


Non-Executive Report of the: Pension Board Monday, 24 June 2024 , Monday, 8 th July 2024	 TOWER HAMLETS
Report of: Julie Lorraine, Corporate Director, Resources	Classification: Open
Governance and Compliance Statement	

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

Reasons for urgency

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

Executive Summary

This report reviews the Tower Hamlets Pension Fund Governance and Compliance Statement.

Recommendations:

The Pension Board is recommended to:

1. Note this report and the current TH Pension Fund Governance Compliance Policy Including Compliance Statement (**Appendix 1**) that requires updating.

1. REASONS FOR THE DECISIONS

- 1.1 The Governance Compliance Statement sets out LBTH's arrangements for discharging its responsibilities as Administering Authority of Tower Hamlets Pension Fund in accordance with Clause 55 of the Local Government Pension Scheme (LGPS) Regulations 2013.

2. ALTERNATIVE OPTIONS

- 2.1 Not reviewing and updating the Pension Fund's Governance and Compliance Statement exposes the Fund and the Council, as administering authority, to action by the Pensions Regulator.

3. DETAILS OF THE REPORT

- 3.1 Under Regulation 55 of the Local Government Pension Scheme Regulations 2013, Administering Authorities are required to publish a Governance Compliance Statement setting out the Fund's governance arrangements, and outline the extent to which the complies with guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and review that Statement on an ongoing basis. The Statement sets out the Fund's governance structure, scheme of delegation, and the terms of reference for its governing bodies, the Pensions Committee and the Pensions Board.
- 3.2 The Pensions Regulator (TPR) General Code of Practice published in January 2024, and effective from 28 March 2024 consolidates 10 existing Codes of Practice (COP 14 for Public Sector). Generally, compliance with the modules of the TPR Code is viewed as good practice.
- No explicit requirement for LGPS to establish an "effective system of governance (ESOG) or conduct an "own risk assessment" (ORA), albeit they should be able to demonstrate compliance with the Code.
- 3.3 The Scheme Advisory Board's (SAB) Good Governance Project is expected to recommend a review of governance arrangements. This and other recommendations are likely to align with the TPR's General Code.
- 3.4 The Pension Board received training on the TPR General Code of Practice on 11 March 2024.
- 3.5 Officers are developing a Governance Compliance Statement to replace the current outdated Statement. The draft Statement will be provided to the next Board and Committee meetings in September 2024 for consideration and approval respectively to ensure its continued relevance and effectiveness.

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.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 This is a noting report. There are no direct financial implications arising as a result of this report.

7. COMMENTS OF LEGAL SERVICES

7.1 Section 249B 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

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Appendix 1 – TH Pension Fund Governance Compliance Policy Including Compliance Statement.

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

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

- NONE

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