

Pension Board

Agenda

Monday, 4 November 2024 at 10.00 a.m.
Committee Room - Tower Hamlets Town Hall,
160 Whitechapel Road, London E1 1BJ

Members:

Chair: John Jones (Independent Chair)

Vice Chair: David Stephen Thompson (Representing Retired/Deferred Pension Fund Members)

John Gray, (Representing Active Admitted/Statutory Bodies Pension Fund Members)

Councillor Musthak Ahmed, (Cabinet Member for Jobs, Enterprise, Skills and Growth)

Chris Boylett, (Interim Head of Revenue and Benefits)

Nneka Oroge, Active Fund Members Representative

Annette McKenna, Representing Admitted Bodies Employers

Substitutes: Michael Alderson

[A meeting is only quorate when at least one person of each member and employer representatives are present including the independent chair, or 50% of both member and employer representative are present]

Contact for further enquiries:

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

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

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A Guide to the Pensions Board

The Pensions Board was created in 2015 under the requirements of the Public Service Pensions Act 2013 to assist the Administering Authority (Tower Hamlets Council) in its role as a scheme manager of the Scheme. Its role is to:

- a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and;
- b) to ensure the effective and efficient governance and administration of the Scheme.

Public Engagement

Meetings of the committee are open to the public to attend, and a timetable for meeting dates and deadlines can be found on the council's website.

London Borough of Tower Hamlets

Pension Board

Monday, 4 November 2024

10.00 a.m.

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTERESTS**
3. **UNRESTRICTED MINUTES OF THE PREVIOUS MEETING(S) (PAGES 9 - 18)**

To confirm as a correct record of the proceedings the unrestricted minutes of the meeting of the Pension Board held on 16th September 2024.

4. **SUBMISSIONS FROM FUND MEMBERS**

To consider any written submissions from Fund Members/Stakeholders.

(Submissions must be received by the Clerk to the meeting no later than 5.00p.m. on the day before the meeting.)

5. **SUBMISSIONS / RESPONSES FROM PENSIONS COMMITTEE**
6. **REPORTS FOR CONSIDERATION**
 - 6 .1 Pensions Administration Report – September 2024 (Pages 19 - 28)
 - 6 .2 Scheme Engagement and Communications Report (Pages 29 - 34)
 - 6 .3 Pension Fund Risk Register (Pages 35 - 68)
 - 6 .4 Pension Fund Liquidity and Cashflow Monitoring (Pages 69 - 76)
- 6 .5 **TRAINING EVENTS**
7. **PENSION BOARD WORK PLAN**
8. **PENSIONS COMMITTEE AGENDA FOR THE FORTHCOMING MEETING**



8 .1 Quarterly Investment Review – September 2024

To follow

9. ANY OTHER BUSINESS

10. EXCLUSION OF PRESS AND PUBLIC

In view of the contents of the remaining items on the agenda the Committee is recommended to adopt the following motion: “That, under the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government Act,1972.”

EXEMPT SECTION (Pink Papers)

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

10 .1 RESTRICTED MINUTES OF THE PREVIOUS MEETING(S) (Pages 99 - 108)

To confirm as a correct record of the proceedings the restricted minutes of the meeting of the Pension Board held on 16th September 2024.

10 .2 Governance Report (Pages 109 - 138)

Next Meeting of the Pension Board

Monday, 3 March 2025 at 10.00 a.m. to be held in Committee Room - Tower Hamlets Town Hall, 160 Whitechapel Road, London E1 1BJ



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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.

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, 16 SEPTEMBER 2024

**COMMITTEE ROOM - TOWER HAMLETS TOWN HALL, 160 WHITECHAPEL
ROAD, LONDON E1 1BJ**

Members Present in Person:

John Jones	Independent Chair
David Stephen Thompson	(Representing Retired/Deferred Pension Fund Members)
Councillor Musthak Ahmed	(Cabinet Member for Jobs, Enterprise, Skills and Growth)

Members In Attendance Virtually:

John Gray	(Representing Active Admitted/Statutory Bodies Pension Fund Members)
Chris Boylett	(Interim Head of Revenue and Benefits)
Annette McKenna	Representing Admitted Bodies Employers

Apologies:

Nneka Oroge	Active Fund Members Representative
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Others Present in Person:

Barry Dodds	Actuary
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Officers Present in Person:

Paul Audu	(Interim Head of Pensions & Treasury)
Abdulrazak Kassim	(Director Finance, Procurement and Audit)
Julie Lorraine	(Corporate Director Resources)
Farhana Zia	(Democratic Services Officer, Committees, Governance)

Officers In Attendance Virtually:

Carole Bowes	(Employment lawyer, Legal Services, Directorate Law, Probity and Governance)
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VARIATION IN THE ORDER OF BUSINESS

The Chair, Mr John Jones stated item 9.2, Triennial Actuarial Valuation 2025 and Funding Update did not need to be part of the restricted agenda and as such the training by Hymans Robertson would be presented first.

Thereafter the Board would consider the reports that were part of the 'open' agenda before taking item 9.4 first and then the remainder of the restricted agenda.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Nneka Oroge, Active Fund Members' representative.

2. DECLARATIONS OF INTERESTS

There were no declarations of pecuniary interest made by Board members.

3. UNRESTRICTED MINUTES OF THE PREVIOUS MEETING(S)

The unrestricted minutes of 8th July 2024 were **AGREED** and **APPROVED** as an accurate record of the meeting.

Matters arising

Mr Thompson asked for further information in relation to some of the action points in the minutes. He asked:

- If the Pension Fund accounts had met the deadline for submission;
- If the 10 outstanding cases referred to under item 7.4 had been resolved; and
- Confirmation that the compliance statement had been completed.

Ms Julie Lorraine, Corporate Director for Resources and Section 151 Officer and Mr Paul Audu, Interim Head of Pensions and Treasury responded to the questions raised.

- The accounts were on course to meet the submission deadline for Deloitte's to 22/23 but there remained a risk to 23/24 with the EY timetable.
- The 10 outstanding cases were being worked on, with help from legal colleagues.
- The compliance statement was being worked on.

4. SUBMISSIONS FROM FUND MEMBERS

There were no submissions from fund members.

5. SUBMISSIONS / RESPONSES FROM PENSIONS COMMITTEE

There were no submissions/responses from the Pensions Committee.

6. REPORTS FOR CONSIDERATION

6.1 Employer Engagement and Communications Report

Mr Paul Audu, Interim Head of Pensions and Treasury stated the report provided members with an update on the Employer engagement and communications policy of the Fund. Mr Audu referred to the bullet points stated at paragraph 3.2 and said these were the current issues the LGPS had to engage with employers about, who are part of the scheme. Mr Audu said an Employers Information Forum was planned for January 2025 to engage with employers.

In response to comments and questions from members the following was noted:

- The Board welcomed the idea of holding a Pension Fund Information Forum in January 2025. The Board stated they had been asking for this for some time now.
- Referring to the bullet points at paragraph 3.2, Mr Thompson said the items listed were strategic heavy subjects and perhaps the better approach would be to promote the benefits of the LGPS, the options available and demystify some of the myths, about investing in a pension. Mr Audu responded stating that the agenda for the AGM would be brought back to the November meeting of the Board and Committee for approval.
- Ms Lorraine concurred with the approach outlined and said it should be simpler. She said whilst it was important to engage with current employers, it was equally important to promote the scheme to prospective employers who are not in the scheme. This was key to the longer-term sustainability of the fund given the demographic younger aged profile of those not joining.

The Pension Board **RESOLVED** to **NOTE** and **AGREE** the recommendations being made to the Pensions Committee, for its meeting of 30th September 2024 that:

The Pensions Committee is recommended to:

1. Note the content of this report.
2. Agree officers' proposal to hold a Pension Fund Information Forum for scheme employers and members in January 2025, at TH Town Hall, date and the event agenda to be agreed with the Fund Actuary and Investment Consultant.
3. Note that officers will provide an update on the proposed Forum planning including a draft agenda to the Committee in November for consideration and, if satisfied, approval.

6.2 Governance Report

Mr Paul Audu, Interim Head of Pensions and Treasury presented the report and said the report updated members in relation to the governance and legislative issues affecting the Fund. He said it informed members of the

developments in the LGPS and regulatory environment, policy changes and pooling.

In response to comments and questions the following was noted:

- Referring to appendix 2 of the report, Mr Jones the Independent Chair asked how the Government Actuary tracked the progress of funds. Mr Audu responded stating that the LBTH LGPS was not on the list referred to on page 123 of the agenda as there were no red flags, and the Fund was in surplus.

The Pensions Board **RESOLVED** to **NOTE** and **AGREE** the recommendation being made to the Pensions Committee for its meeting of 30th September that:

The Pensions Committee is recommended to:

1. Note the Government Actuary's Department (GAD) 2022 Section 13 Report published on 14 August 2024 (**Appendix 1**);
2. Note the Government Actuary's Department (GAD) 2022 Section 13 Report published on 14 August 2024 – separate appendices (**Appendix 2**);
3. Note the TH Pension Fund's 2022 Section 13 results;
4. Note the implications of the GAD 2022 Section 13 report on the 2025 actuarial valuation;
5. Note the exit credit cases currently under consideration; and
6. Note the current government action to pursue efficiencies in the LGPS including a Pensions Investment Review and a Call for Evidence.

6.3 Pensions Administration Report - June 2024

Mr Paul Audu, Interim Head of Pensions and Treasury said the report provided an update on Pension Administration and the performance of the scheme for the quarter up to June 2024.

