

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Pension Fund Panel & Board
<b>Date:</b>	14 December 2018
<b>Title:</b>	Governance: Review of the Pension Fund's Statutory Statements
<b>Report From:</b>	Director of Corporate Resources – Corporate Services

**Contact name:** Gemma Farley

**Tel:** 01962 847540

**Email:** Gemma.farley@hants.gov.uk

#### 1. Recommendations

- 1.1. That progress on the Business Plan's actions be noted, and subject to any amendments the Panel and Board may wish to make, the updated Business Plan (Appendix 1) be approved.
- 1.2. That the updated Investment Strategy Statement (Appendix 2) be approved.
- 1.3. That the updated Governance Policy and Governance Compliance Statements (Appendix 3) be approved.
- 1.4. That the Administration Strategy Statement (Appendix 4) be approved.

#### 2. Executive Summary

- 2.1. The purpose of this paper is to ask the Pension Fund Panel and Board to approve the Pension Fund's statutory statements on an annual basis, which are its Business Plan, Investment Strategy Statement, Funding Strategy Statement, Governance Policy and Governance Compliance Statement, Communication Policy Statement and Administration Strategy Statement. In addition the Panel and Board is usually also asked to approve changes to the Employer Policy.

#### 3. Background

- 3.1. 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 and Board at their meeting in December 2017.

#### 4. Business Plan

- 4.1. 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.
- 4.2. 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.
- 4.3. 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.
- 4.4. The business plan approved by the Pension Fund Panel and Board in December 2017 included several actions for completion by March 2019. Progress against these action points is summarised below.

<b>Planned Action</b>	<b>Deadline</b>	<b>Progress</b>
Implement a private debt portfolio	March 2019	The Fund has appointed an investment manager to implement a private debt portfolio.
Implement a multi-asset credit portfolio	March 2019	The Fund has appointed two investment managers to implement two multi-asset credit portfolios.
Review the Admitted Bodies Group in the Pension Fund's Funding Strategy Statement.	March 2019	The Fund reviewed the Admitted Bodies Group, consulted on changes to the Pension Fund's Funding Strategy Statement, which were approved by the Panel and Board in November 2018.
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. The Panel and Board have agreed changes to the Fund's investment management arrangements based on investment performance.
Keep Panel and Board members' training needs under review and provide any extra training considered	Ongoing	In March 2018, the Panel and Board approved the training plan for 2018/19. Bespoke training events for Panel and

<b>Planned Action</b>	<b>Deadline</b>	<b>Progress</b>
necessary, for example to any new members of the Panel and Board.		Board members were arranged for August and November 2018, and Panel and Board members have attended a number of Pension industry events.
Review the Fund's Investment Strategy Statement.	December 2018	Included in this report. In addition, a further change is being proposed for consultation in this meeting's agenda, which could result in further changes to this statement in 2019/20.
Review the Fund's Funding Strategy Statement	December 2018	Following consultation, changes to the Funding Strategy Statement were approved by the Panel and Board at its November 2018 meeting.
Review the Governance Policy and Governance Compliance Statements	December 2018	Included in this report.
Review this business plan, including progress against the action plan	December 2018	Included in this report.
Review the Communication Policy Statement	December 2018	Included in this meeting's agenda.
Review the Administration Strategy Statement	December 2018	Included in this report.
Review the Fund's management fees and transaction costs.	December 2018	Reported at September 2018 Pension Fund Panel and Board meeting.
Review the Employer policy.	December 2018	Following consultation, changes to the Employer Policy were approved by the Panel and Board at its November 2018 meeting.
Review performance of the Fund's Custodian.	December 2018	Reported at April 2018 Pension Fund Panel and Board meeting.

<b>Planned Action</b>	<b>Deadline</b>	<b>Progress</b>
Respond to all consultations and requests for information from Central Government on the Pension Fund's investments.	Ongoing	Responded to requests for information from Central Government regarding the status of investment pooling as part of the ACCESS pool.
Comply with any requests from the Scheme Advisory Board.	Ongoing	No requests have been made this year to date.
Continue to work with the ACCESS pool to comply with the Government target to pool assets.	Ongoing	Hampshire is continuing to work with the pool to provide a pooling solution that is suitable for all LGPS funds within the ACCESS pool. Hampshire has invested in the pooling solution for passive investments, as well as invested in the pool's first global equities sub-fund.

## **5. Funding Strategy Statement**

- 5.1. Following a consultation on the changes to the Funding Strategy Statement in relation to the payment of exit credits following changes to the LGPS (Amendment) Regulations 2018, the Fund's Funding Strategy Statement was reviewed and approved in November 2018.

## **6. Investment Strategy Statement**

- 6.1. At its meeting in November 2018, the Panel and Board agreed to amend the Strategic Asset Allocation following the recommendation of Hymans Robertson. The Investment Strategy Statement is attached at Appendix 2 for approval; this version includes the changes agreed to the interim allocation, as well as the resulting changes to the long term allocation. There have also been minor changes added to this statement.
- 6.2. The Investment Strategy Statement's section on Environmental, Social and Governance (ESG) considerations remains unchanged in Appendix 2. Changes to this section of the statement are considered separately on this agenda.

## **7. Governance Policy and Governance Compliance Statements**

- 7.1. The Governance Policy and Governance Compliance Statements are attached at Appendix 3 for approval; minor changes have been made to the Governance Policy to update the Pension Fund Panel and Board's decision-making role in relation to investment pooling.

## **8. Communication Policy Statement**

- 8.1. A review of the Communication Policy Statement has been carried out, which is described in the update on the administration of the Fund on this meeting's agenda.

