

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Panel & Board
Date:	18 December 2015
Title:	Governance: Review of the Pension Fund's statutory statements
Reference:	7149
Report From:	Director of Corporate Services – Corporate Resources

Contact name: Gemma Farley

Tel: 01962 847540

Email: gemma.farley@hants.gov.uk

1. Executive Summary

1.1. The purpose of this paper is for the Pension Fund Panel and Board to approve the Pension Fund's statutory statements, which are its Business Plan, Statement of Investment Principles, Funding Strategy Statement, Governance Policy and Governance Compliance Statement, Communication Policy Statement and Administration Strategy Statement, which needs to be done on an annual basis.

2. Background

2.1. The Pension Fund's statutory statements are reviewed annually to ensure that current versions comply with the latest Government and other relevant guidance. All the documents are published in the Pension Fund's Annual Report. The documents were last reviewed by the Panel at their meeting in February 2015, and updated in June 2015 to note the necessary changes for the creation of the Pension Fund Panel and Board.

3. Business Plan

3.1. The Myners principles require pension funds to draw up a forward-looking business plan, including a training plan for both the trustees and officers involved in their management and administration.

3.2. The Hampshire Pension Fund's business plan includes a commitment to review and revise the plan annually, and to evaluate performance against the action plan.

3.3. A draft updated version of the business plan is attached as Appendix 1 for approval. A few changes are necessary this year, and these are highlighted.

3.4. The business plan approved by the Pension Fund Panel in March 2015 included several actions for completion by March 2016. Progress against these action points is summarised below.

Planned Action	Deadline	Progress
Monitor the Fund's investment managers' performance.	Ongoing	Up-to-date performance information is reported to each meeting of the Panel and Board, and is closely monitored by officers on a monthly basis.
Keep Panel and Board members' training needs under review and provide any extra training considered necessary, for example to any new members of the Panel and Board.	Ongoing	In June 2015, the Panel approved the training plan for 2015/16. Bespoke training events for Panel members have been arranged for July, November and December 2015 and Panel members have attended a number of Pension industry events.
Consider and, if appropriate, agree any alternative investments the Fund's advisers recommend.	Ongoing	For much of 2015/16 this was on hold pending the retendering of the alternatives portfolio manager's contract. Once the new alternative investment managers' contracts have been drawn up, the mandates will be on a delegated authority basis.
Review the Fund's Statement of Investment Principles	December 2015	Included in this report
Review the Fund's Funding Strategy Statement (if necessary)	December 2015	Included in Agenda item 5
Review the Governance Policy and Governance Compliance Statements	December 2015	Included in this report
Review this business plan, including progress against the action plan	December 2015	Included in this report
Review the Communication Policy Statement	December 2015	Included in this report
Review the Administration Strategy Statement	December 2015	Included in this report

Planned Action	Deadline	Progress
Review the Fund's management fees and transaction costs.	December 2015	Reported at September 2015 Pension Fund Panel and Board meeting
Begin the process of retendering all of the investment managers' contracts.	Ongoing	Alternatives managers selected in October 2015 and contracts currently being drawn up. Investment consultants selected in November 2015 and a contract is currently being drawn up.
Implement new governance arrangements in accordance with the new regulations for Pension Fund guidance.	October 2015	The Secretary of State agreed to the formation of the Hampshire Pension Fund Panel and Board in April 2015. The first meeting of the newly formed Panel and Board took place in September 2015. A formal process of application and interviewing took place in October and November 2015 to appoint the remaining members of the Panel and Board; these members will be co-opted by the County Council in February 2016.
Respond to all consultations and requests for information from Central Government on the Pension Fund's investments, to contribute fully to any future decisions on the future of the LGPS.	Ongoing	A consultation regarding new investment regulations was released by the Government in November 2015. A response will be made on the points requested by the initial deadline of 19 February 2016.
Comply with any requests from the [Shadow] Advisory Board including revising the format of the Annual Report, in line with the new statutory guidance.	Ongoing September 2015	The 2015 Annual Report was revised in line with the new statutory guidance and presented to the Pension Fund Panel and Board in September 2015.

4. Funding Strategy Statement

- 4.1. As the Funding Strategy Statement has recently been out for consultation, it has been considered separately within agenda item 5.

5. Statement of Investment Principles

- 5.1. The draft version of the Statement of Investment Principles is attached as Appendix 3 for approval. Minor changes are proposed and highlighted to update the investment management arrangements.

6. Governance Policy and Governance Compliance Statements

- 6.1. The Governance Policy and Governance Compliance Statements are attached as Appendix 4 for approval; there have been no proposed changes added to these statements.

7. Communication Policy Statement

- 7.1. The Communication Policy Statement is attached as Appendix 5 for approval, there have been no proposed changes added to this statement.

8. Administration Strategy Statement

- 8.1. The Administration Strategy Statement is attached in Appendix 6 for approval; there have been no proposed changes added to this statement.

9. Recommendations

- 9.1. That progress on the Business Plan's actions be noted, and subject to any amendments the Panel may wish to make, the updated Business Plan be approved.
- 9.2. That the updated Statement of Investment Principles be approved.
- 9.3. That the updated Governance Policy and Governance Compliance Statements be approved.
- 9.4. That the updated Communication Policy Statement be approved.
- 9.5. That the updated Administration Strategy Statement be approved.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because it requires approval of the Pension Fund's statutory statements.

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

1.3. Equality objectives are not considered to be adversely affected by the proposals in this report.

2. Impact on Crime and Disorder:

2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime.

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

No specific impact.

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific impact.

The Fund's statutory statements

Business Plan

Mission and objectives

The County Council, as administering authority for the Hampshire Pension Fund, has delegated responsibility for managing the Fund's investments to the Joint Pension Fund Panel and Board. The Panel and Board consists of nine county councillors, three scheme member representatives, and three employer representatives. All Panel and Board members have voting rights. An independent adviser to the Panel and Board attends all Panel and Board meetings, but does not have voting rights.

The Panel and Board's mission is to provide an efficient and effective pension scheme for all employees and pensioners of all eligible employers in Hampshire, in accordance with the requirements of the legislation for the Local Government Pension Scheme (LGPS).

The Panel and Board's objectives:

- To achieve a 100% funding level over the long term, which means that all current and future fund liabilities can be met.
- To maintain a stable employers' contribution rate in the long term.
- To respond promptly to legislative changes affecting the LGPS and pension provision generally.
- To comment fully on consultation papers dealing with pension matters in the interests of the Fund's participating employers and members within the deadlines set.
- To make sure that the Fund follows best practice as recommended by the Government, the Scheme Advisory Board, the Pensions Regulator, the Local Government Pensions Committee (LGPC), the Chartered Institute of Public Finance and Accountancy (CIPFA) and other organisations specialising in pensions.
- To keep abreast of all developments affecting the LGPS by undertaking training and/or taking advice from external fund managers, external consultants and County Council officers as appropriate.
- To make arrangements for keeping the Fund's participating employers and members fully informed about matters affecting them.

The funding level and employers' contribution rate

The Panel and Board seeks to achieve a 100% funding level and stable contribution rate by:

- drafting and maintaining a Funding Strategy Statement, in partnership with the Fund's actuary and participating employers. This sets out the background and parameters the actuary must use when carrying out

actuarial valuations, and the duties of the County Council as administering authority and the Fund's other employers

- commissioning a full actuarial valuation of the Fund every three years as required by law to determine employers' contribution levels. The actuary completed the latest actuarial valuation of the Fund at 31 March 2013 in March 2014, and the next actuarial valuation of the Fund will take place at 31 March 2016
- arranging interim actuarial valuations if developments mean that the funding level can be expected to have changed
- commissioning an asset/liability study following valuations or as necessary to help determine the best asset allocation needed to meet the Fund's liabilities
- where an actuarial valuation reveals a past service deficit, agreeing employers' contributions with the actuary to recover the deficit.