In response to comments and questions from members the following was noted:

- Referring to the table at paragraph 3.1 of the report, Mr Thompson asked what action had been taken in relation to 'frozen' members and the 30% of undecided members? Mr Audu said 'frozen' members, had to decide whether they wanted to leave their pension with LBTH LGPS or move it elsewhere. In respect to the undecided members, efforts are made by officers to encourage them to become full members.
- In reference to paragraph 3.2, and the delay in despatching the Annual Benefit Statements on time, the Board asked if the delay affected those who receive their statements via post, online or both? Mr Audu said there had been a technical hitch, whereby the system was locked. However, he worked with IT Officers to resolve this as soon as possible. There had been a delay of 2 days.
- The Board asked for an update in respect to staffing numbers and the number of vacancies in the team. Mr Audu informed members a new

team member had joined and another was expected to join by the end of the week. He said he would continue to make efforts to recruit to the other unfilled positions by the end of the year.

The Pensions Board **RESOLVED** to **NOTE** and **AGREE** the recommendations being made to the Pensions Committee for its meeting on 30th September that:

The Pensions Committee is recommended to:

1. Note the contents of this report;
2. Note the employer admissions in the pipeline;
3. Note the late despatch of Annual Benefit Statements due to a technical hitch; and
4. Note the progress and ongoing effort to improve the quality of the pensions data.

6.4 Training

Mr Paul Audu, Interim Head of Pensions and Treasury said the report updated members in relation to the training arrangements for the Committee and Board. He said members of both the Board and Committee were required to complete training via the training portal and reminders had been sent to members. He said the National Knowledge Assessment was being launched on the 17th September and required completion as soon as possible.

In response to comments and questions the following was noted:

- The Hymans portal and the LGPS Online Learning Academy (LOLA) were one of the same thing. There were new modules on the online portal that members needed to complete.
- It was suggested that instead of asking members to complete the modules as soon as possible, to set a target date for completion as each module took considerable time to understand and complete to a satisfactory level.
- **ACTION:** Hymans Robertson to send a refreshed email to all members with a link to the online training, so members can access the new modules of training for completion.

The Pensions Board **RESOLVED** to **NOTE** and **AGREE** the recommendation being made to the Pensions Committee for its meeting of 30th September that:

The Pensions Committee is recommended to:

1. Note the content of this report.
2. Note that Committee and Board members have been enrolled on the LGPS Online Learning Academy (LOLA) and will have received individual email confirmation of enrolment.
3. Note that Committee and Board members can now access the LOLA portal to review the modules they have been enrolled to complete the learning at their own pace.
4. Note that Hymans will be launching the 2024 National Knowledge Assessment (NKA) on 17 September 2024.

5. Note that it is recommended that Committee and Board members commence the assessment as soon as possible after the launch date.
6. Note that Committee and Board members will be provided with a link to the assessment prior to the launch of the NKA.
7. Advise officers of any training completed and event(s) attended not recorded in the training log.

6.5 Tower Hamlets Pension Board Annual Report 2023-24

Mr John Jones, Independent Chair of the Board presented his annual report, which set out the work carried out by the Board for the financial year 2023-24.

In response to comments and questions from members the following was noted:

- Members of the Board did not have any questions in relation to the annual report.

The Pensions Board **RESOLVED** to **NOTE** and **AGREE** to Annual report of the Pensions Board for 2023-24.

7. PENSIONS COMMITTEE AGENDA FOR THE FORTHCOMING MEETING

Mr Paul Audu, Interim Head of Pensions and Treasury said the work programmes of both the Committee and the Board for 2024/25 were appended to the report. He said many of the reports mirrored each other on both work programmes, to allow both the Board and the Committee to properly scrutinise and comment on the activities of the LGPS.

In response to comments and questions the following was noted:

- Mr Thompson enquired if the Annual Funding and Investment Strategy would be coming to the Board and Committee? Mr Audu responded saying this would be added once the triennial valuation had been completed.
- In respect to training, Mr Audu confirmed the training received by the Board today, on the Triennial valuation would be added to the log.

The Board **RESOLVED** to **NOTE** and **AGREE** the recommendations being made to the Pensions Committee for its meeting of 30th September that:

The Pensions Committee is recommended to:

1. Note the content of this report.
2. Consider the Work Programme for the Committee and Board included in this report (**Appendix 1**) and (**Appendix 2**) respectively.
3. Read this report in conjunction with the separate report titled "Training" to this Committee, and that Committee and Board members have been enrolled on the LGPS Online Learning Academy (LOLA) and will have received individual email confirmation of enrolment.

4. Note that Hymans will be attending this meeting and the Board to provide training on actuarial valuation.
5. Advise officers of any training completed and event(s) attended not recorded in the training log.

8. ANY OTHER BUSINESS

No other business was discussed by Board members.

9. EXCLUSION OF PRESS AND PUBLIC

The Chair **MOVED** the motion to exclude members of the press and public for the restricted (part 2) of the agenda. This was **SECONDED** by Mr Thompson, vice-chair of the Board.

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.”

9.1 RESTRICTED MINUTES OF THE PREVIOUS MEETING(S)

The restricted minutes of 8th July 2024 were **AGREED** and **APPROVED** as an accurate record of the meeting.

9.2 Triennial Actuarial Valuation 2025 and Funding Update

Mr Barry Dodds, from Hymans Robertson gave a presentation to the Board, which highlighted how the Actuarial Valuation is undertaken. He explained how the fund works, how the strategy is set, the current funding status of the LGPS Fund and the change in environment such as high inflation and investment outlook affect the performance of the fund. Mr Dodds outlined the main funding risks and valuation considerations for the 2025 Triannual valuation.

In response to comments and questions from members the following was noted:

- **ACTION:** Referring to the heatmap, the Corporate Director for Resources Ms Lorraine asked if details could be provided from Club Vita of where Tower Hamlets members of the LGPS reside as the wider UK figures may not be representative of the makeup of the council's workforce and noted that much of the valuation would focus on life expectancy and longevity.
- Referring to the options slide and retaining the surplus, Mr Thompson asked how the investment strategy would change to deal with volatility.

He asked if the option was to invest in more liquid assets. Mr Dodds confirmed it was.

- In response to how government policy, impacts on projected assumptions made, Mr Dodds said modelling was used to consider these factors. For example, if a considerable amount of redundancies were projected this would impact the profile of the LGPS membership.

The Pensions Board **RESOLVED** to **NOTE** and **AGREE** the recommendations being made to the Pensions Committee for its meeting of 30th September that:

The Pensions Committee is recommended to:

1. Note the content of this report.
2. Note that the estimated funding level of the pension fund was 163% at 30 June 2024.
3. Note that Pension Fund returns resulting from the Committee's investment decisions impact the estimated funding levels.
4. Note that the Fund Actuary, Hymans will be attending this meeting to discuss their approach to the upcoming 2025 actuarial valuation and provide training. The training material is at **Appendix 1**.
5. Note the 2025 actuarial valuation planning presentation appended to this report (**Appendix 2**).

9.3 Draft Annual Report and Accounts 2023-24 - Update

Mr Paul Audu, Interim Head of Pensions and Treasury stated the report updated members on the 2023/24 Tower Hamlets Pension Fund year-end closing, the preparation of the Draft Pensions Fund Annual Report and Accounts and the ongoing work by EY LLP.

The Pensions Board **RESOLVED** to **NOTE** and **AGREE** the recommendations to the Pensions Committee for its meeting of 30th September that:

The Pensions Committee is recommended to:

1. Note this report and progress with respect to the ongoing external audit work by EY LLP; and
2. Note the Guidance for LGPS Funds published by DLUHC in April 2024 appended to this report (**Appendix 1**).

9.4 Israel/Middle East Exposure Report

The minute for this item is restricted.

9.5 Pension Fund Risk Register - 30 June 2024

Mr Paul Audu, Interim Head of Pensions and Treasury presented the Pension Fund Risk Register as at 30th June 2024 report. He referred to the risks listed at paragraph 3.3 onwards and explained what action had been taken to mitigate against them.

The Pension Board **RESOLVED** to **NOTE** and **AGREE** the recommendations being made to the Pensions Committee for its meeting of 30th September that:

The Pensions Committee is recommended to:

1. Note the detailed Risk Register appended to this report (Appendix 1).

9.6 Liquidity and Cashflow Monitoring - 30 June 2024

Mr Pau Audu, Interim Head of Pensions and Treasury presented the Liquidity and Cashflow monitoring report as at 30th June 2024. He said the report showed the cashflow forecast for 2024/25 and 2025/26. He said the forecast covers a two-year cycle, with a projected forecast of £11.6m positive net cashflow by 2025/26 without divesting from investments.

The Pension Board **RESOLVED** to **NOTE** and **AGREE** the recommendations being made to the Pensions Committee for its meeting of 30th September that:

The Pension Committee is recommended to:

1. Note the Pension Fund liquidity and cashflow forecast 2024/25 to 2025/26 appended to this report (**Appendix 1**).

9.7 Quarterly Investment Review - June 2024

This report did not make the Pension Board agenda and therefore was not considered.

The meeting ended at 12.21 p.m.

Chair, John Jones
Pension Board

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<p>Non-Executive Cover Report of the:</p> <p>Pension Board</p> <p>Monday, 4 November 2024</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Julie Lorraine, Corporate Director, Resources</p>	<p>Classification: Open (Unrestricted)</p>
<p>Cover Report of: Pensions Administration Report – September 2024</p>	

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

Executive Summary

This report provides Committee members with information on the administration and performance of the Scheme for the quarter to September 2024.

Recommendations:

The Pensions Committee is recommended to:

1. Note the contents of this report;
2. Note the employer admissions in the pipeline;
3. Note the Scheme and legislative update; and
4. Note the progress on the data cleanse project to improve the quality of the pensions data.

1. DETAILS OF THE REPORT

This is the report to be considered by the Pensions Committee on 11 November 2024. The report summary and recommendations are highlighted above. Please refer to the Committee report for full details of the report and any appendices.