## **9. Administration Strategy Statement**

- 9.1. The Administration Strategy Statement is attached at Appendix 4 for approval; there has been no proposed changes added to this statement.

## **10. Employer Policy**

- 10.1. Following a consultation on the changes to the Employer Policy in relation to the payment of exit credits following changes to the LGPS (Amendment) Regulations 2018, the Fund's Employer Policy was reviewed and approved in November 2018.

**CORPORATE OR LEGAL INFORMATION:****Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	no
<b>People in Hampshire live safe, healthy and independent lives:</b>	no
<b>People in Hampshire enjoy a rich and diverse environment:</b>	no
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	no
<b>OR</b>	
<b>This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because the Pension Fund Panel and Board are required to review the Pension Fund's Statutory Statements on an annual basis.</b>	

**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.)**

DocumentLocation

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:**

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

### **2. Impact on Crime and Disorder:**

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

## **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 2016 in March 2017, and the next actuarial valuation will be valued at 31 March 2019.

- 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 equal to the discount rate, which for the 2016 triennial valuation was 4.5%. 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 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
- reviewing in the autumn of each year the levels of all costs incurred in the previous financial year 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 and Zurich. 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 pension 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 was prepared in **March 2018** 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 were arranged in **December 2017**, and **August and November 2018** giving an overview of **currency hedging, LGPS investment pooling, alternative beta, multi asset credit and LGPS governance**. A new training plan will be prepared in **March 2019** for the year ahead; this will be based on feedback from the annually completed training needs analysis.

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 July
- 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 2020**

### New actions:

Retender the contract for the independent property valuer.

Review investment management arrangements for UK direct property.

### Ongoing actions:

Monitor the Fund's investment managers' performance.

Respond to all consultations and requests for information from Central Government on the Pension Fund's investments.

Continue to work with the ACCESS pool to comply with the Government target to pool assets.

Comply with any requests from the Scheme Advisory Board.

Complete the following annual reviews – deadline March 2020:

- the Statutory Statements:
  - the Fund's Investment Strategy Statement
  - 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 Employer policy

- 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.

## Investment Strategy Statement

### Introduction

Hampshire County Council is the administering authority for the Hampshire Pension Fund (the “Fund”), which covers employees of the County Council, two unitary councils, 11 district councils, and 319 other scheduled and admission bodies. The total number of contributors is 57,877 and there are 69,503 deferred members and 39,796 pensioners.

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require pension fund administering authorities to prepare and review, from time to time, an Investment Strategy Statement.

This Statement has been drafted to comply with these regulations in accordance with the Guidance on Preparing and Maintaining an Investment Strategy Statement.

### Investment Strategy

The Fund has three main aims:

- To manage the employers’ liabilities to achieve long-term solvency. Accordingly, employers’ contributions will be set to ensure that 100% of the liabilities can be met over the long term.
- To enable primary contribution rates to be kept to nearly as constant as possible (subject to the administering authority not taking undue risk) at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies, while achieving and maintaining fund solvency and long-term cost efficiency, which should be assessed in light of the risk profile of the Fund and employers, and the risk appetite of the administering authority and employers alike.
- Seek returns on investment within reasonable risk parameters.

In completing the Fund’s 2016 Actuarial Valuation, the Fund’s Actuary, Aon Hewitt advised that the Pension Fund requires the assets to deliver a long-term return of above the discount rate of 4.5%, which is set out in the Fund’s Funding Strategy Statement.

The Pension Fund Panel and Board have prepared a set of investment beliefs based on their experience of the workings of the Fund and the nature of the underlying investments held, which are contained in Annex 1.

### Variety of investments

In order to achieve the return in its Funding Strategy, the Investment Regulations require the Pension Fund to invest money in a wide variety of investments and state the maximum percentage that it will invest in particular investments or classes of investment.

The strength of the majority of the Fund’s employers’ covenants and the present positive annual cashflows allow the Fund to have set a long term deficit recovery period and to take a corresponding long term view of investment strategy. For the purpose of setting maximum limits the Pension Fund has done this at a strategic level. The total is deliberately greater than 100% to allow flexibility between the categories. The allocation below favours growth assets as the Fund believes that

participation in economic growth is a major source of long term equity returns, which will be required to meet its long-term investment return target and mean that employer contributions can be kept lower.

	Minimum	Maximum
<b>Growth assets</b> – To deliver sufficient return to meet the funding target and maintain the affordability of the target level of contributions (assets such as equities and hedge funds)	40%	70%
<b>Income assets</b> – Structuring the assets to meet the Fund’s income requirements or increase the confidence of achieving required returns through a more stable and observable return stream (assets such as property, infrastructure, loans and alternative credit)	10%	45%
<b>Protection assets</b> - Employing investment strategies that provide some downside protection or diversification benefit to maintain stability in the level of contributions (assets such as traditional gilts and index-linked gilts)	10%	30%

### Suitability of investments and receipt of investment advice

The Pension Fund has access to the necessary skills, expertise and resources to manage the whole Fund. When making investment decisions the Pension Fund Panel and Board will take advice from appropriate specialist investment professionals including officers, consultants and independent advisers. The Panel and Board have appointed a permanent independent adviser (currently **Investment Trustee and Adviser Ltd**) to provide advice on all investment decisions.

The Pension Fund recognises the importance of ensuring that all staff and members charged with the financial management and decision making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. The members of the Panel and Board annually complete CIPFA’s training needs analysis for pension funds, which includes investments, and a training plan is prepared to meet the requirements identified. To fulfil the training needs of officers and members the Pension Fund will access training from a variety of investment professionals, including both companies that it does and does not currently contract with, in order to gain exposure to a wide variety of views.