Investment of the Fund

The Panel and Board seeks a return on the Fund's investments which will enable 100% funding to be achieved and its liabilities to be met with a stable employers' contribution rate. The Fund's Actuary advised that the Pension Fund should aim to achieve an overall investment return 2.3% a year above that on a low-risk portfolio (defined as a portfolio invested 95% in index-linked gilts and 5% in fixed-interest gilts). The Panel and Board aims to achieve this by:

- using the results of the analysis by the Fund actuary and others to set benchmark asset allocations and performance targets for external investment managers
- reviewing managers' performance against those targets over three-year and five-year rolling periods at quarterly Panel and Board meetings – performance will also be monitored over one-year periods at those meetings and ongoing consideration given to the size of and need for each manager's portfolio in the light of their performance in each financial year
- appointing investment managers for standard periods of five years, with options to extend for a further five years subject to satisfactory performance, although all such appointments may be terminated at any time with one month's notice. Contracts will not normally be terminated in the first three years for below-target performance
- reviewing in the autumn of each year the levels of all costs incurred in the previous 12 months by the external managers on the Fund's behalf
- delegating to the Director of Corporate Resources responsibility for monitoring the managers' performance between Panel and Board meetings.

Arrangements for investing additional voluntary contributions (AVCs)

The Panel and Board aims to make sure there is a wide and varied selection of high-performing investment options for fund contributors who wish to make additional voluntary contributions (AVCs).

The current AVC providers for contributors to the Fund are Prudential, Zurich and Equitable Life. The Panel and Board will review the performance and options offered by these providers, as necessary.

Legislative changes

The Panel and Board aims to respond promptly to legislative changes with implications for managing and administering the Fund by:

- closely monitoring new legislation affecting the LGPS or pension provision generally – this role is delegated to the Director of Corporate Resources
- considering reports on the implications for the Fund of relevant draft legislation
- agreeing any actions necessary to ensure full compliance when the final legislation is enacted, including meeting any deadlines.

Consultation papers

The Panel and Board aims to play an active role in responding to and commenting on consultation papers about pensions, on behalf of Fund employers and members. In doing so it seeks to ensure high standards of corporate governance and best practice, and to further the best interests of contributors and pensioners.

Best practice

The Panel and Board will ensure that the Fund follows best practice as recommended by the Government, the Scheme Advisory Board, the Pensions Regulator, the Local Government Pensions Committee (LGPC), the Chartered Institute of Public Finance and Accountancy (CIPFA) and other organisations specialising in pensions matters. It has delegated responsibility for achieving this to the Director of Corporate Resources.

Decision-making

The Panel and Board will take advice as necessary to ensure that all decisions are in the best interests of the Fund and its members. Advice is provided as necessary by:

- the Director of Corporate Resources and her staff
- the actuary
- the Fund's external investment managers
- the Fund's independent adviser
- other consultants.

Developments and training plan

The Panel and Board aims to keep abreast of all developments affecting the LGPS by undertaking training and taking advice when necessary from external fund managers, external consultants and County Council officers.

A training plan has been prepared for the Joint Pension Fund Panel and Board and training logs are maintained for individual Panel and Board members. As part of the Panel and Board's training plan bespoke training sessions delivered by external speakers have been arranged in July and November 2014 giving an overview of procurement, investment performance and risk management, constitutional roles and responsibilities, and the energy economy.

The Panel and Board also expects the Director of Corporate Resources and relevant members of the department (who are the Panel and Board's main advisers) to keep up to date with developments in pensions and investments and to undertake training as required.

Communications with participating employers and Fund members

The Panel and Board will arrange to keep the Fund's participating employers and members fully informed about anything affecting them by publishing:

- an annual report on the Fund for each financial year, to be available for an Annual Employers Meeting of the Fund's employers held in the following October
- an annual summary of the accounts, investment management and administrative arrangements is made available online to current, pensioner, and deferred members
- an annually updated employees' guide to the Scheme
- an annual newsletter to pensioners.

Review and evaluation of business plan

The Panel and Board will review and revise the business plan annually in December and will evaluate performance against the action plan.

Actions to March 2017

New actions:

Respond to Central Government regarding the implementation and one year's progress of the Hampshire Pension Fund Panel and Board, which is due in June 2016.

Consider the options for pooling LGPS assets in order to respond to Central Government's request for proposals to be made by February and July 2016.

Ongoing actions:

Continue the process of retendering all of the investment managers' contracts.

Monitor the Fund's investment managers' performance.

Respond to all consultations and requests for information from Central Government on the Pension Fund's investments, including the current consultation on changes to Investment Regulations.

Comply with any requests from the Scheme Advisory Board.

Complete the following annual reviews – deadline March 2017:

- the Statutory Statements:
 - the Fund's Statement of Investment Principles
 - the Fund's Funding Strategy Statement (if necessary)
 - the Governance Policy and Governance Compliance statements
 - this Business Plan, including reviewing progress against the action plan
 - the Communication Policy statement
 - the Administration Strategy statement
- the Fund's management fees and transaction costs
- the performance of the Fund's Custodian.

Keep Panel and Board members' training needs under review and provide any extra training considered necessary, for example to any new members of the Panel and Board.

Funding Strategy Statement

See Agenda item 5

Statement of Investment Principles

Introduction

Hampshire County Council is the administering authority for the Hampshire Pension Fund, which covers employees of the County Council, two city (unitary) councils, 11 district councils, and 330 other scheduled and admission bodies. The total number of contributors is 58,882 and there are 56,700 deferred members and 34,185 pensioners.

The Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 2009 require pension fund administering authorities to prepare and review, from time to time, a written statement setting out the investment policy for their Fund.

This Statement of Investment Principles has been drafted to comply with these regulations.

Types of investments to be held

The Fund can be invested in shares, bonds and other investments to limits defined in Schedule 1 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

The main limits are:

- no more than 10% of each portfolio can be invested in any individual holding
- no more than 25% of the Fund can be invested in each manager's in-house unit trusts.

The expected return on investments

The overall objectives when investing the Fund are:

- to achieve a 100% funding level, which means that all current and future Fund liabilities (pensions and other benefits) can be met in full for the foreseeable future
- to maintain a stable employers' contribution level, with a long-term target of around 200% of the average employees' contributions set for the actuary.

The Fund's actuary, Aon Hewitt advised that the Pension Fund should set a target to achieve a long-term return 2.3% a year above a low-risk portfolio. A low-risk portfolio is defined as a portfolio invested 95% in index-linked gilts and 5% in fixed-interest gilts.

Spread of investments

The Joint Pension Fund Panel and Board agreed a specialist investment management structure in 2011, with the aim of achieving the Pension Fund's overall long-term target return without exposing the Fund to excessive risk. Following the review in 2014, the long-term asset allocation was set as shown in the following table.

Investment sector	Management style	% of Fund
Equities	- Passive	14.0
	- Low-risk active	14.0
	- High-performance active	26.0
Global bonds	Active	5.0
UK index-linked bonds	Passive	21.0
UK Property	Direct and indirect	10.0
Alternative investments	- Private equity and other	5.0
	- Infrastructure*	1.5
	- Hedge Funds	3.5
Total		100.0

* an additional 3.5% is available for infrastructure investments if suitable opportunities can be found.

2014 Investment Strategy Review

The completion of the actuarial valuation of the Pension Fund at 31 March 2013 by the Fund Actuary provided an updated view of the Pension Fund's liabilities and the level of investment returns necessary to meet those liabilities in the future, including the recovery of the deficit. This provided an appropriate opportunity to review the Pension Fund's investment strategy in the light of the results from the actuarial valuation.

The Pension Fund's previous investment strategy was providing the level of return required by the assumptions used in the actuarial valuation at March 2013. From that position, it was then considered whether any changes should be made to the asset allocation which would maintain or improve the level of expected return whilst reducing the level of risk.

The final investment strategy agreed increased the allocation to infrastructure and removed the tactical asset portfolio.

The increase in the allocation for infrastructure reflects the recent focus on the desirability of pension funds investing in infrastructure assets. Infrastructure can provide the Pension Fund with risk-adjusted returns that are reliable, index-linked, stable and long-term. In the short-term however, there may be a lack of appropriate infrastructure funds available for investment at suitable prices. The

current level of demand by pension funds for infrastructure has driven up the prices for such funds. The increased target for infrastructure may take a number of years to reach but acknowledging this now enables the Pension Fund to take advantage of whatever suitable opportunities arise in the future without being restricted by the need to change the investment strategy.

Realisation of investments

Managers are asked to avoid unnecessary sales and purchases of stocks, which incur transaction costs. They must regard all sales and purchases of stocks as being in the Fund's financial interests; that is, they will either improve the return or limit excessive risk.