Officer contact details for documents:

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

3rd Floor, Town Hall, 160 Whitechapel Road, London E1 1BJ

Email: paul.audu@towerhamlets.gov.uk

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Non-Executive Report of the: Pensions Committee Monday, 11 November 2024	 TOWER HAMLETS
Report of: Julie Lorraine, Corporate Director, Resources	Classification: Open (Unrestricted)
Pensions Administration Report – September 2024	

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

Executive Summary

This report provides Committee members with information on the administration and performance of the Scheme for the quarter to September 2024.

Recommendations:

The Pensions Committee is recommended to:

1. Note the contents of this report;
2. Note the employer admissions in the pipeline;
3. Note the Scheme and legislative update; and
4. Note the progress on the data cleanse project to improve the quality of the pensions data.

1. REASONS FOR THE DECISIONS

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

2. ALTERNATIVE OPTIONS

- 2.1 There are no alternative options to this report.

3. DETAILS OF THE REPORT

ADMINISTRATION UPDATE

- 3.1 The administration of the Scheme is carried out in-house by the pensions team. It involves maintenance of accurate Scheme records to enable Scheme benefits to be calculated correctly, effective processing of members joining and

leaving the Scheme, and employer-related issues including new employer admissions and cessations. The table below shows the Scheme membership at 30 September 2024.

Table 1A: Analysis of Membership at 30 September 2024

Membership	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	7,896	8,462	344	7,468	2,515
% of Membership	29.59	31.71	1.29	27.99	9.42
Change from last quarter	118	6	74	53	20

Table 1B: Change in Membership – Quarter to 30 September 2024

Membership	30 Sep 2024	30 Jun 2024	Change (%)
Active	7,896	7,778	1.5
Deferred	8,462	8,456	0.1
Undecided	344	270	27.4
Pensioner (incl. spouse & dependant members)	7,468	7,415	0.7
Frozen	2,515	2,495	0.8
Total	26,685	26,414	1.0

- 3.2 The table below shows the tasks completed and outstanding during the quarter to 30 September 2024.

Table1C: Analysis of Case types – Quarter to 30 September 2024

	Altair Workflow	Jul-24				Aug-24				Sep-24			
		Cases at Start	New Cases	Cases Processed	Cases Outstanding	Cases at Start	New Cases	Cases Processed	Cases Outstanding	Cases at Start	New Cases	Cases Processed	Cases Outstanding
Retirements													
Voluntary	AHEARLYA	5	16	10	11	11	19	15	15	15	10	16	9
Redundancy	AHREDUNA	3	12	9	6	6	2	2	6	6	1	4	3
Medical	AHIRETA	0	0	0	0	0	1	0	1	1	0	1	0
Late	AHLATERA	2	6	5	3	3	7	6	4	4	5	4	5
Flexible	AHFLEXRA	2	1	3	0	0	1	1	0	0	3	2	1
Deferred into Payment	AHDBPAYA	14	11	18	7	7	16	11	12	12	21	15	18
		26	46	45	27	27	46	35	38	38	40	42	36
Transfers													
Transfer In - Quotes	AHTVIQ	11	12	9	14	14	3	6	11	11	9	7	13
Transfer Out - Quotes	AHTVOQ	6	11	8	9	9	3	5	7	7	7	6	8
Transfer In - Actual	IFAINO3 & TVIN03	13	11	4	20	20	9	8	21	21	16	11	23
Transfer Out - Actual	IFAGUT02 & TVOUT02	16	27	9	34	34	16	29	21	21	16	19	18
		46	61	30	77	77	31	48	60	60	48	43	62
Refunds													
Refund Calculations	AHRFNDP	15	55	54	16	16	42	33	25	25	61	50	36
Refund Payments	AHRFNDA	12	22	18	16	16	9	10	15	15	12	17	10
		27	77	72	32	32	51	43	40	40	73	67	46
Estimates													
Voluntary	AHBENEST & AHEARLYQ	22	44	35	31	31	41	39	33	33	47	47	33
Redundancy	AHREDUNQ	2	4	6	0	0	3	1	2	2	3	4	1
Medical	AHIRETQ	4	1	3	2	2	2	1	3	3	1	1	3
Late	AHLATERQ	7	6	8	5	5	8	6	7	7	5	6	6
Flexible	AHFLEXRQ	3	3	5	1	1	0	0	1	1	7	3	5
Deferred into Payment	AHDBPAYQ	7	9	13	3	3	61	27	37	37	31	51	17
		45	67	70	42	42	115	74	83	83	94	112	65
Deferred													
Deferred Calculations	AHDEFLV	60	58	72	46	46	42	27	61	61	74	55	80
Opt Out													
Opt Out	OPTOPRT2	23	40	39	24	24	16	14	26	26	28	28	26
New Starters													
New Starters	AHNEWST	14	61	69	6	6	145	92	59	59	39	65	33
Nominations													
Nomination Changes	AHNOMIN	5	9	10	4	4	7	3	8	8	9	7	10
Address													
Address Changes	AHADDRES	24	36	44	16	16	19	18	17	17	28	24	21
Bank Account													
Bank Account Change	BANKCHGE	6	6	5	7	7	4	3	8	8	6	6	8
General Enquiry													
General Enquiry	AHMEMBER	107	173	157	123	123	114	136	101	101	261	214	148
Deaths													
Death Cases - General	AHDEATH	20	39	40	19	19	45	36	28	28	32	42	18

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

Workflows

3.4 During the quarter to 30 September 2024, a total of 2427 workflows were produced.

3.5 The table below shows the performance relative to the CIPFA benchmark. Some tasks such as transfers in, transfers out, processing of deaths and retirements are contingent upon initial responses from third parties, other pension funds, lawyers or scheme members.

Table 3A: Performance against CIPFA suggested timelines (June – September 2024)

			July	August	September
	Altair Workflow	Target Days	% Within Target	% Within Target	% Within Target
Retirements					
Voluntary	AHEARLYA	15	77.78	75	37.5
Redundancy	AHREDUNA	15	88.89	0	0
Medical	AHIHRETA	15	-	-	0
Late	AHLATERA	15	80	80	75
Flexible	AHFLEXRA	15	66.67	100	100
Deferred into Payment	AHDBPAYA	15	52.94	54.55	53.33
Transfers					
Transfer In - Quotes	AHTVIQ	10	62.5	50	66.67
Transfer Out - Quotes	AHTVOQ	10	62.5	33.33	60
Transfer In - Actual	IFAIN03 & TVIN03	0			
Transfer Out - Actual	IFAOUT02 & TVOUT02	0			
Refunds					
Refund Calculations	AHRFNDF	10	67.31	84.85	68.75
Refund Payments	AHRFNDA	10	75	66.67	56.25
Estimates					
Voluntary	AHBENEST & AHEARLYQ	15	88.24	71.05	89.13
Redundancy	AHREDUNQ	15	80	100	75
Medical	AHIHRETQ	15	33.33	100	0
Late	AHLATERQ	15	62.5	50	33.33
Flexible	AHFLEXRQ	15	60	-	100
Deferred into Payment	AHDBPAYQ	15	84.62	100	45.1
Deferred					
Deferred Calculations	AHDEFLV	30	77.78	76.92	90.74
Opt Out					
Opt Out	OPTOPRT2	2	53.85	38.46	37.04
New Starters					
New Starters	AHNEWST	40	97.01	100	91.23
Nominations					
Nomination Changes	AHNOMIN	10	60	66.67	42.86
Address					
Address Changes	AHADDRES	15	68.18	50	70.83
Bank Account					
Bank Accoun Change	BANKCHGE	0	80	66.67	50
General Enquiry					
General Enquiry	AHMEMBER	10	67.33	60.45	77.46
Deaths					
Death Cases - General	AHDEATH	15	60	77.78	42.86

EMPLOYER UPDATE

3.6 The table below shows the employers with active members in the Scheme on 30 September 2024.

Administering Authority	Scheduled Bodies
London Borough of Tower Hamlets	Attwood Academy (Ian Mikardo School)
	Boleyn Multi-Academy Trust
Admitted Bodies	Bishop Challoner
Age UK East London	Canary Wharf College

Atlantic Cleaning Services	
Compass Contract Services Limited	Cyril Jackson Academy
East End Homes	
Juniper Cleaning St Saviours	Letta Trust (Stebon and Bygrove Schools)
Mediquip	London Enterprise Academy
Olive Dining	Mulberry Academy
	Paradigm Trust (Culloden, Old Ford and Solebay Primary Schools)
	Sir William Burrough
Purgo Supplies Services Ltd	St. Pauls Way Community School
Tower Hamlets Community Housing Limited	Wapping High School
Vibrance (formerly Redbridge Community Housing Limited)	Stepney Green (Mulberry Trust)
Wettons Cleaning Limited	Taylor Shaw (Stepney Green)
Nourish Catering	Phoenix Trust (Open Scheme)
Ridgecrest	Phoenix Trust – Closed Scheme
East London Arts & Music	Canon Barnett Academy
Swan Housing Association	

Data Quality

3.7 Officers are continuing to work with ITM on the data cleanse project. The current actions include:

- GMP Reconciliation
 - ITM are carrying out sample file reviews for the following two categories. A list of member names/ references have been provided so that the LBTH team can extract the relevant image files.
 - Dependant Linking
 - GMP Value Reconciliation
- Data Audit
 - Electronic address tracing
 - Review of Issues Log to determine the items to be resolved by ITM.
- Payroll Reconciliation
 - ITM provided the LBTH team with a list of cases categorised as 'Accept Admin' or 'Accept Payroll' to be reviewed before ITM finalise the payroll reconciliation.
- GMP and Payroll Rectification Project
 - Officers and ITM have agreed to commence this project in November. It is anticipated that the project will take about 3 months to complete.