### Strategic Asset Allocation

To implement the Pension Fund’s Investment Strategy the Pension Fund Panel and Board sets a Strategic Asset Allocation with the aim of achieving the Fund’s overall long-term target return without exposing the Fund to excessive risk. In setting the Strategic Asset Allocation advice was commissioned from Hymans Robertson on the options for the Fund’s asset allocation and the most effective allocation for achieving the Fund’s target return with the degree of certainty specified in the Funding Strategy Statement.

Investment sector	Interim % of Fund	Long Term % of Fund
Growth	48.0%	43.0%
Income	30.0%	40.0%
Protection	22.0%	17.0%
<b>Total Fund</b>	<b>100.0%</b>	<b>100.0%</b>

In line with the Regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.

The Strategic Asset Allocation was agreed in 2017 following the Fund's last triennial actuarial valuation and the Panel and Board has agreed an implementation plan in order to move to the new allocation. The Fund's Asset Allocation will be reviewed from time to time by the Panel and Board and at least every 3 years following the actuarial valuation.

To manage the portfolios in the Fund's asset allocation the Pension Fund contracts with specialist external investment managers. No assets are managed internally, with the exception of the Fund's cash balance. Since the implementation of the Strategic Asset Allocation the Pension Fund has taken advice from MJ Hudson Allenbridge on the appointment of investment managers and transition management. The Fund's current investment managers are shown in Annex 2.

### Approach to risk

The Pension Fund has identified a number of risks on its risk register that may impact its funding and investment strategies, contained in Annex 3, which is reviewed at least annually by the Panel and Board. The Pension Fund maintains a risk register to identify key risks, consider and assess their significance, likelihood of occurrence and potential impact of the risk.

The Panel and Board is aware that the Fund has a need to take risk (e.g. investing in growth assets) to help it achieve its funding objectives. The Fund's appetite for risk is to minimise the overall portfolio risk while delivering the target returns through a diversified portfolio.

### Social, environmental and corporate governance 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 (including the risk of climate change) and ethical principles in planning and running their activities.

The Fund has delegated to the external investment managers responsibility for taking social, environmental and corporate governance considerations into account when assessing the financial potential and suitability of investments. All of the investment managers contracted by the Hampshire Pension Fund are signatories to the UN Principles for Responsible Investment.

Where appropriate each investment manager is asked to work actively with companies to promote forward-looking social, environmental and corporate governance 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**

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

Investment managers have also been instructed to intervene in companies that are failing (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 investment managers should cast their votes with this in mind.

In particular, the Fund's investment 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 investment 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 investment manager's opinion, special circumstances to justify it
- in the investment 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 investment managers do not follow these guidelines, they must report to the Pension Fund explaining why.

### **Approach to pooling**

Hampshire is a member of the ACCESS pool along with the following 10 other pension funds:



Cambridgeshire	Kent
East Sussex	Norfolk
Essex	Northamptonshire
Hertfordshire	Suffolk
Isle of Wight	West Sussex

All eleven funds are committed to collaboratively working together to meet the criteria for pooling and have signed an Inter-Authority Agreement to underpin their partnership. ACCESS is working to a project plan in order to create the appropriate means to pool investments. The first investments that have been pooled were passively managed investments, and a global equities active mandate. The Operator is currently working to launch a further series of sub-funds in early 2019. In addition external advisers have been engaged to assist the design of suitable building blocks across fixed income and equity allocations.

The ACCESS Funds have set out how they meet the pooling criteria, the pool's structure, governance arrangements and services to be shared in the submission made to the Government in July 2016, which is available on ACCESS' website <http://www.accesspool.org/>

All 11 ACCESS funds are working in the expectation that all investments will be pooled apart from a minority of investments where there is no value for money benefit to pooling a specific investment as identified and agreed by an individual fund.

Hampshire will not be pooling its allocation to directly held UK property (10% of its Strategic Asset Allocation). As set out by the ACCESS funds in their July 2016 submission to the Government, there is a dis-economy in pooling direct property investments due to the cost (principally tax) of making changes to portfolios and the limited anticipated savings available from pooling.

In addition Hampshire will not pool cash held for the efficient administration of the scheme, which is needed to manage cash flow to meet statutory liabilities including monthly pension payroll payments.

## **Annex 1 – Investment Beliefs**

### **Belief: Clear and well defined objectives are essential to achieve future success**

The Pension Fund Panel and Board is aware that there is a need to generate a sufficient level of return from the Fund's assets, while at the same time having a clear understanding of the potential risks and ensuring there is sufficient liquidity available to pay members' benefits as they fall due. The Panel and Board have considered their own priorities and believe that setting clear objectives for the Fund is key in providing focus for the way the investment strategy is implemented.

### **Belief: Strategic asset allocation is a key determinant of risk and return**

The Panel and Board understands that having the appropriate strategy in place is a key driver of the Fund's future success and thus is typically more important than manager or stock selection.

### **Belief: Funding and investment strategy are linked**

The Panel and Board understands that a number of funding related aspects feed into investment strategy decisions, including maturity and level of required return. Given this, actuarial and investment matters, most notably setting investment strategy, are looked at in tandem by the Panel and Board.

### **Belief: The Panel and Board will take an appropriate level of investment risk**

As a long term LGPS Fund the Panel and Board acknowledge the need to take investment risk to ensure the affordability and sustainability of the Fund. However, the level of risk will be set which is aligned to the long term objectives, with a view to taking appropriate and not unnecessary levels of risk and managing funding level volatility.

