


Non-Executive Report of the:  <b>Pensions Committee</b>  Monday, 3 July 2023	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Corporate Director, Resources	<b>Classification:</b> Open (Unrestricted)
<b>Governance Compliance Policy and Statement</b>	

<b>Originating Officer(s)</b>	Miriam Adams
<b>Wards affected</b>	(All Wards);

### **Executive Summary**

This report outlines the Governance Policy and Governance Compliance Statement in accordance with the Local Government Pension Scheme Regulations.

### **Recommendations:**

The Pensions Committee is recommended to:

1. Note approve the draft Governance Compliance Policy and Compliance Statement (Appendix 1).

### **1. REASONS FOR THE DECISIONS**

- 1.1 Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires Tower Hamlets Council, as administering authority of the Tower Hamlets Pension Fund, to prepare a written statement setting out details of the authority's delegation of functions under the LGPS Regulations. The statement sets out the governance procedures for the Fund and indicates where it is compliance with best practice as laid down in statutory guidance issued by the Secretary of State and SAB Good Governance III recommendations. This document presents and update to the existing statement approved by the Committee in 2022.

### **2. ALTERNATIVE OPTIONS**

- 2.1 This is a legislative requirement so there is no alternative option to consider.

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

3.1 Local Government Pensions Scheme 2013 Clause 55 requires that:

- (1) An administering authority must prepare a written statement setting out;
  - a.) whether the authority delegates its functions, or part of its functions under these Regulations to a committee, a subcommittee or an officer of the authority;
  - b.) if the authority does so-
    - (i) the terms, structure and operational procedures of the delegation,
    - (ii) the frequency of any committee or sub-committee meetings,
    - (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;
  - (c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
  - (d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 106 (local pension boards establishment).
- (2) An administering authority must keep a statement prepared under paragraph (1) under review, and make such revisions as are appropriate, following a material change to any of the matters mentioned in that paragraph.
- (3) Before preparing or revising a statement under this regulation, an administering authority must consult such persons as it considers appropriate.
- (4) An administering authority must publish its statement under this regulation, and any revised statement.

3.2 This document therefore presents an update to the Governance Policy and Compliance Statement, under the programme of regular policy review set out in the Fund's business plan. It is recommended that the Committee approve the policy and statement for consultation with key stakeholders, including employers and other interested parties. It is intended that the final version be brought to the November Pensions Committee for final approval.

3.4 The key amendments that have been made are:

- Updating the Policy and Statement to reflect new London CIV governance arrangement.
- Updating delegations to reflect changes to roles as a result of asset pooling.
- Progress is also being made to hold the first Annual General Meeting of the Fund in January 2024.

- 3.5 Appendix B of the document includes the Fund's Statement of Compliance against best practice as laid down in statutory guidance issued by the Secretary of State.
- 3.6 It is pleasing to note that the Fund continues to be fully compliant in all areas apart from 1 partial compliance.
- 3.7 The Pensions Regulator's plan to combine 10 of its 15 existing code of practice (including Code of Practice 14: Governance an administration of public service pension schemes) into a new single, combined and expanded to incorporate climate change, cyber security, (ESG) stewardship of investments, administration and remuneration policies is closely monitored by the Fund.

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

- 4.1 All equalities implications have been included in this report.

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

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
  - Consultations,
  - Environmental (including air quality),
  - Risk Management,
  - Crime Reduction,
  - Safeguarding.
  - Data Protection / Privacy Impact Assessment.

##### Risk Management

- 5.2 The rigorous robust management of LBTH Pension Fund results in better quicker and more effective decision making which can lead to better Fund performance and reduction in the contribution required from the Council towards the Fund.
- The monitoring arrangement for the Pension Fund and the work of the Pensions Committee should ensure that the Fund optimises the use of resources in achieving the best returns for the Council and members of the Fund.

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

- 6.1 This report incorporates all material, financial and business issues and possible risks and there are no direct financial implications arising as a

consequence of the revised Policy and Statement. The cost of compliance with the necessary regulations with regards to governance is minimal in comparison to the value of the fund, and the risks arising through failure to do so.

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

- 7.1 Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires Tower Hamlets Council, as the administering authority for the Tower Hamlets Pension Fund, to prepare a written statement setting out details of the authority's delegations of functions under the LGPS Regulations. The statement sets out the governance procedures for the Fund and indicates where it is compliant with best practice as laid down in statutory guidance issued by the Secretary of State. This document presents an update to the existing statement as part of the review programme set out in the Pension Fund Business Plan.
- 7.2 It is a matter for the Pensions Committee to agree all Fund policies and strategies as well as recommending changes to the Terms of Reference. It is therefore appropriate for the Committee to formally approve this Governance Policy and Statement of Compliance. However, prior to any such approval there is a requirement to consult with appropriate stakeholders.
- 7.3 When exercising its functions in relation to the 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). The Committee may take the view that good, sound investment of the Pension Fund monies will support compliance with the Council's statutory duties in respect of proper management of the Pension Fund.

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

### **Linked Report**

- NONE .

### **Appendices**

- LBTH Governance Policy and Compliance Statement (Appendix 1)

### **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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