Transaction costs are monitored closely and reported to the Joint Pension Fund Panel and Board once a year.

Managers of equity and bond portfolios are asked not to invest in stocks that are not readily realisable (capable of being turned into cash).

The Fund's cash can be invested for periods of up to two years in order to access higher investment returns in the current low interest rate environment.

Social, environmental and ethical considerations

The Hampshire Pension Fund has an overriding fiduciary duty in law to invest Fund monies to achieve the best possible financial return for the Fund consistent with an acceptable level of risk.

However, the Fund recognises that companies can enhance their long-term performance and increase their financial returns by adopting positive social, environmental and ethical principles in planning and running their activities.

The Fund has delegated to the external investment managers responsibility for taking social, environmental and ethical considerations into account when assessing the financial potential and suitability of investments.

Each investment manager is asked to work actively with companies to promote forward-looking social, environmental and ethical standards. This should not, however, deflect from the primary objective of achieving the best possible financial return for the Fund, in accordance with the Fund's fiduciary duty.

Exercise of rights attaching to investments

Managers have been instructed to exercise the Fund's responsibility to vote on company resolutions wherever possible.

They have also been instructed to intervene in companies that are failing and thus jeopardising the Fund's interests, by voting or by contacting company management directly.

The Fund believes that if companies comply with the principles of the UK Corporate Governance Code published by the Financial Reporting Council, this can be an important factor in helping them succeed; but the Fund also accepts the need for a flexible approach that is in the common long-term interests of shareholders, company employees and consumers. The Fund's managers should cast their votes with this in mind.

In particular, the Fund's managers should cast their votes to ensure that:

- executive directors are subject to re-election at least annually
- executive directors' salaries are set by a remuneration committee consisting of a majority of independent non-executive directors, who should make independent reports to shareholders
- arrangements for external audit are under the control of an audit committee consisting of a majority of independent non-executive directors, with clear terms of reference – these should include a duty to ensure that managers closely control the level of non-audit work given to auditors, and should not significantly exceed their audit-related fee unless there are, in any manager's opinion, special circumstances to justify it
- in the managers' opinion, no embarrassment is caused to the Fund in relation to its beneficiaries, Hampshire residents, or the general principles of the UK Corporate Governance Code.

If managers do not follow these guidelines, they must report to the Panel and Board explaining why.

Custody

JP Morgan Chase has been appointed as the Fund's independent global custodian with effect from 1 August 2013 for a 5 year period ending on 31 July 2018, subject to satisfactory performance, with the option to extend the contract for a further 5 years.

Stock lending

Since 2006, the Fund has been part of its custodian's stock lending programme, whereby stocks (mainly equities) held by the Fund are loaned to third parties in return for a fee that helps the Fund meet its funding objectives.

In accordance with Schedule 1 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, lending restrictions have been placed on JP Morgan to ensure that the proportion of Fund assets that are available to be lent at any time will not exceed 25% of the total market value of Fund assets.

To acknowledge the risks in stock lending, collateral is provided of at least 105% of the market value of the borrowed stock, unless the borrowed stock and collateral are denominated in the same currency, then a collateral level of 102%

will apply. The collateral arrangements were tested in September 2008, when, within a few days, the Fund's custodian recovered stock on loan to Lehman Bros at the time of its collapse.

Although the Fund temporarily suspended stock lending in September 2008 as a result of the financial crisis, the Joint Pension Fund Panel and Board agreed that this should be reinstated from December 2009 as market conditions had normalised.

Overall, the Panel and Board considers that the income from stock lending benefits the Fund and that the risks are understood and well managed. The Director of Corporate Resources will continue to monitor the risks and, as in the case of the Lehman Bros collapse, would be able to instruct JP Morgan to suspend the programme with immediate effect.

Review of the Statement of Investment Principles

This Statement of Investment Principles is subject to review at any time by the Director of Corporate Resources, who will report to the Joint Pension Fund Panel and Board accordingly, seeking approval for any changes.

The six principles for the management of defined benefit schemes – compliance

Effective decision-making

The County Council has delegated responsibility for managing and administering the Fund to its Joint Pension Fund Panel and Board.

Panel and Board members and County Council officers can attend workshops and seminars on investment and pensions.

Detailed investment decisions are delegated to fund managers. Advice on asset allocation is sought from the actuary and other consultants as necessary.

The Director of Corporate Resources provides Panel and Board members with full briefings on investment and pensions. The Panel and Board also takes advice on investment from its independent adviser.

There is no power under LGPS regulations to pay Panel and Board members for pension fund work. A business plan, which includes a training plan, has been prepared.

The Fund's contract for actuarial and other advice is open to competitive tender periodically. Following a retender process at the end of 2014, Aon Hewitt was appointed Fund actuary from January 2015 for a period of 4 years.

Investment managers are asked for advice, and new approaches are developed in partnership with them.

Little use is made of other advisers, as the Finance function within Corporate Services has enough expertise. If external advice or consultancy is required, a procurement process will be followed according to the value of the work as set out in the County Council's Standing Orders policy.

Clear objectives

The Fund's objectives are set out clearly in this Statement of Investment Principles.

All mandates have clear objectives and timescales for performance assessment.

Acceptable levels of risk vary according to the nature of each manager's mandate, and are effectively determined by the agreed targets and timescales for performance assessment.

There are no soft commission arrangements.

The Fund's overall target return and the managers' individual targets are set out clearly in this Statement of Investment Principles and in the Annex.

Risk and liabilities

Advice from the actuary and other sources was used to determine the strategic asset allocation introduced from 1 January 2007 and the revisions made in 2011 and 2014, which should enable the Fund to meet its liabilities and maintain stable employers' contribution rates.

Advice was also sought to draw up the benchmarks and constraints within which the fund managers must work.

Performance assessment

Reviews of the managers' performance take place at quarterly intervals, either by the Joint Pension Fund Panel and Board or officers.

There is no formal system for reviewing the performance of Joint Pension Fund Panel and Board members.

Responsible ownership

The Fund's policies on voting rights and engagement are set out clearly in this Statement of Investment Principles.

Transparency and reporting

This Statement of Investment Principles covers all areas as proposed by the Myners Committee and subsequently confirmed by the Government.

The results of the Joint Pension Fund Panel and Board's performance monitoring exercises are published in the annual report for the Fund.

An updated Statement of Investment Principles is published and made available to scheme employers within three months of the Joint Pension Fund Panel and Board approving any significant amendment.

Annex Investment management arrangements

	Benchmark	Annual target performance gross/net of fees
Low-risk active UK equities Schroder Investment Management	FTSE All Share	+1.25% gross
High-performance global equities Aberdeen Asset Management Newton Investment Management	MSCI ACWI MSCI ACWI	+3% gross +3% gross
Active global bonds Western Asset Management	Barclays Capital Global Aggregate Bonds Index	+1.5% gross
Passive UK index-linked bonds Legal & General State Street Global Advisors	FT British Government Over Five Years Index-Linked Gilts Index As above	
Passive global equities State Street Global Advisors	FTSE All World Equity Index	
Passive UK equities State Street Global Advisors	FTSE All Share Index	
UK property CBRE Global Investors	Retail Price Index (RPI)	+4.5% net
European property Aberdeen Property Investors	Eurozone Harmonised Index of Consumer Prices (HICP)	+5% net
Alternative Investments advisers GCM Grosvenor		+7.5% to +10.0% net (base)
Aberdeen Asset Management		+9.0% to +11.5% net (local)
Morgan Stanley		+5.5% to +8.0% net (local)

Governance Policy Statement

The Local Government Pension Scheme (Amendment) (No 3) Regulations 2007 require the Fund to maintain a Governance Policy Statement.

The County Council, as administering authority for the Hampshire Pension Fund, has delegated responsibility for managing the Fund's investments to the Joint Pension Fund Panel and Board.

The Joint Pension Fund Panel and Board oversees the proper administration and management of the Pension Fund. It is responsible for:

- appointing external fund managers and advisers
- making suitable custody arrangements for the Fund's investments
- considering and approving actuarial valuations every three years and determining the level of employers' contributions
- considering changes in pension fund regulations and determining actions required
- considering and approving strategic advice on investment policy
- considering and approving the external managers' investment strategies
- monitoring the investment performance of each manager against their target and benchmark, based on statistics prepared by the custodian
- the periodic review of the Statement of Investment Principles, the Fund's Business Plan, its Funding Strategy Statement, this Governance Policy Statement, its Governance Compliance Statement and the Fund's Communication Policy Statement.