### **Belief: Long term investing provides opportunities for enhancing returns**

The Panel and Board believes that investors with long term time horizons are typically less constrained by liquidity requirements and able to better withstand periods of price volatility. As a long term investor, the Fund may choose to gain additional compensation by investing in assets that are illiquid (e.g. property, infrastructure and private equity) or may be subject to higher levels of volatility (a premium return is required for any such investments). Having this long-term focus also helps the Fund tolerate periods of active manager underperformance when the manager's investment style is out of favour with the market.

### **Belief: Equities are expected to generate superior long term returns**

The Panel and Board believes that, over the longer term, equities are expected to outperform other liquid assets, in particular government bonds. The Panel and Board is therefore comfortable that the Fund maintains a significant allocation to equities in order to support the affordability of contributions.

**Belief: Government bonds provide liquidity and a degree of liability matching**

Government bonds have characteristics that are similar to the assumptions used in valuing pension liabilities e.g. sensitive to changes in interest rates and (for index-linked) to changes in market-implied inflation. This makes them a suitable asset for reducing the Fund's funding risks. In addition, this asset class has proven to be highly liquid at times of market stress, enabling it to be used for rebalancing and to help meet any outflows that may fall due. Given this, the Fund hold a proportion of its assets in this asset class.

**Belief: Alternative investments provide diversification**

The Panel and Board believes that diversification across asset classes can help reduce the volatility of the Fund's overall asset value and improve its risk-return characteristics. The Panel and Board believes that investing across a range of asset classes (including, but not restricted to, equities, bonds, infrastructure and property) will provide the Fund with diversification benefits.

**Belief: Fees and costs matter**

The Panel and Board recognises that fees and costs reduce the Fund's investment returns. The Panel and Board considers the fees and costs of its investment arrangements to ensure the Fund is getting value for money and to minimise, as far as possible, any cost leakages from its investment process. The Panel and Board will consider paying higher fees to access the strategic opportunity or where the Fund can achieve better or more consistent net of fees returns.

**Beliefs: Market inefficiencies will provide opportunities to add value over time**

The Panel and Board belief that at times relative market movements or dislocations will provide opportunities to generate additional returns for the Fund. However, the Panel and Board do not believe that they are best placed to capitalise on these opportunities. The Panel and Board will therefore set mandates with the flexibility for specialist external investment managers to add value through allocation decisions where deemed appropriate. Alongside this the Panel and Board will assess the position of the Fund against the long term strategic benchmark and any requirements to rebalance back toward the long term target.

**Belief: Active management can add value**

The Panel and Board recognises that certain asset classes can only be accessed via active management. The Panel and Board also recognises that active managers may be able to generate higher returns for the Fund (net of fees), or similar returns but at lower volatility, than equivalent passive exposure. The Panel and Board will therefore use active management selectively and when doing so will aim to minimise excessive turnover in its active managers. By carefully selecting and monitoring active managers and recognising that periods of underperformance may arise, the Panel and Board seeks to minimise the additional risk from active management.

**Belief: Passive management has a role to play in the Fund's structure**

The Committee recognises that passive management allows the Fund to access certain asset classes (e.g. equities) on a low cost basis and when combined with active management can help reduce the relative volatility of the Fund's performance.

**Belief: Responsible Investment is important to the Panel and Board and can have a material impact on the long term performance of its investments**

The Panel and Board recognises that Responsible Investment issues incorporating all forms of Environmental, Social and Governance (ESG) issues can impact the Fund's returns. Given this, the Panel and Board aims to be aware of, and monitor, financially material ESG-related risks and issues through the Fund's investment managers.

**Annex 2 – Current investment management arrangements**

Portfolio	Investment Manager	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	Acadian Asset Management	MSCI World Index	+1.5-2.5% net
	Baillie Gifford	MSCI ACWI	+1.5-2.5% net
	Dodge & Cox Worldwide Investments Ltd.	MSCI ACWI	+1.5-2.5% net
Passive Global Equities	UBS Asset Management	Link Fund Solutions	+1.5-2.5% net
		FTSE All World Equity Index	
		FTSE RAFI All-World 3000	
		MSCI World Min Vol	
Passive UK Equities	UBS Asset Management	MSCI World Quality	
		FTSE All Share	
Active global bonds	Western Asset Management	Barclays Capital Global Aggregate Bonds Index	+1.0% gross
Private equity	Aberdeen Standard Investments		+9%-11.5% net
Hedge funds	Morgan Stanley		+5.5%-8% net
Infrastructure	Grosvenor Capital Management		+7.5%-10% net
Passive UK index-linked bonds	UBS Asset Management	FT British Government Over Five Years Index-Linked Gilts Index	
UK property	CBRE Global Investors	Retail Price Index (RPI)	+3.5% net
European property (legacy portfolio)	Aberdeen Standard Investments	Eurozone Harmonised Index of Consumer Prices (HICP)	+5% net