Officers and ITM anticipate completion of the entire project by the end of February 2025.

Employer Insourcing

3.8 There were no employer insourcing during the period.

Employer Admissions

- 3.9 Employer admissions in the pipeline include Mulberry London Dock Academy, Caterlink and Atlas FM Payroll Ltd.

Employer Cessations

- 3.10 There were no employer cessations during the quarter.

SCHEME and LEGISLATIVE UPDATE

Pensions Dashboards

- 3.11 Officers are preparing for pensions dashboards. Tower Hamlets Pension Fund's 'connect by' date is 31st October 2025. This means that the Fund has less than one year until the Fund is expected to go live on Pensions Dashboards. The Fund's preferred route to connection is to use a third-party (Heywood) solution. Officers are in the process of initiating discussions with Heywood to develop a plan and agree a collaborative approach to help the Fund to comply with the regulatory requirement.

Transition of 'Member Self Service' (MSS) to 'Engage'

- 3.12 The Member Self Service (MSS) is being phased out by Heywood. Officers are working with Heywood on the proposed introduction of 'Engage' to replace MSS and transfer of MSS users to 'Engage' from January 2025.

OUTSTANDING WORK

- 3.13 In total there are currently 357 cases classified as 'Undecided Leavers' i.e. members that have left employment or opted out of the pension scheme and have yet to be processed as refunds, deferred beneficiaries, pensioners of transfers out.
- 3.14 Possible incoming transfer currently being processed – 242. In these cases, we are either waiting for a response from the transferring scheme, waiting for a response from the member, or waiting for payment of the transfer.

4. EQUALITIES IMPLICATIONS

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

5. OTHER STATUTORY IMPLICATIONS

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

6. COMMENTS OF THE CHIEF FINANCE OFFICER

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

7. COMMENTS OF LEGAL SERVICES

7.1 The 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 function of the pension fund.

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

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- NONE

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

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

- NONE

Officer contact details for documents:

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Non-Executive Cover Report of the: Pension Board Monday, 4 November 2024	 TOWER HAMLETS
Report of: Julie Lorraine, Corporate Director, Resources	Classification: Open (Unrestricted)
Cover Report of: Scheme Engagement and Communications Report	

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

Executive Summary

This report updates the Pensions Committee on Employer and member engagement and communications. It provides details on the planning of the proposed Pension Fund Information Forum in January 2025.

Recommendations:

The Pensions Committee is recommended to:

1. Note the content of this report.
2. Consider the draft Agenda for the Proposed Pension Fund Information Forum in January 2025.
3. Note that officers are acting in consultation with internal stakeholders and external service partners.

1. DETAILS OF THE REPORT

This is the report to be considered by the Pensions Committee on 11 November 2024. The report summary and recommendations are highlighted above. Please refer to the Committee report for full details of the report and any appendices.

Officer contact details for documents:

Paul Audu, Head of Pensions & Treasury Tel: 020 7364 4248 (Ext. 4248)
 3rd Floor, Town Hall, 160 Whitechapel Road, London E1 1BJ
 Email: paul.audu@towerhamlets.gov.uk

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Non-Executive Report of the: Pensions Committee Monday, 11 November 2024	 TOWER HAMLETS
Report of: Julie Lorraine, Corporate Director, Resources	Classification: Open (Unrestricted)
Scheme Engagement and Communications Report	

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

Executive Summary

This report updates the Pensions Committee on employer and member engagement and communications. It provides details on the planning of the proposed Pension Fund Information Forum in January 2025.

Recommendations:

The Pensions Committee is recommended to:

1. Note the content of this report.
2. Consider the draft Agenda for the Proposed Pension Fund Information Forum in January 2025.
3. Note that officers are acting in consultation with internal stakeholders and external service partners.

1. REASONS FOR THE DECISIONS

- 1.1 Formal communication and engagement with stakeholders is central to the Pension Fund's success. An annual Forum is also a means of consultation with stakeholders.

2. ALTERNATIVE OPTIONS

- 2.1 None.

3. DETAILS OF THE REPORT

- 3.1 The Pension Fund Information Forum provides a formal means for communication and consultation about the activities and governance of Tower Hamlets Pension Fund. The Forum was last held in 2016.

Pension Fund Information Forum 2025

- 3.2 The Pensions Committee at its meeting on 30 September 2024 agreed officers' proposal to hold a Pension Fund Information Forum in January 2025 at Tower Hamlets Town Hall. Officers were requested to bring a further report on the timing, structure and content of the proposed event to this Committee for consideration.
- 3.3 Officers are proposing to hold the Pension Fund Information Forum twice on Thursday 9th and Friday 24th January 2025, to give as many current and prospective scheme employers and members as possible the opportunity to attend, learn about the LGPS, the Pension Fund and ask questions.
- 3.4 The proposed draft Agenda is included in this report (**Appendix 1**) for consideration and, if satisfied, approval. The proposed event would enable the Fund to share information with its stakeholders and allow stakeholders' views to be captured and reflected in the development of the Fund's policies and strategies, and routine pensions administration service.
- 3.5 Officers are actively consulting with the Fund's service providers on the structure and content of the Agenda, including the scope of the event material covering amongst other areas:
- Summary of the Pension Fund annual report;
 - Scheme membership and benefits;
 - Investment arrangements of the Fund;
 - Funding and solvency of the Fund (assets relative to liabilities);
 - Investment performance; and
 - Interaction between the administering authority and participating employers
- 3.6 Officers are planning to work collaboratively with various internal and external stakeholders, including trade unions, to ensure that the event is well-attended and that the presentations and other information provided are relevant. The event will include workshops/break-out sessions to provide choice to those with specific interests.
- 3.7 At the event, attendees will be asked to provide simple evaluation and feedback on a form. The responses will inform officers about delegates' experience and be used to improve future events.
- 3.8 Officers will liaise with the Committee Chair and provide further updates on the preparation ahead of the event.

4. EQUALITIES IMPLICATIONS

- 4.1 There are no direct equalities implications on the content of this report.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 Tower Hamlets Pension Fund Communications Policy is maintained in accordance with regulation 61 of the Local Government Pension Scheme (Administration) Regulations 2013. It outlines the approach to communicating with its diverse stakeholders including:
- Scheme members (active, deferred, retired and dependant);
 - representatives of scheme members;
 - prospective scheme members;
 - scheme employers; and
 - various external bodies

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 Officers are in discussion with fund managers and other service partners regarding sponsorship. However, there might be some direct financial implications for the Pension Fund.

7. COMMENTS OF LEGAL SERVICES

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

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Proposed Tower Hamlets Pension Fund Information Forum 2025 – Draft Agenda

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

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

- None

Officer contact details for documents:

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APPENDIX 1

Tower Hamlets Pension Fund Information Forum
Thursday 9th and Friday 24th January 2025
TOWER HAMLETS TOWN HALL

DRAFT AGENDA

1. Welcome
2. Local Government Pension Scheme – membership and benefits
3. Governance of Tower Hamlets Pension Fund
4. Tower Hamlets Pension Fund Annual Report and Accounts 2023-24
5. Scheme Administration
6. Pension Fund Investment and Performance
7. 2025 Actuarial Valuation
8. London CIV Pool Update
9. Regulatory Update
10. Closing remarks

Workshops

1. Additional Voluntary Contribution (AVC)
2. Retirement planning
3. Responsible Investment and Stewardship
4. Auto Enrolment

Notes:

- Timeslots to be agreed
- Comfort breaks to be agreed
- Speakers/presenters to be agreed
- Workshops are optional

<p>Non-Executive Cover Report of the:</p> <p>Pension Board</p> <p>Monday, 4 November 2024</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Julie Lorraine, Corporate Director, Resources</p>	<p>Classification: Open</p>
<p>Cover Report of: Pension Fund Risk Register – 30 September 2024</p>	

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

Executive Summary

This report updates the Pensions Committee on changes to the Pension Fund’s Risk Register during the quarter to 30 September 2024. 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 Pensions Committee is recommended to:

1. Note the detailed Risk Register appended to this report (Appendix 1).

1. DETAILS OF THE REPORT

This is the report to be considered by the Pensions Committee on 11 November 2024. The report summary and recommendations are highlighted above. Please refer to the Committee report for full details of the report and any appendices.

Officer contact details for documents:

Paul Audu – Head of Pensions and Treasury Tel: 020 7364 4248 (Ext. 4248)
 3rd Floor, Town Hall, 160 Whitechapel Road, London E1 1BJ
 Email: paul.audu@towerhamlets.gov.uk

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Non-Executive Report of the: Pensions Committee Monday, 11 November 2024	 TOWER HAMLETS
Report of: Julie Lorraine, Corporate Director, Resources	Classification: Open
Pension Fund Risk Register – 30 September 2024	

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

Executive Summary

This report updates the Pensions Committee on changes to the Pension Fund’s Risk Register during the quarter to 30 September 2024. 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 Pensions Committee is recommended to:

1. Note the detailed Risk Register appended to this report (Appendix 1).

1. REASONS FOR THE DECISIONS

- 1.1 Tower Hamlets Council as the administering authority of Tower Hamlets Pension Fund recognises that effective risk management is an essential part of good governance.
- 1.2 The Terms of Reference of the Pensions Committee sets out its responsibilities regarding risk management, namely:
 - *To review the risks inherent in the management of the Pension Fund.*
- 1.3 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.

- 1.4 The consideration of the risks associated with administering the Pension Fund properly falls within the Terms of Reference of the Committee. Setting out 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.
- 1.5 The Risk Register is presented in Appendix 1 for the Committee to review to demonstrate compliance with both guidance and regulations provided by CIPFA and TPR.
- 1.6 Not all risks can be eliminated, however with proper management and monitoring the impact to the Fund will be minimised.