The Joint Pension Fund Panel and Board normally meets six times a year. Four of these meetings are used mainly for discussions with the Fund's investment managers, using a report on their strategies and performance prepared by the Director of Corporate Resources, any views of the independent adviser, and presentations prepared by the managers themselves. The other meetings are 'business meetings', where the Panel and Board considers reports from the Director of Corporate Resources, the independent adviser and other consultants as necessary on a range of issues, for example reviews of the Statement of Investment Principles, the Fund's business plan, training, and proposals for scheme change.

The Joint Pension Fund Panel and Board is constituted as follows:

- the County Council as administering authority and the largest employer with 45% of the contributing membership

- an equal number of scheme members and employer representatives (three of each) in line with the requirements of the LGPS (Amendment) (Governance) Regulations 2014

The Joint Pension Fund Panel and Board consists of:

- nine county councillors with voting rights
- three scheme member representatives with voting rights
- three employer representatives with voting rights

There is also an independent adviser without voting rights, who attends all Panel and Board meetings.

Training

Members of the Joint Pension Fund Panel and Board and officers in Corporate Services have opportunities to attend training courses and seminars on pension fund matters, when necessary and appropriate. The cost of attending is charged to the Pension Fund.

A training plan for members of the Joint Pension Fund Panel and Board has been prepared, and training logs for individual members are maintained.

Use of advisers

The Director of Corporate Resources advises the Panel and Board on all Pension Fund investment and administrative matters.

The Fund's independent adviser, advises the Panel and Board on investment matters.

The Panel and Board uses the Fund's actuary, Aon Hewitt, and other consultants as necessary, for advice on matters when in-house expertise is not available. The Panel and Board takes advice from the actuary, the fund managers or specialist consultants or advisers as required on allocating assets, selecting managers, and investment performance targets.

Communications with Fund employers and members

Each financial year, an annual report on the Fund is prepared for the Fund's employers to consider at an Annual Employers Meeting to be held by 31 October in the next financial year. The report covers the Fund's accounts, investment arrangements and policy, investment performance, scheme changes and other issues of current interest.

In the autumn, a summary of the accounts, investment management and administrative arrangements is made available online to current, pensioner, and deferred members.

The Statement of Investment Principles is published and made available to scheme employers within three months of any amendments.

Annual benefit statements are provided to contributors and deferred pensioners, together with an annual newsletter to pensioners.

Service standards

The County Council follows best practice as set out in the LGPC circular 'Principles of Good Practice for the Management of Local Government Pension Schemes'.

Governance Compliance Statement

This statement shows how Hampshire County Council as the administering authority of the Hampshire Pension Fund complies with guidance on the governance of the Local Government Pension Scheme (LGPS) issued by the Secretary of State for Communities and Local Government in accordance with the Local Government Pension Scheme (Administration) Regulations 2008.

Ref.	Principles	Compliance	Comments
A	Structure		
a.	That the management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Full compliance.	Hampshire County Council's constitution sets out the functions of the Joint Pension Fund Panel and Board.
b.	That representatives of participating LGPS employers, admission bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Full compliance.	The Joint Pension Fund Panel and Board includes representatives of the other local authorities in the Fund, and pensioner and contributor members.
c.	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Full compliance.	No formal secondary committees or panels have been established.
d.	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Full compliance.	No formal secondary committees or panels have been established.
B	Representation		
a.	That all key stakeholders have the opportunity to be represented within the main or secondary committee structure. These include: <ul style="list-style-type: none"> i) employing authorities (including non-scheme employers, e.g. admission bodies) ii) scheme members (including deferred and pensioner scheme members) iii) where appropriate, 	Full compliance.	The Joint Pension Fund Panel and Board includes representatives of the other local authorities in the Fund, and pensioner and contributor members. The Fund's independent adviser attends Joint Pension Fund Panel and Board

	independent professional observers, and iv) expert advisers (on an ad-hoc basis).		meetings. Independent professional observers are not regarded as appropriate.
b.	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers, meetings, and training and are given full opportunity to contribute to the decision-making process, with or without voting rights.	Full compliance.	Equal access is provided to all members of the Joint Pension Fund Panel and Board.
C	Selection and role of lay members		
a.	That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Full compliance.	
D	Voting		
a.	That the individual administering authorities on voting rights are clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Full compliance.	All representatives on the Joint Pension Fund Panel and Board have full voting rights, but the Panel and Board works by consensus without votes often being required.
E	Training/facility time/expenses		
a.	That in relation to the way in which the administering authority takes statutory and related decisions, there is a clear policy on training, facility time and reimbursement of expenses for members involved in the decision-making process.	Full compliance.	Full training and facilities are made available to all members of the Joint Pension Fund Panel and Board.
b.	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Full compliance.	
c.	That the administering authority considers adopting annual training plans for committee members and maintains a log of all such training undertaken.	Full compliance.	A training plan has been prepared for the Joint Pension Fund Panel and Board, and training logs are

			maintained for individual Panel and Board members.
F	Meetings (frequency/quorum)		
a.	That an administering authority's main committee or committees meet at least quarterly.	Full compliance.	
b.	That an administering authority's secondary committee or panel meets at least twice a year and is synchronised with the dates when the main committee sits.	Full compliance.	No formal secondary committees or panels have been established.
c.	That an administering authority that does not include lay members in its formal governance arrangements must provide a forum outside of those arrangements to represent the interests of key stakeholders.	Full compliance.	The Joint Pension Fund Panel and Board includes lay members. An Annual Employers Meeting of the Pension Fund is held and road shows are arranged for employers.
G	Access		
a.	That, subject to any rules in the County Council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that are due to be considered at meetings of the main committee.	Full compliance.	Equal access is provided to all members of the Joint Pension Fund Panel and Board.
H	Scope		
a.	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Full compliance.	The Joint Pension Fund Panel and Board deals with fund administration issues as well as fund investment.
I	Publicity		
a.	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in how the scheme is governed can say they want to be part of those arrangements.	Full compliance.	The County Council's Governance Policy Statement is published in the Pension Fund's Annual Report and on its website.

Communication Policy Statement 2016

Introduction

This document outlines how we communicate with our stakeholders. To communicate effectively, we use different methods according to the need and the target audience.

We have five key stakeholder groups:

- Scheme members
- Prospective scheme members
- Employing authorities
- Pensions Services' staff
- Other bodies, for example prospective employing authorities.

We are committed to communicating clearly and effectively and we aim to provide a high quality service to all our stakeholders. Our statement of service standards for employers and scheme members can be found on our website:

<http://www3.hants.gov.uk/finance/pensions.htm>

We also have a customer charter that shows the service our scheme members can expect:

<http://www3.hants.gov.uk/pensions/pensionscustomerservice.htm#section409024-3>

Methods of communication

Our communication with scheme members

Scheme members include current contributors, those with a deferred benefit and those receiving a pension. Scheme members must be given detailed information about the scheme and their own benefits.

Website

Our website offers extensive information for scheme members. It contains links to other relevant organisations and is updated with all new legislation and relevant information. The website is the prime source of information on the pension scheme and ensures timely, up-to-date and easy-to-access information for all our stakeholders.

Scheme literature

The *Employee's Guide* is the main reference point for current scheme members. This is available on the Pensions Services website. We update it regularly, usually when regulations are changed. It is available from our website. Other scheme literature is available from employers or direct from us.

Member support

We have a general query call centre which operates during office hours. A voice-mail service takes messages out of hours, and we return these calls the next working day. We aim to answer 90% of the incoming queries without the need to refer on to our operational teams. We also have a general email address for all queries.

Correspondence

We use post and email for correspondence with scheme members.

We send details of any scheme changes to the relevant members, within three months of the change.

Benefit statements

Each year, we send all current and deferred members an annual benefit statement showing their benefits as at 31 March. We aim to issue these by the end of August each year.

Pay advice slips and P60s

We send pay advice slips to pensioners each April and send a P60 in May if the pensioner has had income tax deducted during the year. We also send a payslip to pensioners if there has been a change of more than £1 in their monthly payment.