## Annex 3 – Investment Risk Register

Risk description	Approach	Mitigation
<p><b>Investment management underperformance</b> – from the Fund’s investment managers failing to outperform their benchmark returns for prolonged periods of time</p>	<p>The Pension Fund believes that for certain asset classes active investment management can add value. It acknowledges that there will be periods where even the best active managers underperform the market but that any investment decisions must be made with a long-term perspective on previous and expected investment returns.</p>	<p>For asset classes where active management can add value the Pension Fund will consider a range of investment strategies from higher performance/risk, lower volatility and passive management.</p> <p>The Fund’s investment managers’ performance is reviewed regularly by the Fund’s officers and reported regularly to the Panel and Board.</p> <p>The Fund’s active investment managers report to the Fund on their actions in managing the Fund’s investments at least four times a year, including at least once to the Panel and Board.</p> <p>All of the Fund’s contracts for investment management contain the provision that the Fund can cancel the contract with 1 month’s notice in the event of poor investment performance.</p>
<p><b>Market risk</b> – from fluctuations in market prices, which is particularly relevant for investments in equities</p>	<p>The Pension Fund is a long term investor, and as such can ride-out short term fluctuations in markets in order to participate in long term growth that will deliver returns for the Fund.</p>	<p>The Panel and Board have set a diversified asset allocation which limits exposure to one particular market, having taken expert external advice. The review of the Fund’s Investment Strategy commissioned from Hymans Robertson optimised a strategy for the Fund that gave the best chance of achieving the Fund’s funding outcome and minimising the impact of the worst short-term investment markets.</p> <p>The Fund contracts with specialist external investment managers and as a general principle aims to invest globally and set mandates for investment managers that give them as much freedom as possible, in order to manage market conditions as they see fit.</p>
<p><b>Interest rate risk</b> – which can affect the prices of investments</p>	<p>The Pension Fund considers that investments paying a fixed rate of interest (generally bonds)</p>	<p>The Fund contracts with specialist external investment managers and as a general principle aims to set mandates for investment managers that give them as much freedom as</p>

Risk description	Approach	Mitigation
that pay a fixed interest rate	offer an important source of diversification from equities.	possible, in order to manage risks such as changes in interest rates.
<b>Currency risk</b> – the risk of fluctuations in prices of financial instruments that are denominated in any currency other than the functional currency of the Fund (GB pounds)	As a long term investor the Pension Fund accepts that currencies will rise and fall but movements are difficult to forecast, and therefore that products that can smooth the impact of currency fluctuations do not offer value for money.	As a UK Pension Fund the Panel and Board consider that the Pension Fund should have a significant proportion of its assets denominated in Sterling, thereby removing the currency risk. The Panel and Board keep their view of the long term nature of currency movements under review and will seek specialist advice if they believe that this might change or there is likely to be an event that might crystallise the effect of particular currency movements.
<b>Credit risk</b> – the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. This includes the risk of loss in the Stock Lending programme.	The Pension Fund recognises that all investment carries an element of risk, which underpins the importance that the Panel and Board place on their own knowledge and skills and seeking the appropriate professional advice.	<p>The Panel and Board have set a diversified asset allocation which limits exposure to any particular investment.</p> <p>In addition to further reduce exposure to any particular investment the Fund has the following limits:</p> <ul style="list-style-type: none"> <li>• no more than 10% of each actively managed portfolio can be invested in any individual corporate holding</li> <li>• no more than 25% of the Fund can be invested in each managers' in-house investment vehicle, this limit does not apply to passively managed unitised life insurance policies</li> <li>• no more than 5% of the total value of all investments of fund money is to be invested in entities which are connected with that authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.</li> </ul> <p>Stock lending is managed on the Fund's behalf by its custodian JP Morgan. The custodian manages a collateralised stock lending programme, ensuring borrowers place collateral that exceeds the value of stock on loan that can make good any losses. Restrictions have been placed on the programme to ensure that the proportion of Fund assets that are available to</p>

Risk description	Approach	Mitigation
		be lent at any time will not exceed 25% of the total market value of Fund assets.
<b>Refinancing risk</b> – that the Pension Fund could be bound to replace on maturity a significant proportion of its financial instruments at a time of unfavourable interest rates.	The Pension Fund considers that investments that are time bound (such as bonds or closed-ended investment vehicles) have an important place in offering diversification from equities.	The Fund contracts with specialist external investment managers and as a general principle aims to make their portfolios ‘ever-green’ so that income and maturing investments can be reinvested, allowing investment managers to build portfolios that do not have a concentration of investments with a particular maturity date.
<b>Custody risk</b> – losing economic rights to Fund assets, when held in custody or being traded.	The Fund has appointed a Global Custodian (currently JP Morgan) with a global custody network, to provide safe custody of its assets.	The Panel and Board and the Fund’s officers regularly monitor the performance of the Fund’s custodian and have the power to replace the provider should serious concerns exist.
<b>Liability risk</b> – that the Fund’s liability are not accurately calculated resulting in the return target being too low and employer’s contributions having to rise.	In calculating the Fund’s liabilities its Actuary makes assumptions for the key factors, such as interest rates, pay and price inflation, life expectancy, changing retirement patterns and other demographic risks that will impact on the calculation of the Fund’s liabilities.	The County Council as the Fund’s Administering Authority will ensure that the Fund’s Actuary investigates the main factors that determine the Fund’s liabilities, such as interest rates, inflation, life expectancy and other demographics. The Fund’s Actuary will report and agree with the Administering Authority any necessary changes to their assumptions and the resulting impact on the Fund’s employers’ contributions.
<b>Environmental, social and governance (ESG) factors</b> – that these factors reduce long-term returns.	The Fund recognises that companies can enhance their long-term performance and increase their financial returns by adopting positive social, environmental and ethical principles.	The Fund’s external investment 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, thus jeopardising the Fund’s interests, by voting or by contacting company management directly.
<b>Regulatory risk</b> – that inhibits the Pension Fund Panel and	The Panel and Board recognise the importance of its overriding	The Fund will be proactive in engaging with the Government, including responding to consultation, on any issues effecting the



<b>Risk description</b>	<b>Approach</b>	<b>Mitigation</b>
Board's fiduciary duty.	fiduciary duty in law to invest Fund monies to achieve the best possible financial return for the Fund.	management and investment of Pension Fund monies.
<b>Illiquidity</b> – that the Fund is unable to meet its immediate liabilities	Although the Fund does not have a strategic allocation to cash, a cash balance is maintained to meet liabilities as they fall due.	The Fund maintains a cashflow forecast to ensure that it can plan suitably in advance to ensure that it has sufficient cash available. The Fund's asset allocation is set to achieve a balance between liquid and illiquid investments.