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 reviewed periodically. The Risk Management Policy covers key areas such as:
 - The Fund's attitude to, and appetite for risk
 - Aims
 - Risk measurement and management
 - Responsibility
- 3.2 The Pension 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 Fund's Risk Register is included in Appendix 1. The Register is currently being reviewed by officers in detail based on previous feedback provided by the Committee. The risk register has been updated to take feedback into consideration, with risk mitigations, control measures and indicative target dates now included for all the risks. Work continues on updating the risk register, control measures, mitigating actions and target dates will need to be continually monitored and updated to ensure they remain relevant and fit for purpose.

Risks under review

- 3.3 The report discusses the risks with severe (or 16) risk rating. Officers are taking the required actions to control these risks and consider the risks to be moderating for the reasons explained in the report.

Risk HRP0009 – There is a risk that historical errors in Pension Scheme member data will lead to materially incorrect calculation of the Pension's liability figure and qualification of the Council's Statement of Accounts and Pension Fund Accounts.

- 3.4 ITM, a reputable firm experienced in pensions data investigations has performed a review of the Pension Scheme membership data. They have issued their draft report which has revealed that there are much fewer gaps in the data than previously thought, details of which have been included within the 'Pensions Administration Report – September 2024'.

Risk HRP0035 – Inability 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.

- 3.5 The following procedures have been or are being put in place:

1. Training for employers' officers to ensure they are aware of their responsibilities;
2. Updating of communication strategy to ensure information provided to employers is clear, concise and relevant;
3. Providing employers with access to the i-connect portal to submit returns using standard templates which are LGPS aligned, reducing scope for errors;
4. Working with identified employers to ensure issues are resolved.

Risk HRP0039 – McCloud implementation.

- 3.6 Officers will again be seeking to obtain data to establish the potential scheme members in scope for the McCloud remedy. There are about 31 employers with active members in the scheme, and few have provided data to the Heywood data validation portal. The LGA has published its suggested approach to McCloud calculations in the absence of member data. Also, Heywood's McCloud calculation functionality is expected to be operational at the end of this calendar year.
- 3.7 The Department for Levelling Up, Housing and Communities conducted a closed consultation regarding scheme Guidance to support the McCloud legislation. TH Pension was not involved in the consultation but will liaise with Heywood and/or LGA who participated in the consultation. Officers will obtain the Guidance when published to determine the required actions.

4. EQUALITIES IMPLICATIONS

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

5. OTHER STATUTORY IMPLICATIONS

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

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 because of this report, other than that by regularly reviewing the 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.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Appendix 1 – Risk Register (30 September 2024)

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

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

- NONE

Officer contact details for documents:

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Tower Hamlets Pension Fund Risk Register

Risk Ref	Risks	Triggers	Consequences	Current Risk			Required Control Measures	Target Risk			Responsibility	CPT
				L	I	Total		L	I	Total		
HRP0009	There is a risk that historical errors in Pension Scheme member data will lead to materially incorrect calculation of the Pension's liability figure and qualification of the Council's Statement of Accounts and Pension Fund Accounts.	<p>External Audit review of IAS 19 (Employee Benefit) reports leading to discovery of unremediated errors in the underlying records.</p> <p>Triennial valuation to scheme actuary</p> <p>Valuation extracts to scheme actuary</p>	Material error in calculation of the Pension's Liability figure leading to qualification of the Council's Statement of Accounts.	4	4	16	<p>Initial one-off reconciliation of pensioner records in altair and payroll to identify records which require amending or updating</p> <p>1) Reconciliation of pensioner Altair records 2) Reconciliation of payroll pensioner records 3) Identification of inconsistent errors 4) Amend records 5) Sign off 6) Provide error list to scheme actuary for estimation of liability</p> <p>Costs cannot be estimated at this Time Abdulrazak Kassim <u>Required Control Measure</u> <u>Target Date: 28/02/2025</u></p>	3	3	9	Abdulrazak Kassim	
HRP0035	Inability 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	<p>Employers:</p> <ul style="list-style-type: none"> -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 		4	4	16	<p>Continue to work with identified employer to ensure issues are resolved Paul Audu <u>Required Control Measure</u> <u>Target Date: Ongoing with breaches to be resolved by 31 January 2025</u></p> <p>Revise / update Admin / Comms Strategies Paul Audu <u>Required Control Measure</u> <u>Target Date: 31 March 2025</u></p>	3	3	9	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk L I Total	Required Control Measures	Target Risk L I Total	Responsibility	CPT
		from the council do not agree to amounts paid to the scheme.			<p>Identify other employer data issues and engage with employers on these Paul Audu <u>Required Control Measure</u> Target Date: 31 March 2025</p> <p>Update Board on progress with LBTH payroll Paul Audu <u>Required Control Measure</u> Target Date: 31 March 2025</p>			
HRP0039	McCloud	Inability of scheme employers to provide required data		4 4 16	<p>Identify Under/Over Valuations</p> <p>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 Paul Audu <u>Required Control Measure</u> Target Date: Dependent on finalisation of legal and regulatory position</p> <p>Amend Annual Benefits Statement (ABS) in line with remedy</p> <p>The ABS will need to be amended following implementation of the amended remedy regulations as it is anticipated McCloud data will</p>	3 3 9	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk L I Total	Required Control Measures	Target Risk L I Total	Responsibility	CPT
Page 45					<p>be included for each scheme member Paul Audu <u>Required Control Measure</u> Target Date: Dependent on finalisation of legal and regulatory position</p> <p>ABS contain a statement on McCloud provided by the LGA. Paul Audu <u>Required Control Measure</u> Target Date: Dependent on finalisation of legal and regulatory position</p> <p>Calculations using Software:</p> <p>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. Paul Audu <u>Required Control Measure</u> Target Date: Dependent on finalisation of legal and regulatory position</p>			
	HRP0014	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		3 5 15	<p>Consider controls and whether further actions are required Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)</p> <p>Head of Pensions & Treasury reviews all reconciliations (transfer in, transfer out, refunds, benefit paid, lump sum, death benefits and pensions paid) Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)</p>	1 3 3	Paul Audu

Risk Ref	Risks	Triggers	Consequences	Current Risk			Required Control Measures			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total	L	I	Total		
HRP0019	There is a Risk of increased liabilities due to market yields/inflation moving out of line from actuarial assumptions/forecasting.	Inflation and gilt yields change in a manner which has a significant adverse impact on the funding ratio.	Negative impact on employer contribution rates payable to the Fund.	4	3	12	<p>Consider whether any controls set out in this point are not currently done, and consider implementing Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)</p> <p>Pensions Committee receives periodic funding update from scheme actuary. Independent Adviser provides updates on inflation. Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)</p> <p>Pensions Committee reviewing various inflation inked asset classes. Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)</p>	3	3	9	Paul Audu			

Risk Ref	Risks	Triggers	Consequences	Current Risk			Required Control Measures	Target Risk			Responsibility	CPT
				L	I	Total		L	I	Total		
HRP0020	Investment Strategy fails to deliver appropriate returns	<p>Long-term Investment Strategy issues caused by:</p> <ul style="list-style-type: none"> - 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. 		3	4	12	<p>Consider whether any controls set out in this point are not currently done, and consider implementing</p> <p>Paul Audu</p> <p><u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)</p> <p>Pensions Committee is currently working on adopting TCFD accreditation and reporting</p> <p>Paul Audu</p> <p><u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)</p>	3	3	9	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Required Control Measures			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total	L	I	Total		
HRP0021	There is a Risk that the London CIV and Investment Managers underperform.	Issues with the London CIV including: - Poor approach to fund manager selection. - Pool restricts Fund's ability to implement a desired strategy/mandate. - Pool may not possess required in-house skill to manage new asset classes.	Opportunity cost / Reduced financial returns	4	3	12	Keep abreast of asset pooling developments generally and London CIV issues specifically, and ensure the Fund is well placed to act accordingly Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025) Pensions Committee to promptly write to LCIV raising any concerns and continue close monitoring Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)	3	3	9	Paul Audu			
HRP0027	There is a risk to the Pension Service's Budget due to high administration costs and/or errors by way of rectification costs, IDR costs or Fraudulent activities. There is also further financial risk and reputational risk if the Ombudsman rules against the Fund.	Inefficient Processes Out of date systems/processes Inappropriate or under use of systems Complaints not processed efficiently or effectively	Suggested: Fines/penalties issued by Ombudsman or other governing body. (estimate/range of costs) Reputational damage	4	3	12	MSS also rolled out although take up yet to attain 50% Paul Audu <u>Required Control Measure</u> Target Date: Assessment of Team skills / capabilities, training and reconciliations Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)	2	2	4	Paul Audu			

Risk Ref	Risks	Triggers	Consequences	Current Risk			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total		
HRP0030	<p>Guaranteed Minimum Pension (GMP) reconciliation. Inaccurate record keeping</p> <p>Suggested Wording: There is a risk to the Guaranteed Minimum Pension reconciliation if records are not kept accurately.</p>	<p>From 6 April 2016 changes to the State Pension Scheme remove the contracting-out nature of the LGPS.</p> <p>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.</p> <p>Suggested: As of 2016, changes to State Pension Scheme removed contracting out nature of the LGPS. Triggers include weak controls/processes, turnover of key personnel resulting in knowledge/skills loss, database bugs/errors, System failure (resulting in accidental deletion of data)</p>	<p>Suggested: Members Pensions are inaccurately adjusted resulting in potential liabilities</p>	4	3	12	2	2	4	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total		
HRP0031	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.		4	3	12	2	2	4	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total		
HRP0017	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		2	5	10	2	2	4	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total		
HRP0038	Employer contributions are insufficient and/or inappropriate relative to the employer's risk profile, potentially leading to other employers having to meet their liabilities	<ul style="list-style-type: none"> - 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. 		2	5	10	3	3	9	Paul Audu	



