrough Academy	00018	Scheduled Body	Data Plan	31/12/21
Stepney Green -Mulberry Trust	00047	Scheduled Body	EPM	31/12/21
St Pauls Way Trust Academy	00019	Scheduled Body	Midland HR	31/12/21
Wapping High School	00024	Scheduled Body	Employer inhouse payroll	31/12/21
Olga Primary School	00128	Council Pool	Employer inhouse payroll	31/12/21
Bowden House	00129	Council Pool	Employer inhouse payroll	31/12/21
Cayley Primary School	00130	Council Pool	Strictly Education	31/12/21
TH EPM MPP	00001	Council Pool	EPM	31/12/21
Tower Hamlets LBC	00001	Council Pool	LBTH Payroll	31/12/21
Itres (Fortnightly Payroll)	00001	Council Pool	LBTH Payroll	31/12/21
Central Foundation	00001	Council Pool	LBTH Payroll	31/12/21
East End Homes	00006	Admitted Body	LBTH Payroll	31/12/21
Mulberry Academy	00026	Scheduled Body	LBTH Payroll	31/12/21
Tower Hamlets Homes	00013	Scheduled Body	LBTH Payroll	31/12/21

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Agenda Item 8.2

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