## Governance Policy Statement

Section 55 of the Local Government Pension Scheme Regulations 2013 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:

- 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
- the selection of an investment pool and holding that pool to account
- selecting the pool sub-funds to invest in, appointing external fund managers (for investments held outside of the pool) and advisers
- monitoring the investment performance of each manager against their target and benchmark, based on statistics prepared by the custodian
- the periodic review of the Investment Strategy Statement, 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 seven times a year. These meetings are used 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 Panel and Board also 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 Investment Strategy Statement, 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 Investment Strategy Statement 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
<b>A</b>	<b>Structure</b>		
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.

Ref.	Principles	Compliance	Comments
<b>B</b>	<b>Representation</b>		
a.	<p>That all key stakeholders have the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> <li>• employing authorities (including non-scheme employers, e.g. admission bodies)</li> <li>• scheme members (including deferred and pensioner scheme members)</li> <li>• where appropriate, independent professional observers, and</li> <li>• expert advisers (on an ad-hoc basis).</li> </ul>	Full compliance.	<p>The Joint Pension Fund Panel and Board includes representatives of the other local authorities in the Fund, and pensioner and contributor members.</p> <p>The Fund's independent adviser attends Joint Pension Fund Panel and Board meetings. Independent professional observers are not regarded as appropriate.</p>
b.	<p>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.</p>	Full compliance.	<p>Equal access is provided to all members of the Joint Pension Fund Panel and Board.</p>
<b>C</b>	<b>Selection and role of lay members</b>		
a.	<p>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.</p>	Full compliance.	
<b>D</b>	<b>Voting</b>		
a.	<p>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.</p>	Full compliance.	<p>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.</p>

Ref.	Principles	Compliance	Comments
<b>E</b>	<b>Training/facility time/expenses</b>		
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.
<b>F</b>	<b>Meetings (frequency/quorum)</b>		
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.

Ref.	Principles	Compliance	Comments
<b>G</b>	<b>Access</b>		
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.
<b>H</b>	<b>Scope</b>		
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.
<b>I</b>	<b>Publicity</b>		
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.





1	Introduction .....	1
2	Pension Administration Strategy .....	1
3	Roles and responsibilities .....	2
4	The Regulations – effect on strategy .....	2
5	Definitions .....	2
6	Communication .....	3
7	Performance measurement and reporting .....	3
8	Costs .....	4
9	Penalties .....	4
10	Hampshire Pension Fund contacts .....	5
	Appendix A - Employer Responsibilities .....	6
	Appendix B - HPF Responsibilities .....	9
	Appendix C – Administering Authority discretions .....	14

## **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 and low cost 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 16 December 2017 . 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 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 2006
    - Occupation and Personal Pension Scheme (Disclosure of Information) Regulations 2013

### 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**” means the Hampshire 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](http://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 2013.
- 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 electronic forms, newsletters, booklets and such other materials as are necessary in the administration of the LGPS, for members and the employers.
- 6.8 Employers should provide contact details at least annually, and whenever a named contact changes, on the Employer Contacts and Authorisation form.
- 6.9 Employers may provide information about members to HPF in a variety of ways, including electronic and paper forms or directly updating electronic pension records. 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 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.
- 7.3 Where as part of the annual return process or any other monitoring activity, there are concerns about the accuracy of an employers data, the employer will be required to undertake a data cleanse exercise and make a declaration that they have fulfilled all of their requirements to notify the fund of changes. Details of the data cleanse requirements will be provided as part of the annual returns process.
- 7.4 Where poor performance affects Pension Services meeting statutory deadlines, consideration will be given to the requirement to report this to the Pension Regulator.

## 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 the standard administration service, 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 Pension Services incur additional administration costs due to the pension implications of an Employer restructuring (eg outsourcing, creation of a company, change of legal status etc) a separate additional administration charge will be made. The charge will be based on estimated staff time and will be notified to the employer before any work is carried out.
- 8.4 Where additional actuarial or legal services are required by, or result from the decisions and 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.
- 8.5 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.
- 8.6 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 2004.
  - 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 may 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.
- From time to time, HPF offer training and support to employers through 'Employer Days' and workshops. There is no charge made to an employer for attending this event, however HPF reserves the right to charge a late cancellation fee of £100 + VAT, where at least one week's notice has not been given of non attendance.

## 10 Hampshire Pension Fund contacts

<b>Member and general employer queries</b>
<p>Pensions customer support team 01962 845588</p> <p><a href="mailto:pensions@hants.gov.uk">pensions@hants.gov.uk</a></p> <p>Website <a href="http://www.hants.gov.uk/finance/pensions">www.hants.gov.uk/finance/pensions</a></p>
<b>Technical employer queries</b>
<p>Employer services team</p> <p><a href="mailto:servdev.pensions@hants.gov.uk">servdev.pensions@hants.gov.uk</a></p>
<b>End of year and associated matters</b>
<p>Employer services team</p> <p><a href="mailto:pensions.eoy@hants.gov.uk">pensions.eoy@hants.gov.uk</a></p>

### 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. This should be reviewed at least annually or more often where employer policy states	For the first pay period in which the employee joins the LGPS
Move employees into the 50:50 section  Provide an amendment form to advise of change to/from 50:50 section	From the next pay period after receiving the employee's request  Within 10 working days following the change
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 <sup>th</sup> of the month following deduction (22 <sup>nd</sup> if electronic)
Complete monthly remittance form containing detail of the contributions payment.	Send to Pensions Services with payment of contributions every month
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 <sup>th</sup> of the month following deduction (22 <sup>nd</sup> if electronic)
Refund contributions through the payroll to any employee who opts out of the scheme with less than 3 months membership.  Notify HPF of opt out and refund through payroll by providing a copy of the opt out form	From the next pay period after receiving the employee's request to opt out  Within 10 working days following the end of the month in which the employee left the