Paul Audu
Required Control Measure
Target Date: Ongoing (31 March 2025)

Consider whether any controls set out in this point are not currently done, and consider implementing
Paul Audu
Required Control Measure
Target Date: Ongoing (31 March 2025)

Risk Ref	Risks	Triggers	Consequences	Current Risk			Required Control Measures	Target Risk			Responsibility	CPT
				L	I	Total		L	I	Total		
HRP0010	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		3	3	9	Continue manager deep dive and performance monitoring. Paul Audu <u>Required Control Measure</u> <u>Target Date: Ongoing (31 March 2025)</u>	3	3	9	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total		
HRP0011	Key Person Risk and staff turnover, Risk of loss of key/senior staff	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	lost knowledge and inability to meet service objectives	3	3	9	3	3	9	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total		
HRP0012	Appropriate objectives are not agreed or monitored - internal factors	Policies not in place or not being monitored		3	3	9	1	1	1	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total		

approved and regularly reviewed
Paul Audu
Required Control Measure
Target Date: Ongoing (31 March 2025)

Procure governance review every 3 years.
Paul Audu
Required Control Measure
Target Date: Ongoing (31 March 2025)

Fund compliance against TPR Code of Practice to be undertaken every 3 years or when Code is updated.
Paul Audu
Required Control Measure
Target Date: Ongoing (31 March 2025)

Review remediation plan every 2/3 years to ensure continuous improvement program
Paul Audu
Required Control Measure
Target Date: Ongoing (31 March 2025)

Risk Ref	Risks	Triggers	Consequences	Current Risk			Required Control Measures	Target Risk			Responsibility	CPT
				L	I	Total		L	I	Total		
HRP0015	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		3	3	9	Assess Fund against Draft TPR Code of Practice. Risk cannot be completely eliminated. Paul Audu <u>Required Control Measure</u> <u>Target Date: Ongoing (31 March 2025)</u> Complete LGPS Cyber Score card Paul Audu <u>Required Control Measure</u> <u>Target Date: Ongoing (31 March 2025)</u> Provide cyber risk assessment to Board every 2 years Paul Audu <u>Required Control Measure</u> <u>Target Date: Ongoing (31 March 2025)</u>	1	3	3	Paul Audu	
HRP0016	Failure to secure and manage personal data in line with GDPR requirements	Cyber-attacks may lead to loss or compromise of data.	Audit criticism, legal challenge, reputational risks and financial penalties	3	3	9	On going monitoring. Ensure completion of cyber score card by LBTH IT officers. Paul Audu <u>Required Control Measure</u> <u>Target Date: Ongoing (31 March 2025)</u> Arrange for Local Pensions Board to receive assurance presentation by Divisional Director IT.	3	3	9	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total		
HRP0018	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.		3	3	9	3	3	9	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total		
HRP0024	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.		3	3	9	3	3	9	Paul Audu	

Continuous monitoring in inter-valuation updates

Continuous monitoring in inter-valuation updates
Paul Audu
Required Control Measure
Target Date: Ongoing (31 March 2025)

Set up McCloud project set up and updates reported to Pensions Board and Committee quarterly
Paul Audu
Required Control Measure
Target Date: Ongoing (31 March 2025)

communications with scheme members and employers commenced

communications with scheme members and employers commenced
Paul Audu
Required Control Measure
Target Date: Ongoing (31 March 2025)

Collaborative working to resolve historic payroll data issues

Possible inability to extract historic payroll data for affected scheme members remains a problem. Officers are working with LBTH payroll and other employers.
Paul Audu
Required Control Measure
Target Date: Ongoing (31 March 2025)

Employer change of payroll

Risk Ref	Risks	Triggers	Consequences	Current Risk			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total		

provider and failure of employer to keep historic data.
Paul Audu
Required Control Measure
Target Date: Ongoing (31 March 2025)

Engage Heywood to undertake initial collection and bulk upload of scheme member data required from scheme employers.
Paul Audu
Required Control Measure
Target Date: Ongoing (31 March 2025)

Staff to keep up with relevant/new guidelines from DLUHC, LGA, HMRC & Home Office

Officers should keep up to date of all relevant correspondence issued by DLUHC, LGA & HMRC and keep up to date with bulletin and guidance from the Home Office as well as regularly attend webinars, forums and seminars.
Paul Audu
Required Control Measure
Target Date: Ongoing (31 March 2025)

Risk Ref	Risks	Triggers	Consequences	Current Risk			Required Control Measures	Target Risk			Responsibility	CPT
				L	I	Total		L	I	Total		
HRP0025	Climate Change Impact. Climate change risk can be grouped into two categories - Physical risks arising from changes in weather that impact on the economy and Transition risks arising from the transition to a low carbon economy.	Studies and evidence show that Climate Change has the potential to materially impact financial returns based on current studies as well as societal and economic shifts towards a low- carbon future.	Significant fall in equity valuations because of climate-related transition risk.	3	3	9	Increased Monitoring and Analysis increased monitoring of climate change risk, increased manager monitoring of climate change risk, Pensions Committee prepared TCFD report and Pensions Committee considering Decarbonization target analysis as well as Net Zero strategy. Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)	3	3	9	Paul Audu	
HRP0026	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)		3	3	9	Ongoing consideration of resource levels post recruitment of new posts Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025) Ongoing consideration of likely national changes and impact on resource Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)	2	2	4	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Required Control Measures	Target Risk			Responsibility	CPT
				L	I	Total		L	I	Total		
HRP0034	Delay in Transfer in processing time	Timely processing of Transfer in cases is reliant on members previous pension scheme/Fund providing transfer quote or payments promptly.		3	3	9	Escalation Process Escalation process involves notifying member of delay experienced by fund. Remainder letter to schemes include deadlines to respond Paul Audu <u>Required Control Measure</u> <u>Target Date: Ongoing (31 March 2025)</u>	3	3	9	Paul Audu	
HRP0036	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.		3	3	9	Take steps to address issues with employers directly Paul Audu <u>Required Control Measure</u> <u>Target Date: Ongoing (31 March 2025)</u> Escalate to senior officers for each employer Paul Audu <u>Required Control Measure</u> <u>Target Date: Ongoing (31 March 2025)</u> Reporting 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 Paul Audu <u>Required Control Measure</u> <u>Target Date: Ongoing (31 March 2025)</u> Reconciliations Reconciliations of payroll spreadsheet compared with payroll data extraction report	2	2	4	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total		
HRP0022	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		2	3	6	2	3	6	Paul Audu	
HRP0028	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		2	3	6	2	1	2	Paul Audu	

Required Control Measure
Target Date: Ongoing (31
March 2025)

Risk Ref	Risks	Triggers	Consequences	Current Risk			Target Risk			Responsibility	CPT
				L	I	Total	L	I	Total		
HRP0037	Employer unable to pay cessation deficits leading to other employers becoming liable for such deficits	Employer ceasing to exist or otherwise exiting (e.g. when contract ends) with insufficient funding (bond or guarantee).		2	3	6	2	2	4	Paul Audu	
HRP0029	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		1	4	4	1	3	3	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Required Control Measures	Target Risk			Responsibility	CPT
				L	I	Total		L	I	Total		
HRP0032	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.	2	2	4	<p>Communicate to Scheme Members</p> <p>Electronic newsletters to scheme members via MSS to continue to make members aware of pension scam awareness and cyber security risks</p> <p>Paul Audu</p> <p><u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)</p>	2	2	4	Paul Audu	
HRP0033	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	Financial Irregularity	There is a risk of unintentional overpayments.	2	2	4	<p>Reconciliation of scheme data (pensioners and deferred members) against NFI is procured half yearly.</p> <p>Paul Audu</p> <p><u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)</p>	2	2	4	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Required Control Measures	Target Risk			Responsibility	CPT
				L	I	Total		L	I	Total		
HRP0013	Inappropriate or no decisions are made	<p>Governance (particularly at PC) is poor including due to:</p> <ul style="list-style-type: none"> - 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 		2	1	2	<p>Revise and update Conflicts of Interest Policy Paul Audu</p> <p><u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)</p> <p>Monitor Board and Pensions Committee participation in Hymans online training. Paul Audu</p> <p><u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)</p> <p>Update PC and PB training plan with regulatory changes from CIPFA, TPR or SAB as and when. Paul Audu</p> <p><u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)</p> <p>Arrange additional training as required (scheme actuary,</p>	2	1	2	Paul Audu	

Risk Ref	Risks	Triggers	Consequences	Current Risk			Target Risk			Responsibility	CPT	
				L	I	Total	L	I	Total			
							investment adviser, investment managers or officer) Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)					
							Monitor use of Hymans online knowledge portal Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)					
HRP0023	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		1	2	2	Consider whether any controls set out in this point are not currently done, and consider implementing Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)	1	2	2	Paul Audu	
							The Fund has around £21m operational cash Paul Audu <u>Required Control Measure</u> Target Date: Ongoing (31 March 2025)					

Non-Executive Report of the: Pensions Committee Monday, 11 November 2024	 TOWER HAMLETS
Report of: Julie Lorraine, Corporate Director, Resources	Classification: Restricted (Exempt)
Liquidity and Cashflow Monitoring – September 2024	

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

Executive Summary

This report informs the Pensions Committee on the Pension Fund liquidity and cashflow forecast 2024/25 to 2025/26. The cashflow covers a two-year cycle from 2024 to 2026 with a focus on 2024/25 and subject to quarterly reviews and updates. The Fund is forecasting a £10.6 million positive net cashflow by 2025/26 without divesting from investments. The forecast position with respect to 2024-2025 is reporting a £2.5m surplus. This assumes that the remaining 6 months of the year there will be no divestments or capital calls.