Newsletters

An annual newsletter is sent to pensioners each March.

Report and accounts

In the autumn a summary of the accounts, investment management and administrative arrangements is made available to current, pensioner, and deferred members. The annual report and full accounts are available to members on request or from our website.

Life certificates

From time to time, we send certificates to pensioners over the age of 85 and those living abroad to be signed, witnessed and returned to us to satisfy ourselves that we are paying the right amount of pension to the right person.

Our communication with prospective scheme members

To provide information about the scheme, we give employers relevant information to ensure that eligible staff are aware of their pension options.

Scheme literature

Employers give all new employees information on appointment including the membership option form. A death grant 'expression of wish' form and a pension transfer booklet is available on the Pension Services website. Other scheme literature is available direct from us or from our website.

Website

The website contains a dedicated 'New Member' section, which outlines the benefits of the scheme and answers some common questions for prospective members.

Our communication with employing authorities

We communicate with employing authorities in several ways to help them meet their responsibilities as scheme employers.

Scheme literature

An *Employer Manual* is available to all employing authorities. It contains details of procedures and their responsibilities. Copies of leaflets and forms are also available to employers from the website or on request from ourselves.

Correspondence

We send a regular electronic newsletter to keep employing authorities up to date with the latest regulation changes and proposals, as well as any changes in administration.

We also send ad hoc email communication to advise employers of any changes or information they should be aware of or would find useful.

Website

The website has a dedicated section for employers, which is password protected. It gives the latest news and an electronic version of the *Employer Manual*.

Employer training

We hold regular employer training days, and offer targeted training on request from employers, in addition to dealing with simple queries via phone or email.

Administration strategy

We publish an administration strategy which sets out the roles and responsibilities of the Hampshire Pension Fund and the employers.

Employer liaison meetings

All employers may request a meeting with us, and we attend established employer forums such as the Payroll Officers' Group. We also hold six-monthly meetings with an employer focus group.

Reports and accounts

We send an electronic copy of the annual report and accounts to each employer. We publish an updated Statement of Investment Principles and make it available to employers within three months of the Joint Pension Fund Panel and Board approving any significant amendment(s).

Valuation report

We send the provisional outcome and the full actuarial report on the triennial valuation to employers when they are available.

Pension Fund Annual Employers Meeting (AEM)

We invite all our employing authorities to attend the Pension Fund Annual Employers Meeting. As well as providing information on issues such as the annual report, scheme changes and investment managers' performance results, the Annual Employers Meeting provides formal and informal opportunities for employers to ask questions of the Joint Pension Fund Panel and Board or those presenting.

Our communication with Pensions Services staff

It is vital that our staff are kept up to date with all changes to the scheme so that they can continue to administer it effectively and offer a high-quality service to members and employers.

Email

Latest news and information is available on the staff webpages. In addition, we may send key information via the group distribution list.

Internet access

All staff have internet access, allowing access to a wide range of pension information.

Employer contact information

A database of contact information for all employing authorities is kept up to date and is available for use by our staff.

Meetings

Regular meetings are held, both informal and formal, within teams and across groups of staff.

Regular section briefings are held to share information across the whole of our section.

Staff training

We undertake regular staff training to ensure that our staff have the relevant knowledge and skills to undertake their role. This includes staff workshops and supporting staff taking any relevant professional qualifications. New staff undertake a structured development programme.

Our communication with other bodies

Members' representatives

We provide information to members' representatives on request. Any issues that need consultation with members' representatives are referred to the regular meetings held with the Head of Human Resources, Operations.

Joint Pension Fund Panel and Board

The Joint Pension Fund Panel and Board receives reports from the Director of Corporate Resources. Although these usually concern investment issues, they will advise the Panel and Board on changes to administrative arrangements or scheme rules where relevant.

Prospective employing authorities

New employers receive information about the costs of joining the scheme and are invited to attend employer training as well as having access to the employer website.

Complaints and appeals

We have a comprehensive process for dealing with complaints and appeals. A full copy of the internal disputes resolution procedure is available on our website:

<http://www3.hants.gov.uk/pensions/lgps/a-z/internal-dispute-resolution-procedures.htm>

Publications matrix

<i>Document</i>	<i>Format</i>		<i>Available to</i>					<i>Published</i>	<i>Reviewed</i>
	Paper	Website	Prospective members	Current members	Deferred members	Pensioners	Employers	Always available	
Employee's Guide	✓	✓	✓	✓	✓	X	✓	Always available	As regulations change
Employer Manual	X	✓	X	X	X	X	✓	Always available	As regulations change
Reports and accounts	X	✓	✓	✓	✓	✓	✓	Annually	Annually
Benefit statements	✓	X	X	✓	✓	X	X	Annually	Annually
Pensioners' newsletter	✓	✓	X	X	X	✓	X	Always available	Annually
Service standards	✓	✓	✓	✓	✓	✓	✓	Always available	Annually
Complaints and appeals process	✓	✓	✓	✓	✓	✓	✓	Always available	Annually

Hampshire Pension Fund Administration Strategy

1 Introduction

- 1.1 Hampshire County Council is the administering authority for the Local Government Pension Scheme (LGPS) on behalf of the employers participating in the LGPS through the Hampshire Pension Fund (HPF). The LGPS is governed by statutory regulations.
- 1.2 HPF provides a high quality pension service to members and employers, to ensure members receive their correct pension benefits. This is best achieved where HPF and the employers are clear about their roles and responsibilities and work in partnership.
- 1.3 This strategy statement:
 - sets out the roles and responsibilities of HPF and the employers
 - specifies the level of services HPF and the employers will provide to each other
 - explains the performance measures used to evaluate them
 - is an agreement between HPF and the employers

2 Pension Administration Strategy

- 2.1 This strategy is an agreement between the Hampshire Pension Fund and all participating bodies. All parties commit to the following principles:
 - provide a high quality pension service to members
 - continually develop efficient working arrangements
 - meet HPF's service standards
 - an annual report of performance
 - take responsibility to provide accurate and timely information
 - keep the pension administration strategy under review and revise where appropriate.
- 2.2 This strategy statement was produced by HPF in consultation with the employers and is effective from 01 November 2014. It is hereby agreed that each of the parties as defined in this agreement and the scheme regulations, shall abide by the requirements of this agreement.
 - HPF shall monitor the requirements of this agreement and report its findings to the Hampshire Joint Pension Fund Panel and Board.
 - Changes are subject to consultation with the employers. Variations must be agreed with HPF and confirmed in writing.
- 2.3 Please keep a copy of this strategy for your records. The original will be held at the offices of the Hampshire Pension Fund and will be made available to any scheme member, past or present, wishing to have sight of the document.

3 Roles and responsibilities

- 3.1 The quality of service to members depends on the supply of accurate and timely information.
- 3.2 Employer duties, responsibilities and discretions are listed in Appendix A to this agreement.
- 3.3 HPF's duties and responsibilities are listed in Appendix B to this agreement.

4 The Regulations – effect on strategy

- 4.1 This strategy sets out certain duties and responsibilities.
- It does not override any provision or requirement in the Regulations or any overriding legislation.
 - The intentions of the Regulations in their application to current members, potential members, deferred members and retired members must be complied with.
- 4.2 This agreement is based on:
- Current regulations:
 - the Local Government Pension Scheme Regulations 2013, and any amendments;
 - the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, and any amendments;
 - Any earlier LGPS regulations as they continue to apply
 - Overriding legislation including, but not limited to,
 - the Public Service Pension Act 2013
 - the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2000
 - the Occupational Pension Scheme (Disclosure of Information) Regulations 1996

5 Definitions

- 5.1 For the purpose of this Administration Agreement:
- “**Administering Authority**”, ‘Hampshire Pension Fund (HPF) and the Fund means Hampshire County Council;
 - “**Employing authority**” or “**employer**” means an employer within the Hampshire Pension Fund; and
 - “**Scheme**” means the Local Government Pension Scheme, and
 - “**The Panel and Board**” means the Hampshire Joint Pension Fund Panel and Board’

6 Communication

- 6.1 The HPF Communications Policy Statement outlines how the Fund communicates with all stakeholders, including employers.
- 6.2 HPF routinely provides information and resources for employers using