Employer responsibility	Timescale
	scheme
Calculate assumed pensionable pay for any employees who met this requirement under the regulations.	As required
<p>Leavers (excluding retirements/casuals)</p> <p>When an employee's LGPS membership ends, 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.</p>	Within 10 working days following the end of the month in which the employee was last paid
<p>Leavers (casuals)</p> <p>When an employee's LGPS membership ends, 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.</p>	Within 10 working days following the end of the month the employer is aware they have left or were last paid
<p>Retirements</p> <p>When an employee's LGPS membership ends on the grounds of retirement, determine the reason for retirement 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.</p>	Within 20 working days before an employee's retirement date
Use an independent registered medical practitioner qualified in occupational health medicine in determining requests for ill health retirement.	As required
Write, publish and maintain a policy on areas of the regulations in which employers can exercise their discretion.	<p>In accordance with regulations and then regular review.</p> <p>Notify HPF and members of any changes to those policies within one month of setting a policy and the changes taking effect.</p>
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
<p>Provide annual information to HPF with full details of the contributions paid by members in the year.</p> <p>Respond to queries on the annual return raised by HPF.</p>	<p>By 30 April each year</p> <p>Respond to queries within 10 working days of receipt</p>
The employer will maintain employment records for each member for the purposes of determining membership and	As required



<b>Employer responsibility</b>	<b>Timescale</b>
entitlement to benefits. The employer must keep a full pay history for the 13 years, ending 31 March, before the member leaves the scheme.	
Notify HPF of a member's death and next of kin's details.	Within five working days of the member's death.
Supply details required 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
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.
Notify HPF of any outsourcing arrangements which impact on employees eligible to the LGPS  Where an admission agreement is required, the Scheme employer should complete an 'Outsourcing data capture' form, transferring 'staff data capture' form and 'Undertaking of costs' form  Ensure admission agreement is finalised  Provide individual TUPE forms for transferring staff to HPF	As soon as possible but no later than 20 working days before change  As soon as possible but no later than 20 working days before change  No later than date of transfer  Part A of the TUPE form completed within 10 working days following the end of the month in which the transfer took place

<b>Employer responsibility</b>	<b>Timescale</b>
Notify HPF of a change of payroll provider by completing a 'Employer Change of payroll provider' form	As soon as possible but no later than 20 working days before change
Submit individual 'Change of payroll provider' forms to HPF for all transferring employees	Within 20 working days post transfer
Provide notification of new payroll numbers (if applicable) to HPF	Within 20 working days post transfer
Complete a mid year return if date of change is not 1 April	Within 40 working days post transfer

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

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	<b>Within 5 working days or sooner where possible</b>  Where an enquiry will take longer than 5 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.	<b>Within 20 working days from when notified of their membership.</b>
Issue annual benefit statements on member self service to active members or via their employer where written notification is received to opt out of member self service	<b>By 31 August after relevant annual return information from the employer is received and uploaded</b>
Provide an estimate of pension benefits on request from the employer, and details of any capital costs to be paid by them.	<b>Within 15 working days of receipt of all relevant information</b>
Amend a member's record.	<b>Within 15 working days from when the change was notified.</b>
Calculate benefits due when a member leaves employment and send details to the member.	<b>Within 15 working days for retirements, or within 40 working days for deferred benefits, on receipt of all information needed to make the final calculation</b>
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.	<b>Annually by 31 August</b>

HPF responsibility	Timescales
Pay retirement lump sums.	<b>Within 10 days of the retirement date or of receipt of all information from the employer and member if later.</b>
Provide details of the final capital costs to be paid by the employer into the Pension Fund.	<b>Within 10 working days of completing the calculation.</b>
Calculate and process transfers of members' pension rights inwards and outwards.	<b>Within 15 working days of receipt of all information</b>
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 15 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.	<b>Annually</b>



**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.

	<b>Discretion</b>	<b>Regulation</b>	<b>Policy</b>	<b>Delegated authority for approval</b>
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	<b>R4(2)(b), R5(5) &amp; RSch 2, Part 3, para 1</b>	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"> <li>- Insolvency, winding up or liquidation of the body</li> <li>- Breach by that body of its obligations under the admission agreement</li> <li>- Failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so</li> </ul>	<b>RSch 2, Part 3, para 9(d)</b>	HPF will decide any case on its merits.	Director of Corporate Resources
3.	Define what is meant by ‘employed in connection with’	<b>RSch 2, Part 3, para12(a)</b>	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
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)	<b>R16(1)</b>	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	<b>R16(10)</b>	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.	<b>R16(10)</b>	HPF will turn down an application if there are sound reasons to believe the applicant is not in good health	Head of Pensions

	<b>Discretion</b>	<b>Regulation</b>	<b>Policy</b>	<b>Delegated authority for approval</b>
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)	<b>TP15(1)d &amp; A28(2)</b>	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	<b>R17(12)</b>	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	<b>R22(3)(c)</b>	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
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)	<b>TP10(9)</b>	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.	<b>R30(8)</b> <b>TP12(6)</b> <b>R38(3)</b> <b>R38(6)</b> <b>B30(2)</b> <b>B30(5)</b> <b>B30A(3)</b> <b>B30A(5)</b> <b>B31(4)</b> <b>B31(7)</b>	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