Recommendations:

The Pensions Committee is recommended to:

1. Note the Pension Fund liquidity and cashflow forecast 2024/25 to 2025/26 appended to this report (**Appendix 1**).

1. REASONS FOR THE DECISIONS

- 1.1 The Local Government Pension Scheme (LGPS) is undergoing unprecedented change and challenges. It is imperative that Tower Hamlet Pension Fund plans and operations are underpinned by sufficient resources and effective financial management.
- 1.2 A key aim and objective, from a funding and investment perspective, is to ensure that net cash outgoings can be met as and when required. This requires consistency between the agreed funding strategy and investment strategy.
- 1.3 The long-term investment objectives of Tower Hamlets Pension Fund are to invest to meet the cashflows of the Fund's liabilities using a diversified portfolio of assets; to limit the risk of assets/liabilities shortfall; and to ensure the Fund's assets have sufficient liquidity.

- 1.4 Tower Hamlets Pension Fund's strategic objectives and the asset allocation benchmark are reviewed at least once every three years with the latter driven by the financial characteristics of the Fund, including its liabilities, strength of employers' covenant and risk tolerance.
- 1.5 The income and liquidity profile of the Fund is designed to ensure adequate liquid assets are available to meet benefit payments as they crystallise. The investment strategy is not geared to be a perfect match for the Fund's liabilities due to the Scheme being open, availability of matching assets, and uncertainty of future payments linked to non-financial factors such as members' longevity.

2. ALTERNATIVE OPTIONS

- 2.1 LGPS Funds have a relatively long investment horizon affording them resilience in periods of high volatility. Also, they receive regular contributions that are not subject to investor redemptions.
- 2.2 The LGPS is largely well-funded compared to the private sector DB schemes that are predominantly closed and significantly more mature. There is the view that the LGPS can improve the long-term financial stability of employers via bigger risk appetite for illiquid but potentially higher-return investments.
- 2.3 The performance of the Pension Fund assets has an impact on employers' contributions. The Fund is required by law to ensure that members' benefits, enshrined in statute, are paid as they fall due, regardless of the performance of the Fund's investments.

3. DETAILS OF THE REPORT

- 3.1 The primary funding objective is the long-term solvency of the Pension Fund, ensuring that sufficient funds are available to always meet the Fund's obligations. The LGPS Scheme Advisory Board (SAB) analysis of LGPS Funds in England and Wales as at 31 March 2023 suggests that pension contributions (£12.07bn) fell short of benefit payments (£13.0bn) which is consistent with a maturing scheme.
- 3.2 Defined Benefits (DB) schemes are becoming more mature due to more members retiring, and benefits outflows are increasing rapidly, thus making cashflow management a key issue. Pension Funds that are cashflow negative are at risk of being forced to sell assets at the wrong time and at disadvantageous prices to meet their liabilities, crystallising the loss to the detriment of the Fund in terms of additional funding shortfalls.

- 3.3 Tower Hamlet Pension Fund’s membership profile for the last 5 years is summarised in the table below.

Membership	2019/20	2020/21	2021/22	2022/23	2023/24
Actives	7,120	7,230	7,652	7,757	8,112
Deferred	7,845	7,993	8,321	8,398	10,875
Pensioners	6,660	6,698	6,979	7,186	7,311
Total	21,625	21,921	22,952	23,341	26,298

The above table shows a maturing trend albeit the cashflow position remains positive.

- 3.4 The liquidity requirements of pension schemes vary and the dynamics of individual pension fund’s cashflows are unique depending on the employers’ financial circumstances and Fund’s investment arrangements. LGPS Funds have distinct liquidity considerations compared to their corporate Defined Benefits (DB) peers. In September 2022, UK corporate DB schemes experienced liquidity challenges due to sudden rise in yields which triggered collateral calls, forcing schemes to sell assets quickly. Schemes that are heavily exposed to illiquid assets are prone to distress. LGPS Funds are less exposed to liability-driven investment (LDI) risk.
- 3.5 The opportunity costs of holding cash are high. The hunt for yield is driving LGPS Funds towards alternative assets, often illiquid. LGPS Funds require liquidity for pension payments and capital calls. Tower Hamlets Pension Fund has no explicit allocation to cash in its strategy. This implies that the Fund is fully invested. Therefore, holding excessive cash would be inconsistent with the strategy and potentially detrimental to performance.
- 3.6 Tower Hamlets Pension Fund has a diversified investment portfolio, balancing liquid and illiquid assets with uncorrelated strategies to mitigate risk from a cashflow or rebalancing viewpoint. The Fund’s liquidity profile is carefully managed giving regard to both short-term obligations and strategic investment goals. This approach helps to balance liquidity needs and long-term investment opportunities effectively. In general, the Fund invests in assets that are realisable at short notice.
- 3.7 The Pensions Committee last reviewed the Pension Fund liquidity and cashflow forecast at its meeting on 30 September 2024.
- 3.8 Officers regularly review cashflow requirements, including benefit payments, administrative costs, and capital calls. The Fund’s investment consultants make cashflow projections to allocate assets and manage liquidity needs by evaluating how different market scenarios impact liquidity.
- 3.9 The Fund ensures cost saving via pooling and good cashflow management including planning for benefit payments and optimum investment rebalancing, holding sufficient cash buffer to avoid a drag on investment returns and maintaining resilient investment strategy in line with the Fund’s needs.

- 3.10 The cashflow of the Fund is presented in **Appendix 1**. It shows the projected cash position for the current year and the next two years. The main inflows and outflows are contribution income and benefits payable respectively. They determine the current position of the Fund in the maturity spectrum and when the Fund is likely to reach maturity and be cashflow negative.
- 3.11 The forecast for contributions is based on the employers' contribution rates in the Rates and Adjustments Certificate (RAC) from the 2022 triennial actuarial valuation. The rates are based on a pay increase of 2.8% per employee in 2023/24. The contributions for subsequent years have been increased in line with the RAC and itself consistent with the Funding Strategy Statement dated March 2023.
- 3.12 The forecast for pension benefits payments is based on Hymans assumptions on increases in pensioners and inflation. Pensioner numbers have been uplifted by about 3% based on historic and current trends. For inflation, the CPI Pension Increase Rate of 1.7% at 30 September 2024 has been used to increase benefit payments from April 2025.
- 3.13 The overall cashflow position is forecast to remain positive in 2025/26 with a net position of £10.6 million up from £1.3 million in 2023/24 on a prudent basis. The net cash position in 2025/26 assumes higher contributions in 2025/26 and nil internal cash used to fund capital calls. Of course, the values are subject to change.
- 3.14 The Fund was 123% funded at the 2022 Actuarial Valuation. The estimated funding level at 30 September 2024 has risen to 163%. At the next triennial actuarial valuation at 31 March 2025, the solvency level and new contribution rates will be determined, and a rates and adjustments certificate will be provided to take effect from 1 April 2026. Officers will request Hymans Robertson, the Fund Actuary, to prepare a cashflow model for the Fund for the ensuing three years. The model will be extended to include forecast operating expenses for the period.

4. EQUALITIES IMPLICATIONS

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

5. OTHER STATUTORY IMPLICATIONS

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

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.

5.3 Any form of investment inevitably involves a degree of risk. To minimise risk, the Pensions Committee attempts to achieve a diversified portfolio. Diversification relates to asset classes and management styles.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 Finance comments are included in the report.

6.2 The employer's contribution is a significant element of the Council's budget and consequently any improvement in investment performance will reduce the contribution and increase the funds available for other corporate priorities.

7. COMMENTS OF LEGAL SERVICES

7.1 The Council as administering authority of the pension fund must ensure that it complies with its statutory duties in relation to the proper management of the pension funds. It is necessary and appropriate for the Pensions Board to receive information on the performance of the Fund in relation to the liquidity as set out in this report.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Appendix 1 – Pension Fund Liquidity and Cashflow Forecast 2024/25 to 2025/26

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

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

- NONE

Officer contact details for documents:

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3rd Floor, Town Hall, 160 Whitechapel Road, London E1 1BJ

Email: paul.audu@towerhamlets.gov.uk

Appendix 1: Pension Fund Cashflow 2024/25 – 2025/26

	2024/25 Actuals to September £'000	2024/25 Forecast £'000	2025/26 Forecast £'000
CASH IN			
Contributions			
From Employers	-47,892	-49,500	-52,000
From Employees	-17,064	-17,497	-18,372
Payment of Deficit Contributions	-13,677	-13,650	-13,650
Augumentation	-61	-2,000	-2,000
Transfer Values In	-2,862	-10,400	-11,300
Other Income			
From Returned Pensions Payroll Bacs	-7	0	0
From Pensions over payments and returned bacs	-422	-424	-140
AVC in	-35	-26	-40
Income from Recoverable Taxes	0	0	0
Intransit payments	0	0	0
VATrefund	0	-240	-285
Reimbursement of Council Overseas Pensioners	0	0	0
Income from Fund Manager Fee Rebates	0	-60	-60
Interest Receivable (LCIV UK Housing Fund - (Catch-Up Interest))	0	0	0
	-82,020	-93,797	-97,847
Cash from divestments (LCIV UK Housing Fund - Equalisation (Return of Capital))	-16,211	-897	0
TOTAL CASH IN	-98,231	-94,694	-97,847
CASH OUT			
Benefit Payable	54,173	59,533	60,545
Lump Sums, Retirement Allowances & Death Grants	36	15,077	16,077
Payment to and on account of leavers			
Refund of Contributions	41	308	308
Transfer Values Out	5	9,448	9,448
Other Miscellaneous Payments	37,219	0	0
Capital Calls funded with inhouse cash	5,667	5,667	0
Expenses			
Fund manager fees paid in house	0	1,144	1,144
Admin Expenses	1,076	1,754	1,754
Oversight and Governance fees	0	511	511
Previous Year's recharges paid	0	0	0
	98,217	93,440	89,787
NET INCOME/ EXPENDITURE	-14	-1,253	-8,060
Opening Cash balance	-1,246	-1,246	-2,499
Net Cash Movement	-14	-1,253	-8,060
CLOSING CASH POSITION	-1,260	-2,499	-10,559

<p>Non-Executive Cover Report of the:</p> <p>Pension Board</p> <p>Monday, 4 November 2024</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Julie Lorraine, Corporate Director, Resources</p>	<p>Classification: Restricted (Exempt)</p>
<p>Cover Report of: Liquidity and Cashflow Monitoring – 30 September 2024</p>	

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

Executive Summary

This report informs the Pensions Committee on the Pension Fund liquidity and cashflow forecast for 2024/25 to 2025/26. The cashflow covers a two-year cycle from 2024 to 2026 with a focus on 2024/25 and subject to quarterly reviews and updates. The Fund is forecasting a £10.6 million positive net cashflow by 2025/26 without divesting from investments. The forecast position with respect to 2024-2025 is reporting a £2.5m surplus. This assumes that the remaining 6 months of the year there will be no divestments or capital calls.