- its website, www.hants.gov.uk/pensions with an employers' section
 - an electronic newsletter called Pension Matters
 - an employer manual and other guides available on the HPF website.
- 6.3 HPF will make available to the employer an up to date list of LGPS publications which will be available from the HPF website or as otherwise indicated.
- 6.4 HPF will communicate to the employer on an ad hoc basis and as required in respect of matters relating to the LGPS.
- 6.5 HPF will ensure that sufficient information is issued in the form of newsletters, booklets and other materials to satisfy the requirements of The Occupational, Personal and Stakeholder Pension Schemes (Disclosure of Information) (Amendment) Regulations 2010.
- 6.6 HPF will notify the employer of changes to administrative procedures that may arise as a result of changes in pension scheme regulations and update standard documentation on the HPF website.
- 6.7 HPF will issue forms, newsletters, booklets and such other materials as are necessary in the administration of the LGPS, for members and the employers. This includes providing HMRC with details of early leavers for contracting-out purposes.
- 6.8 Employers should provide contact details at least annually, and whenever a named contact changes, on the Employer Authorisation form.
- 6.9 Employers may provide information about members to HPF in a variety of ways, including electronic and paper forms, directly updating electronic pension records, or using an interface between payroll and the pensions system. Forms used must be up to date, and are available on the HPF website. Employers who update electronic pension records directly are fully supported via initial and refresher training and day to day support.

7 Performance measurement and reporting

- 7.1 Pensions Services will monitor, measure and report compliance with the agreed service standards. This information will be reported to the Panel and Board, and improvement plans put in place if necessary.
- 7.2 Where this information reveals problems in employers meeting the standards, HPF will consult and work with the relevant employers to improve compliance and performance levels by providing appropriate support, guidance, and training.

8 Costs

- 8.1 The Fund Actuary determines employer contribution rates for the three years following each triennial valuation. The rates and adjustments certificate provides details of all payments which are due from employers in the fund.
- 8.2 The costs of administration, including actuarial fees for the triennial valuation, are charged directly to HPF. These administration costs are taken into account by the Fund Actuary when assessing the employers' contribution rates.
- 8.3 Where additional actuarial or legal services are required by, or result from the actions of, the employer, the employer will be required to reimburse HPF for the costs involved. Where appropriate, an estimate of these costs will be provided and the employer's agreement obtained before proceeding to instruct the service provider.

- 8.4 If HPF incurs interest charges as a result of a late notification of retirement from the employer, it may recharge to the employer the interest incurred on the late payment of the lump sum.
- 8.5 Employers may also be required to pay for additional work, including estimates which are in addition to the agreed allocation, or for requesting work to be completed faster than the normal service standards. The employer's agreement to the charge will be obtained prior to the work being carried out.

9 Penalties

- 9.1 Commitment to the principles of this statement (see 2.1) should mean that any non-compliance is addressed promptly, with no need to resort to a penalty. However, the following actions are possible:
- Where payment over of contributions is late more than once in any 12 month period, HPF will issue the employer with a written notice of unsatisfactory performance and may charge interest on the late payment at a daily rate equal to the Bank of England's base rate plus 1%
 - Persistent failure to comply with contributions payment requirements will result in HPF informing The Pensions Regulator as required of Scheme Administrators by the Pensions Act 1995.
 - Where the employer fails to comply with their scheme duties, including failure to pay contributions due, HPF reserves the right to notify the member(s) involved and to notify all members employed by the employer in the event of serious or persistent failure.
 - If additional and disproportionate resources are deployed by HPF because of an employer's poor performance, the cost of the additional resources may be re-charged to the employer according to powers available under scheme regulations. Written notice will be given of the reasons for the re-charge, how the cost was calculated, and the part of this statement which, in HPF's opinion, was contravened.
 - Where orders or instructions issued by The Pensions Regulator, the Pensions Ombudsman or other regulatory body require financial compensation or a fine to be paid by HPF, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of the employer, the sum concerned will be recharged to the employer.
 - Where, as a result of the employer's failure to notify HPF of the final retirement details in a timely manner, payment of any retirement lump sum is not made within 30 days from the date of the member's retirement, HPF will issue the employer with a written notice of unsatisfactory performance and may charge the employer for the interest payment made.
 - Where it is proven that the employer is not responsible for any fine or penalty imposed by The Pensions Regulator or any other statutory body as a result of non-compliance of this Service Level Agreement, any such charge will automatically default to HPF.

10 Hampshire Pension Fund contacts

Member and general employer queries
Pensions customer support team 01962 845588 pensions@hants.gov.uk Website www.hants.gov.uk/finance/pensions
Technical employer queries
Service development team servdev.pensions@hants.gov.uk
End of year and associated matters
Finance team pensions.finance@hants.gov.uk

Appendix A - Employer Responsibilities

The main duties of the employers as set out in the Regulations are set out in the table below, together with timescales for completion where appropriate.

Employer responsibility	Timescale
Decide who is eligible to become a member of the LGPS and the date from which membership of the LGPS starts). Notify HPF of the new member details and provide employee with details of the pension scheme.	Within 10 working days following the end of the month in which the employee joined the LGPS.
Determine the rate of employee contributions to be deducted from the employee's pensionable pay and, where the employee holds more than one post, the rate that should be applied to each post.	For the first pay period in which the employee joins the LGPS
Move employees into the 50:50 section.	From the next pay period after receiving the employee's request
Collect and pay to the HPF the deduction of, the correct rate of pension contributions payable by the employee and the employer, including any additional employee contributions of any kind.	Payment over to HPF by 19 th of the month following deduction
Complete monthly remittance form containing detail of the contributions payment.	Send to Pensions Services with payment of contributions
Collect and pay over AVC contributions to the specified AVC provider in accordance with statutory timescales Notify HPF of a member's election to pay, vary or cease AVCs.	Payment over to AVC provider by 19 th of the month following deduction
Refund contributions through the payroll to any employee who opts out of the scheme with less than 3 months membership.	From the next pay period after receiving the employee's request to opt out
Calculate assumed pensionable pay for any employees who met this requirement under the regulations.	As required
When an employee's ceases membership of the LGPS, determine the reason for leaving and entitlement to benefit and notify the HPF, supplying timely and accurate information to HPF so that benefits payable from the LGPS are calculated correctly.	Within 10 working days following the end of the month in which the employee left the scheme.
Use an independent registered medical practitioner qualified in occupational health medicine (who has been approved by HPF) in determining requests for ill health retirement.	As required
Write, publish and maintain a policy on areas of the	In accordance with

Employer responsibility	Timescale
regulations in which employers can exercise their discretion.	regulations and then regular review. Notify HPF and members of any changes to those policies within 30 working days of the changes taking effect.
Appoint a person to consider applications from members regarding decisions, acts or omissions and to decide on those applications.	On entry to the HPF and review as required
Provide annual information to HPF with full details of the contributions paid by members in the year. Respond to queries on the annual return raised by HPF.	By 30 April Respond to queries within 20 working days of receipt
Determine final pay for the purposes of calculating benefits due from the Scheme.	The employer will provide HPF with the correct final pay figure for the calculation of benefits: <ul style="list-style-type: none"> • within 20 working days before an employee's retirement date • within 10 days of the month end during which the employee left employment or opted out
The employer will maintain employment records for each member for the purposes of determining membership and entitlement to benefits. The employer must keep a full pay history for the 13 years, ending 31 March, before the member leaves the scheme.	As required
Notify the HPF of changes to an employee's status or of a break in membership.	10 working days following the end of the month during which date that the change takes effect
Notify HPF of a member's death and next of kin's details.	Within five working days of the member's death.
Supply required details for completion of an estimate.	Within 10 working days of the member's request
Distribute annual benefit statements and any other notifications to active members as requested by HPF.	Within 20 working days of receipt

Employer responsibility	Timescale
Notify HPF of any TUPE transfer. Complete TUPE forms for each member transferring.	Notify HPF of the transfer as soon as possible in advance of the transfer date. Part A of the TUPE form completed within 10 working days following the end of the month in which the transfer took place.

Appendix B - HPF Responsibilities

The overriding responsibility of HPF is to maintain the Hampshire Pension Fund in accordance with the regulations.

HPF will provide the following within the timescales shown. A reduced timescale may be agreed in exceptional cases at an employer's request.

