

AT A MEETING of the PENSION FUND PANEL of the County Council held at The Castle, Winchester on Friday 4 November 2011.

Chairman:  
p Councillor M.N. Kemp-Gee

Councillors:

a C. Carter	p T.G. Knight
p J. Bryant	p B. Tennent
p B.D. Dash	p T. Thacker
p A.G. Dowden	p T.K. Thornber, CBE

Co-opted members:

p Councillor P. Giddings (Test Valley Borough Council)  
p Councillor J. Leek (Basingstoke and Deane Borough Council)  
p Councillor D. Jones (Portsmouth City Council)  
p Councillor J. Moulton (Southampton City Council)  
p Mr E.W. Hughes (pensioners' representative)  
p Mr P. Reynolds (employee representative)

Independent adviser:

p Mr H. Cole

202 **APOLOGIES FOR ABSENCE**

Councillor C. Carter gave his apologies.

203 **DECLARATIONS OF INTEREST**

Members were mindful that, where they believed they had a personal or prejudicial interest in any matter to be considered at the meeting, they should, normally at the time of the debate, declare their interest and, having regard to the circumstances described in paragraphs 9, 10, 11 and 12 of the County Council's Code of Conduct, consider whether to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with paragraph 12 of the Code. The declaration should be made at the time of the relevant debate.

204 **MINUTES**

Following discussion by the Panel, Minute 200 of the meeting held on 14 September 2011 in connection with the Appointment of an Independent Adviser was confirmed as correct. The Panel further resolved that the Chairman be authorised to agree the date of appointment for the new independent adviser during the period between 1 January 2012 and 1 April 2012, including any handover arrangements from the existing independent adviser that might be necessary during that period.

The Minutes of the meeting held on 14 September 2011 were then

confirmed as a correct record and signed by the Chairman.

205 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman thanked members of the Panel for attending the Pension Fund's Annual Employers Meeting on 31 October 2011.

206 **GOVERNMENT CONSULTATION ON INCREASED EMPLOYEE CONTRIBUTIONS AND CHANGES TO ACCRUAL RATES**

The Panel considered a report of the County Treasurer (Item 5 in the Minute Book) on the Government consultation on its proposals to achieve short-term savings by 2014/15 of £900m per annum in the cost of the Local Government Pension Scheme by increased employee contributions and worsened accrual rates.

The Government had put forward two options for the combination of increased employee contributions and worsened accrual rates. Lower paid employees would be protected from the increases in contribution rates.

The Local Government Group for the employers had separately proposed that part of the savings should be met by an increase the scheme's normal retirement age from 65 to 66 for benefits earned from April 2014. The balance of the required savings would be met by offering employees a choice of an increase in their contributions or worsening the accrual rates.

The Panel considered a suggestion that the full savings of £900m could be made by worsening the accrual rate from 1/60<sup>th</sup> to 1/70<sup>th</sup>, without any increase in employee contributions. This might help to mitigate the concern of employees about an effective pay cut, which might reduce the risk of industrial action and limit the level of opt-outs from the scheme. It would also be easier to administer.

The Panel also considered the possibility of offering employees the choice of an accrual rate of 1/70<sup>th</sup> with no increase in employee contribution rates or retaining the current accrual rate of 1/60<sup>th</sup> but with higher employee contribution rates.

**RESOLVED**

- (a) That, from the point of view of the administering authority of the Hampshire Pension Fund, the savings of £900m per annum be achieved by offering employees the choice of (1) worsening the accrual rate to 1/70<sup>th</sup> with no increase in employee contribution rates, or (2) retaining the current accrual rate of 1/60<sup>th</sup> but with higher employee contribution rates.
- (b) That a full response to the Government's consultation be drafted

following the meeting of the Employment in Hampshire County Council Committee on 9 November 2011 and circulated to the Pension Fund Panel for comments.

207 **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED:

That the public be excluded from the meeting during the following items of business, as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items there would be disclosure to them of exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the reports.

208 **INVESTMENT UPDATE INCLUDING RECENT PERFORMANCE RETURNS**

The Panel received and noted an exempt report from the County Treasurer (Item 7 in the Minute Book) providing an update on the Pension Fund's investments.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

209 **ALTERNATIVE INVESTMENTS PORTFOLIO - UPDATE**

The Panel received and noted an exempt report from the County Treasurer (Item 8 in the Minute Book) providing an update on the Pension Fund's alternative investments portfolio.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]