Recommendations:

The Pension Board is recommended to:

1. Note the Pension Fund liquidity and cashflow forecast 2024/25 to 2025/26 appended to this report (**Appendix 1**).


1. DETAILS OF THE REPORT

This is the report to be considered by the Pensions Committee on 11 November 2024. The report summary and recommendations are highlighted above. Please refer to the Committee report for full details of the report and any appendices.

Officer contact details for documents:

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<p>Non-Executive Cover Report of the:</p> <p>Pension Board</p> <p>Monday, 4 November 2024</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Julie Lorraine, Corporate Director, Resources</p>	<p>Classification: Open (Unrestricted)</p>
<p>Cover Report of: Work Programme</p>	

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

Executive Summary

This report updates the Pensions Committee on the Tower Hamlets Pension Fund Work Programme for Committee and Board members.

Recommendations:

The Pensions Committee is recommended to:

1. Note the content of this report.
2. Consider the Work Programme for the Committee and Board included in this report (**Appendix 1**) and (**Appendix 2**) respectively.
3. Note that Schroders will be attending this meeting to provide training on Property.
4. Participate in the National Knowledge Assessment (NKA) by no later than 31 October 2024.
5. Advise officers of any training completed and event(s) attended not recorded in the training log.


1. DETAILS OF THE REPORT

This is the report to be considered by the Pensions Committee on 11 November 2024. The report summary and recommendations are highlighted above. Please refer to the Committee report for full details of the report and any appendices.

Officer contact details for documents:

Paul Audu – Head of Pensions and Treasury Tel: 020 7364 4248 (Ext. 4248)
 3rd Floor, Town Hall, 160 Whitechapel Road, London E1 1BJ
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Non-Executive Report of the: Pensions Committee Monday, 11 November 2024	 TOWER HAMLETS
Report of: Julie Lorraine, Corporate Director, Resources	Classification: Open (Unrestricted)
Work Programme	

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

Executive Summary

This report updates the Pensions Committee on the Tower Hamlets Pension Fund Work Programme for Committee and Board members.

Recommendations:

The Pensions Committee is recommended to:

1. Note the content of this report.
2. Consider the Work Programme for the Committee and Board included in this report (**Appendix 1**) and (**Appendix 2**) respectively.
3. Note that Schroders will be attending this meeting to provide training on Property.
4. Participate in the National Knowledge Assessment (NKA) by no later than 31 October 2024.
5. Advise officers of any training completed and event(s) attended not recorded in the training log.

1. REASONS FOR THE DECISIONS

- 1.1 The Committee is asked to consider the Work Programme for 2024/25. Training is integral in supporting Pensions Committee and Pension Board members to perform their roles and equip members with the requisite skills and knowledge to carry out their responsibilities effectively.

2. ALTERNATIVE OPTIONS

- 2.1 None.

3. DETAILS OF THE REPORT

- 3.1 The Work Programme clarifies the proposed agenda items for future Pensions Committee and Pension Board meetings over 2024/25. The Work programme is included on the agenda for quarterly meetings.
- 3.2 The Work Programme also provides information pertaining to other work programmes outside of the main meetings, such as sub-Committees, Panels and working groups if any, proposed training and requests made by the Committee and Board.
- 3.3 The Work Programme provides Committee and Board members the opportunity to reflect on the training they have completed, and it is a useful reminder of the training or other event Committee and Board members wish to attend.
- 3.4 The Board and Committee will consider the Work Programme quarterly and annually. Committee and Board members will be required to undertake learning and development activities including attendance at training events, reading material and conferences/seminars in person or online to help them fulfil their responsibilities as per the Work Programme.
- 3.7 Officers are working collaboratively with Hymans to deliver training to Committee and Board members. Officers will monitor the training strategy including via feedback from Board and Committee members to ensure the continued relevance and effectiveness of the training strategy.
- 3.8 Committee and Board members have been enrolled on the LGPS Online Learning Academy (LOLA). Committee and Board members can now access the portal to review the modules they have been enrolled to complete the learning at their own pace.
- 3.9 Committee and Board members are reminded to participate in the National Knowledge Assessment (NKA). The Fund has signed up to take part in the NKA this year, to help inform our training plans going forward. The online assessment covers the 8 topics of the CIPFA Knowledge and Skills framework. On Tuesday 17 September 2024, Hymans sent Committee and Board members a link to the assessment. The 3-week window to complete the assessment by Tuesday 8 October has expired. Officers have requested an extended period (**31 October 2024**) for members to complete the assessment. The assessment consists of a series of multiple-choice questions and should take around 25 minutes to complete. Once completed, participants will be sent an individual score summary. When the assessment has closed, the results will be compiled, and the Fund will be issued with a report summarising the aggregate scores for each of the Committee and Board separately.

4. EQUALITIES IMPLICATIONS

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

5. OTHER STATUTORY IMPLICATIONS

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

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 from this report. The Work Programme sets out the work of the Committee and Board throughout the year. It ensures regularity of agenda items to support the effective governance of the Fund.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The Local Government Pension Scheme Regulations 2013 require that members of the pension board must be conversant with the rules of the LGPS and have knowledge and understanding of the law relating to pensions. The work programme allows for consideration of the members' training requirements and review of the training undertaken in addition to providing an overview of the work to be undertaken by the Board.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Appendix 1 – TH Pensions Committee Work Programme – 2024/25
- Appendix 2 – TH Pension Board Work Programme – 2024/25

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

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

- <https://www.thepensionsregulator.gov.uk/en/trustees/understanding-your-role/trustee-toolkit>

Officer contact details for documents:

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Tower Hamlets Pension Board – Work Programme 2024/2025

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

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

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

Pension Board - Actions, Requests and Queries

Subject / Issue(s)	Detail	Status (Pending/Complete)

Working Groups

Title	Meetings and actions since the last Pension Board	Membership

Training and Development – attendance monitoring

Date	Topic	Board Member(s)	Feedback
30 May 2024	Active vs Passive Management Revisited & Should 'Buy and Maintain' Fixed Income be seen as a 'Passive' Strategy Now? [PFIF Seminar]	John Jones (Chair)	
01-02 July 2024	LAPF Strategic Investment Forum	John Jones (Chair)	
16 Sep 2024	Triennial Actuarial Valuation 2025 and Funding Update	John Jones (Chair) David Stephen Thompson Cllr Musthak Ahmed John Gray Chris Boylett Annette McKenna	
23-25 Sep 2024	Mallowstreet LGPS Congress	John Jones (Chair)	

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Tower Hamlets Pensions Committee – Work Programme 2024/2025

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

TH Pension Fund Breaches Log	Update on the Pension Fund's breaches log	Head of Pensions & Treasury
TH Pension Fund Quarterly Liquidity and Cashflow monitoring	Update on the Pension Fund Liquidity and cashflow.	Head of Pensions & Treasury
Work Programme	Review of the Pension Board and Pensions Committee's work programme.	Head of Pensions & Treasury
Training	Receive training and consider Committee members' participation in upcoming events/training. Feedback from events/training attended.	Head of Pensions & Treasury with the Chair of the Committee
1 July 2024		
TH Pension Fund Closing 2023/24 and External Audit	Update on the 2023/24 TH Pension Fund year-end closing, preparation of financial statements and external audit work.	Head of Pensions & Treasury
Governance and Compliance Statement	Review of TH Pension Fund Governance and Compliance Statement	Head of Pensions & Treasury
Admissions Policy	Review of TH Pension Fund Admissions Policy	Head of Pensions & Treasury
Annual Review of the Pension Committee	Annual review of the Pensions Committee on the work completed during the year	Head of Pensions & Treasury with the Chair of the Committee
Training Strategy	Review/update of the Pension Fund Training Strategy	Head of Pensions & Treasury

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

Pensions Committee - Actions, Requests and Queries

Subject / Issue(s)	Detail	Status (Pending/Complete)

Working Groups

Title	Meetings and actions since the last Pensions Committee	Membership

Training and Development – attendance monitoring

Date	Topic	Committee Member(s)	Feedback
30 Sep 2024	Triennial Actuarial Valuation 2025 and Funding Update	Cllr Ana Miah (Chair) Cllr Maium Talukdar Cllr Saied Ahmed Cllr Faroque Ahmed Cllr Maisha Begum Cllr Abdal Ullah Kehinde Akintunde Cllr Kamrul Hussain	

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