HPF responsibility	Timescales
Invest pension contributions and account for and manage the Pension Fund's assets.	Daily.
Allocate all contributions submitted by the employer to their respective income codes and reconcile the total contributions paid on a yearly basis.	Annually.
Appoint Additional Voluntary Contributions provider(s).	As required.
Appoint an actuary for the purposes of the triennial valuation of the Fund and to provide periodical actuarial advice when required.	As required, in line with procurement provisions.
Provide accurate, timely data to the Fund actuary.	As required.
Correspond with and commission any information required of the Fund Actuary on behalf of the employer.	As required.
Arrange for the triennial valuation of the Pension Fund and provide the employer with a copy of the valuation report and the annual report and statement of accounts.	Every three years.
Arrange for the annual accounting report to be provided to all employers requiring such a report.	Annually.
Publish and review the Pension Fund's Policies and Funding Strategy Statement, and prepare annual report and accounts.	Annual review and publication.
<p>Notify the employers of any significant changes to:</p> <ul style="list-style-type: none"> • Regulations that might affect members in their employ; • policies made by the administering authority under the Regulations; or • procedures adopted by it in accordance with this strategy. <p>Advice will be given to the employers in respect of matters arising from the interpretation and implementation of the Regulations.</p>	As required.
Maintain a complaints procedure including the appointment of a specified person to act as a local referee at Stage 2 of the dispute process.	As required.

HPF responsibility	Timescales
Write, publish and maintain a policy on areas of the regulations in which employers can exercise their discretion.	In accordance with regulations and then regular review. Notify employers and members of any changes to those policies within 30 working days of the changes taking effect.
Answer enquiries made by members or sooner where possible.	Within 10 working days Where an enquiry will take longer than 10 days to resolve, HPF will notify the member and keep the member updated.
Set up a record for each new member and issue a statutory notification.	Within 20 working days from when notified of their membership.
Issue annual benefit statements to active members via their employer.	Within 6 months of receipt of all relevant year end information from the employer, or in any case no later than prescribed in the regulations.
Provide an estimate of pension benefits on request from the employer, and details of any capital costs to be paid by them.	Within 20 working days of receipt of all relevant information
Amend a member's record.	Within 20 working days from when the change was notified.
Calculate benefits due when a member leaves employment and send details to the member.	Within 20 working days for retirements, or within 40 working days for deferred benefits, on receipt of all information needed to make the final calculation
Send a benefit statement to all deferred members showing the accrued benefits to the date of leaving and the other options available to them in accordance with the Regulations.	Annually

HPF responsibility	Timescales
Pay retirement lump sums.	Within 10 days of the retirement date or of receipt of all information from the employer and member if later.
Set up on monthly payroll.	Within 10 working days of completing the retirement calculations.
Provide details of the final capital costs to be paid by the employer into the Pension Fund.	Within 10 working days of completing the calculation.
Calculate and process transfers of members' pension rights inwards and outwards.	Within 20 working days of receipt of information
Acknowledge in writing the death of a member.	Within 5 working days of being notified of the death.
Supply survivor beneficiaries with notification of their entitlements including the method of calculation.	Within 20 working days of all the information being received.
Pay any death grant due and set up dependant on pensioner payroll.	Within 10 working days of completing the calculation of entitlement
Apply pensions increases annually to the relevant pensions in payment and deferred pensions retained in the Fund in accordance with the Pensions Increase (Review) Order issued by the Government.	Annually

Appendix C – Administering Authority discretions and delegated authority for approval

The table below sets out how the Hampshire Pension Fund (HPF) chooses to exercise its discretions under the LGPS regulations, together with the delegated authority for approval where a further decision exists.

	Discretion	Regulation	Policy	Delegated authority for approval
1.	Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority, Care Quality Commission or any other body applying to be an admission body	R4(2)(b), R5(5) & RSch 2, Part 3, para 1	HPF will enter into an admission agreement where the requirements that it has set down and issued to prospective bodies are met.	Team Manager – Service Development
2.	Whether to terminate a transferee admission agreement in the event of: <ul style="list-style-type: none"> - Insolvency, winding up or liquidation of the body - Breach by that body of its obligations under the admission agreement - Failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so 	RSch 2, Part 3, para 9(d)	HPF will decide any case on its merits.	Director of Corporate Resources
3.	Define what is meant by ‘employed in connection with’	RSch 2, Part 3, para12(a)	HPF admission agreements specify this as the employee spending at least 50% of his time employed by the admission body carrying out duties relevant to the provision of the services.	N/A

	Discretion	Regulation	Policy	Delegated authority for approval
4.	Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment)	R16(1)	HPF has not set a minimum payment threshold.	N/A
5.	Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC	R16(10)	HPF does not require those applying to take out an APC to pass a medical.	N/A
6.	Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health.	R16(10)	HPF will turn down an application if there are sound reasons to believe the applicant is not in good health	Head of Pensions
7.	Whether to charge member for provision of an estimate of additional pension that would be provided by the Scheme in return for transfer in of in house AVC /SCAVC funds (where AVC / SCAVC arrangement was entered into before 1 / 4/ 14)	TP15(1)d & A28(2)	HPF charges for estimates in accordance with its estimates policy.	N/A
8.	Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member	R17(12)	HPF will decide each case on its merits, after assessing all potential beneficiaries, but will take into account the member's valid expression of wish form.	Team Manager - Operations
9.	Pension account may be kept in such form as considered appropriate	R22(3)(c)	HPF will decide the form in which pension accounts are kept based on any published guidance, best practice and in an efficient manner.	N/A

	Discretion	Regulation	Policy	Delegated authority for approval
10.	Decide, in the absence of an election from the member within 12 months of ceasing a concurrent employment, which ongoing employment benefits from the concurrent employment which has ceased should be aggregated (where there is more than one ongoing employment)	TP10(9)	HPF will aggregate with the earliest remaining employment.	N/A
11.	If an Employer has become defunct, , the administering authority is required to make decisions on ill health and early payment of benefits. Including whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement or on benefits which a member voluntarily draws before normal pension age.	R30(8) TP12(6) R38(3) R38(6) B30(2) B30(5) B30A(3) B30A(5) B31(4) B31(7)	HPF will exercise this discretion in accordance with, and to the extent of (if any) the policy and practice of the former employer. If no policy exists, HPF will not waive any reduction. HPF will assess ill health retirement decisions, including the use of 2008 certificates, on a case by case basis.	Head of Pensions
12.	Whether to require any strain on Fund costs to be paid 'up front' by employing authority following payment of benefits under: flexible retirement; redundancy / business efficiency; the waiver (in whole or in part) of any actuarial reduction that would have otherwise been applied to benefits which a member voluntarily draws before normal pension age; release of benefits before age 60.	R68(2) TPSch 2, para 2(3) L80(5) B30 or B30A	HPF requires employers to make upfront payment of strain charges following any decision to allow early payment of benefits (other than ill health).	N/A

	Discretion	Regulation	Policy	Delegated authority for approval
13.	Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement.	R32(7)	No extension will be granted, unless appropriate to the individual circumstances of a case.	Head of Pensions
14.	Decide whether to commute small pension	R34(1) B39 T14(3) L49 & L156	HPF will not allow commutation of small pension pots.	N/A
15.	Approve medical advisors used by employers (for ill health benefits)	R36(3) L97(10)	HPF requires employers to provide details of medical advisors used for assessing entitlement to ill health benefits and will liaise with any employer who is using a medical advisor of which HPF does not approve.	Head of Pensions
16.	Decide to whom death grant is paid	TP17(5) to (8) R40(2) R43(2) R46(2) B23(2) & B32(2) B35(2) TSch1 L155(4) L38(1) L155(4) E8	HPF will decide each case on its merits, after assessing all potential beneficiaries, but will take into account the member's valid expression of wish form.	Team Manager - Operations