	<b>Discretion</b>	<b>Regulation</b>	<b>Policy</b>	<b>Delegated authority for approval</b>
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.	<b>R68(2)</b> <b>TPSch 2,</b> <b>para 2(3)</b> <b>L80(5) B30</b> <b>or B30A</b>	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
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.	<b>R32(7)</b>	No extension will be granted, unless appropriate to the individual circumstances of a case.	Head of Pensions
14.	Decide whether to commute small pension	<b>R34(1)</b> <b>B39 T14(3)</b> <b>L49 &amp; L156</b>	HPF will not allow commutation of small pension pots.	N/A
15.	Approve medical advisors used by employers (for ill health benefits)	<b>R36(3)</b> <b>L97(10)</b>	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	<b>TP17(5) to</b> <b>(8)</b> <b>R40(2)</b> <b>R43(2)</b> <b>R46(2)</b> <b>B23(2) &amp;</b> <b>B32(2)</b> <b>B35(2)</b> <b>TSch1</b> <b>L155(4)</b> <b>L38(1)</b> <b>L155(4)</b> <b>E8</b>	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.	Head of Pensions

	<b>Discretion</b>	<b>Regulation</b>	<b>Policy</b>	<b>Delegated authority for approval</b>
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	<b>R49(1)(c)</b> <b>B42(1)(c)</b>	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	<b>R54(1)</b>	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	<b>R55</b>	HPF has a written governance policy which contains the required information and is regularly reviewed.	Pension Fund Panel and Board
20.	Decide on Funding Strategy for inclusion in funding strategy statement	<b>R58</b>	HPF has a funding strategy which is included in the funding strategy statement.	Pension Fund Panel and Board
21.	Whether to have a written pensions administration strategy and if so, the matters it should include	<b>R59(1) and (2)</b>	HPF has a written pensions administration strategy.	Pension Fund Panel and Board
22.	Maintain a communication policy which contains the information set out in the regulations	<b>R61</b>	HPF has a written communication policy which contains the required information and is regularly reviewed.	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	<b>R64(4)</b>	HPF will decide each case on its merits, with advice from the Fund Actuary.	Director of Corporate Resources
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 <b>R63</b>	<b>R65</b>	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	<b>R69(1)</b> <b>L81(1)</b> <b>L12(5)</b>	Employer contribution payments are due monthly by 19 <sup>th</sup> of the month (22 <sup>nd</sup> if electronic) following deduction. Administration costs are taken into account by the actuary when setting employer contribution rates.	Head of Pensions

	<b>Discretion</b>	<b>Regulation</b>	<b>Policy</b>	<b>Delegated authority for approval</b>
26.	Decide the form and frequency of information to accompany payments to the Fund	<b>R69(4)</b> <b>L81(5)</b>	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	<b>R70 and</b> <b>TP22(2)</b>	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	<b>R71(1)</b> <b>L82(1)</b>	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	<b>R74(4)</b>	HPF will not extend the 6 month period, unless the circumstances of the individual case warrant an extension.	Head of Pensions
30.	Decide procedure to be followed when exercising its IDRPs functions and decide the manner in which those functions are to be exercised	<b>R74(6)</b> <b>R76(4)</b> <b>L99</b>	HPF has a documented and compliant IDRPs process.	N/A
31.	Whether admin authority should appeal against employer decision (or lack of a decision)	<b>R79(2)</b> <b>L105(1)</b>	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	<b>R80(1)(b) &amp;</b> <b>TP22(1)</b>	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.	<b>R82(2)</b> <b>A52(2)</b> <b>L95</b>	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

	<b>Discretion</b>	<b>Regulation</b>	<b>Policy</b>	<b>Delegated authority for approval</b>
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.	<b>R83</b> <b>A52A</b>	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.	<b>R89(5)</b> <b>L106A(5)</b>	HPF uses 31 March, but will revise this if regulatory requirements, administrative efficiency or best practice demand it.	N/A
36.	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS.	<b>R100(68)</b>	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.	<b>R100(7)</b>	HPF will allow transfers into the Fund.	N/A
38.	Where member to whom <b>B10</b> 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.).	<b>TP3(6),</b> <b>TP4(6)(c),</b> <b>TP8(4),</b> <b>TP10(2)(a),</b> <b>TP17(2)(b)</b> <b>TSch 1</b> <b>L23(9)</b> <b>B10(2)</b>	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.	<b>RSch 1 &amp;</b> <b>TP17(9) B39</b> <b>T14(3)</b>	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.	<b>RSch 1 &amp;</b> <b>TP17(9)(b)</b> <b>B25</b>	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

	<b>Discretion</b>	<b>Regulation</b>	<b>Policy</b>	<b>Delegated authority for approval</b>
41.	Decide policy on abatement of pensions following re-employment, including the pre April 14 element for post 14 leavers.	<b>TP3(13) &amp; A70(1)* &amp; A71(4)(c) T12 L109 L110(4)b</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	<b>TP15(1)(c) &amp; TSch1 &amp; L83(5)</b>	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	<b>A45(3) L89(3)</b>	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.	<b>B27(5) L47(2) G11(2)</b>	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.	<b>L17(4),(7),(8) , &amp; L89(4) &amp; Sch 1</b>	HPF will not extend the 12 month period.	N/A
46.	Select appropriate final pay period for deceased non-councillor member (leavers post 31.3.98. / pre 1.4.08.).	<b>L22(7)</b>	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).	<b>L47(1) G11(1)</b>	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).	<b>L50 and L157</b>	HPF will commute benefits due to exceptional ill health, provided regulatory conditions are met.	N/A

	<b>Discretion</b>	<b>Regulation</b>	<b>Policy</b>	<b>Delegated authority for approval</b>
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
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.	DC31(2)	HPF will pay compensation on behalf of an employer, subject to acceptable recharge arrangements.	Head of Pensions

**Key to regulations:**

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