

## Discussion Item - Pension Fund Policies

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### REASON FOR ITEM

Under the Terms of Reference of the Pension Board, one of the key functions of the LPB is to 'secure the effective and efficient governance of the LGPS for the London Borough of Hillingdon'. A key part of that is to ensure that all policy documents are in place and maintained on a regular basis. This discussion item looks at the various policies the Fund should have in place and the Fund's arrangements for their review. The LPB may also wish to consider whether they believe they policies have been developed adequately or whether they should be referred back to pension Committee for further review.

### POLICY DOCUMENTS

All policy documents, where in place, are on the LBH Pension Fund web pages and the links to each are included below.

**Funding Strategy Statement** - Since 2004, administering authorities have been required to prepare, publish and maintain a Funding Strategy Statement (FSS). The current FSS was approved by Pensions Committee in March 2014. The statement is available at: <http://www.hillingdon.gov.uk/article/6492/Pension-fund>. This will be updated following the next triennial valuation of the Fund.

**Statement of Investment Principles** - The Statement of Investment Principles (SIP) is regularly updated and agreed at Committee. The latest version of the SIP can be accessed at: <http://www.hillingdon.gov.uk/article/6492/Pension-fund>. The format of the SIP has not been subject to a formal review for several years, but this will be done along with the Fund's investment consultants following the next valuation.

**Communication Policy Statement** - The London Borough of Hillingdon Pension Fund's Communication Policy Statement was last approved by Committee in March 2014 and can be found at: <http://www.hillingdon.gov.uk/article/6492/Pension-fund>. This policy will be updated shortly and is attached to this report for comment.

**Governance Policy Statement** - Regulations introduced in December 2005 required Administering Authorities to publish and maintain a Governance Policy Statement. The first statement was approved by Pensions Committee in March 2008. Later amendment regulations then required that by 1 December 2008 a Governance Compliance Statement should be published which required the addition of a Governance Best Practice Compliance Statement. With the addition of the Pension Board, this policy now requires updating and work is just about to start. The current version is attached to these papers for comment.

**Reporting of Breaches Policy** - this is a newly created policy which is due to be approved at Pension Committee on 5 October. The draft policy is attached to this report for information.

**Administration Strategy** - It is becoming increasingly common for Funds to develop an Administration Strategy, to help the management of employers within their Funds. Work is just commencing, with the support of AON Hewitt, to develop such a strategy for the Hillingdon Fund. The aim is to develop the strategy to have approved at pension Committee in December and it will then be brought to Board in January 2016.

**Training Policy** - the LBH Pension Fund does not currently have a formal Training policy either for Pension Committee or for Officers and such a policy would now also need to cover the LPB. As discussed earlier in this agenda a formal Training Policy is being developed and will be taken to Pension Committee for approval as soon as it is developed.

**Conflict of Interest Policy** - many LPBs have developed a Conflict of Interest Policy and indeed this was discussed at the first Hillingdon LPB meeting. Further discussions are ongoing with Democratic Services and the Borough Solicitor on the need for such a policy for the Hillingdon Fund. The outcome of those discussions will be reported back to the next meeting.

**Discretionary Policies** - there are several discretions within the LGPS regulations for which each employer within the Fund must develop a policy on their application. As these are employer discretions they are not approved by Pension Committee, however, the Fund is responsible for ensuring such policies do exist and are maintained. The policies of LBH are published on the web pages for the Fund; however, those of other employers are not currently published there. This is an oversight which will be rectified over the next few months.