	Discretion	Regulation	Policy	Delegated authority for approval
17.	Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership	R49(1)(c) B42(1)(c)	HPF will choose the benefit entitlement that yields the highest level of benefits for the member.	Team Manager - Operations
18.	Whether to set up a separate admission agreement fund	R54(1)	HPF has decided not to set up a separate admission agreement fund.	Director of Corporate Resources
19.	Maintain a governance policy which contains the information set out in the regulations	R55	HPF has a written governance policy which contains the required information and is regularly reviewed.	Joint Pension Fund Panel and Board
20.	Decide on Funding Strategy for inclusion in funding strategy statement	R58	HPF has a funding strategy which is included in the funding strategy statement.	Joint Pension Fund Panel and Board
21.	Whether to have a written pensions administration strategy and if so, the matters it should include	R59(1) & (2)	HPF has a written pensions administration strategy.	Joint Pension Fund Panel and Board
22.	Maintain a communication policy which contains the information set out in the regulations	R61	HPF has a written communication policy which contains the required information and is regularly reviewed.	Joint Pension Fund Panel and Board
23.	Whether to obtain revision of employer's contribution rate if there are circumstances which make it likely a Scheme employer will become an exiting employer	R64(4)	HPF will decide each case on its merits, with advice from the Fund Actuary.	Director of Corporate Resources

	Discretion	Regulation	Policy	Delegated authority for approval
24.	Decide whether to obtain a new rates and adjustments certificate if the Secretary of State amends the Benefits Regulations as part of the 'cost sharing' under R63	R65	HPF will make this decision as it arises, with advice from the Fund Actuary.	Director of Corporate Resources
25.	Decide the frequency of payments to be made over to the Fund by employers and whether to make an admin charge	R69(1) L81(1) L12(5)	Employer contribution payments are due monthly by 19 th of the month following deduction. Administration costs are taken into account by the actuary when setting employer contribution rates.	Head of Pensions
26.	Decide the form and frequency of information to accompany payments to the Fund	R69(4) L81(5)	Employers are required to complete a monthly remittance form with their payment showing a breakdown of contributions.	Team Manager - Finance
27.	Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance	R70 and TP22(2)	HPF will work with employers to improve performance but if additional and disproportionate resources are deployed by HPF because of an employer's poor performance, the cost of the additional resources may be re-charged.	Head of Pensions
28.	Whether to charge interest on payments by employers which are overdue	R71(1) L82(1)	HPF will charge interest on payments which are more than one month overdue.	Head of Pensions
29.	Decide whether to extend six month period to lodge a stage one IDRPs to be heard by the administering authority	R74(4)	HPF will not extend the 6 month period, unless the circumstances of the individual case warrant an extension.	Head of Pensions

	Discretion	Regulation	Policy	Delegated authority for approval
30.	Decide procedure to be followed when exercising its IDRPs functions and decide the manner in which those functions are to be exercised	R74(6) R76(4) L99	HPF has a documented and compliant IDRPs process.	N/A
31.	Whether admin authority should appeal against employer decision (or lack of a decision)	R79(2) L105(1)	HPF would take the decision to appeal based on the merits of the individual case.	Head of Pensions
32.	Specify information to be supplied by employers to enable admin. authority to discharge its functions	R80(1)(b) & TP22(1)	HPF provides employers with full guidance as to the information they must supply.	N/A
33.	Whether to pay death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in the Administration of Estates (Small Payments) Act 1965.	R82(2) A52(2) L95	HPF will pay death grants that are under the amount specified in the Administration of Estates (Small Payments) Act 1965 without the need for grant of probate / letters of administration.	N/A
34.	Whether, where a person (other than an eligible child) is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	R83 A52A	HPF will decide who should receive payment of benefits, based on the circumstances of the individual case.	Head of Pensions
35.	Date to which benefits shown on annual benefit statement are calculated.	R89(5) L106A(5)	HPF uses 31 March, but will revise this if regulatory requirements, administrative efficiency or best practice demand it.	N/A

	Discretion	Regulation	Policy	Delegated authority for approval
36.	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS.	R100(68)	HPF will not extend the 12 month limit, except if warranted by the individual circumstances of the case.	Head of Pensions
37.	Allow transfer of pension rights into the Fund.	R100(7)	HPF will allow transfers into the Fund.	N/A
38.	Where member to whom B10 applies (use of average of 3 years pay for final pay purposes) dies before making an election, whether to make that election on behalf of the deceased member. Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1.4.08.).	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) TSch 1 L23(9) B10(2)	HPF will choose the pay figure that would yield the highest overall level of benefits for beneficiaries.	Team Manager - Operations
39.	Decide to treat child as being in continuous education or vocational training despite a break.	RSch 1 & TP17(9) B39 T14(3)	HPF will treat a child as being in continuous education or vocational training despite a break.	N/A
40.	Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member.	RSch 1 & TP17(9)(b) B25	HPF will decide the evidence required to determine financial dependence, based on guidance and best practice. For most cases, utility bills, bank statements or mortgage documentation in joint names will be accepted.	Team Manager - Operations

	Discretion	Regulation	Policy	Delegated authority for approval
41.	Decide policy on abatement of pensions following re-employment, including the pre April 14 element for post 14 leavers.	TP3(13) & A70(1)* & A71(4)(c) T12 L109 L110(4)b	HPF will not abate pension for any re-employment starting after 1 April 2014. Pensions already abated at this date will continue to be abated until the re-employment ends.	N/A
42.	Extend time period for capitalisation of added years contract	TP15(1)(c) & TSch1 & L83(5)	HPF will not extend the time limit for applications to pay off added years contracts.	N/A
43.	Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits	A45(3) L89(3)	HPF will usually recover as a deduction from benefits.	Team Manager - Operations
44.	Whether to pay the whole or part of a child's pension to another person for the benefit of that child.	B27(5) L47(2) G11(2)	All pensions due to children under 16 will be paid to another person for the benefit of the child. After age 16, HPF will normally pay to the child, unless the circumstances of the individual case mean that the payments should continue to be made to another person.	N/A
45.	Extend normal 12 month period following end of relevant reserve forces leave for "Cancelling notice" to be submitted by a councillor member requesting that the service should not be treated as relevant reserve forces service.	L17(4),(7),(8), & L89(4) & Sch 1	HPF will not extend the 12 month period.	N/A

	Discretion	Regulation	Policy	Delegated authority for approval
46.	Select appropriate final pay period for deceased non-councillor member (leavers post 31.3.98. / pre 1.4.08.).	L22(7)	HPF will choose the appropriate pay period that would yield the highest overall level of benefits for beneficiaries.	Team Manager - Operations
47.	Apportionment of children's pension amongst eligible children (children of councillor members and children of post 31.3.98 / pre 1.4.08. leavers).	L47(1) G11(1)	HPF will apportion children's pension equally amongst eligible children.	N/A
48.	Commute benefits due to exceptional ill-health (councillor members, pre 1.4.08. leavers and pre 1.4.08. Pension Credit members).	L50 and L157	HPF will commute benefits due to exceptional ill health, provided regulatory conditions are met.	N/A
49.	Whether acceptance of AVC election is subject to a minimum payment (councillors only).	L60(5)	HPF does not set a minimum payment threshold for AVCs	N/A
50.	Timing of pension increase payments by employers to fund (pre 1.4.08. leavers).	L91(6)	Employer payments are paid monthly on account, with an annual balancing charge after the year end.	N/A
51.	Retention of CEP where member transfers out (councillors and pre 1.4.08. leavers).	L118	CEP will be paid with transfers out rather than being retained in the Fund.	N/A
52.	Discharge Pension Credit liability (in respect of Pension Sharing Orders for councillors and pre 1.4.08. Pension Sharing Orders for non-councillor members).	L147	HPF will discharge its liability by conferring pension credit rights on the person entitled to the pension credit.	N/A

	Discretion	Regulation	Policy	Delegated authority for approval
53.	Whether to pay spouse's pensions for life for pre 1.4.98 retirees / pre 1.4.98 deferreds who die on or after 1.4.98. (rather than ceasing during any period of remarriage or co-habitation).	F7	HPF will pay spouse's LGPS pensions for life.	N/A
54.	Agree to pay annual compensation on behalf of employer and recharge payments to employer.	DC 31(2)	HPF will pay compensation on behalf of an employer, subject to acceptable recharge arrangements.	Head of Pensions

Key to regulations:

Prefix	Regulation
R	Local Government Pension Scheme Regulations 2013
TP	Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
A	Local Government Pension Scheme (Administration) Regulations 2008
B	Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007
T	Local Government Pension Scheme (Transitional Provisions) Regulations 2008
L	Local Government Pension Scheme Regulations 1997 (as amended)
None	Local Government Pension Scheme Regulations 1995
DC	Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000