

AT A MEETING of the PENSION FUND PANEL AND BOARD of the County Council held at The Castle, Winchester on Monday 28 September 2015.

Chairman:
p Councillor M. Kemp-Gee

Administering Authority Representatives (Councillors):
p C. Carter
p C. Connor
a A. Gibson
p A. Joy
p F. Pearce (deputising for Cllr Gibson)
p P. Latham
p T. Rolt
p B. Tennent
p T. Thacker

Employer Representatives (Co-opted members):
p Councillor P. Giddings (Test Valley Borough Council)
p Councillor H. Mason (Portsmouth City Council)
p Councillor M. Chaloner (Southampton City Council)

Scheme Member Representatives (Co-opted members):
p Dr C. Allen (pensioners' representative)
p Mr P. Reynolds (active members' representative)

Independent Adviser:
a C. Dobson

1. **BROADCASTING ANNOUNCEMENT**

The Chairman announced that the press and members of the public were permitted to film and broadcast the meeting. Those remaining at the meeting were consenting to being filmed and recorded, and to the possible use of those images and recording for broadcasting purposes.

2. **APOLOGIES FOR ABSENCE**

Councillor Gibson and Carolan Dobson gave their apologies.

3. **DECLARATIONS OF INTEREST**

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5,

Paragraph 2 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

4. **CONFIRMATION OF MINUTES**

The minutes of the Pension Fund Panel held on 9 July 2015 were confirmed.

5. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman welcomed everyone to the first meeting of the Pension Fund Panel and Board and thanked officers and members for their work in gaining the Department for Communities and Local Government's (DCLG) approval for Hampshire County Council to combine its responsibility to form a Local Pension Board with its existing pension committee (the former Pension Fund Panel).

The Chairman welcomed Cllr Chaloner to his first meeting, having taken over from Cllr Barnes-Andrews as Southampton City Council's representative.

The Chairman, Cllr Thacker and Mr Reynolds gave the Panel and Board an update on the recent Local Government Chronicle Pensions Conference they had attended and found useful.

The Chairman highlighted to members a number of different enquiries that had been received about investments in fossil fuels. Members were reminded of the Pension Fund's fiduciary duty to make investments that achieve the best possible financial return for the Fund consistent with an acceptable level of risk, regardless of the nature of that industry and other views about the merits of that industry. In addition the Panel and Board members noted that the Fund has delegated to its external investment managers responsibility for taking social, environmental and ethical considerations into account when assessing the financial potential and suitability of investments.

It was agreed that officers would share with the members an example of the responses that had been sent to members of the Pension Fund that have enquired about investments related to fossil fuels.

6. **GOVERNANCE – APPOINTMENTS POLICY FOR THE PENSION FUND PANEL AND BOARD**

Dr Allen and Mr Reynolds left the room for the Panel and Board's discussion of the appointment of active member and pensioner scheme member representatives for the Panel and Board.

The Panel and Board considered a report of the Director of Corporate

Resources (item 5 in the Minute Book) containing the draft Appointments Policy for the Panel and Board and proposals for how the first appointments to the Panel and Board are made. The Appointments Policy is required in order that Hampshire County Council can implement the structure of the Pension Fund Panel and Board as it was agreed by DCLG in their approval of Hampshire forming a joint Panel and Board.

Cllrs Mason and Chaloner expressed disappointment on behalf of their authorities that the structure of the Panel and Board had only one full member from the Unitary Authorities and one substitute, and did not support the Appointments Policy in this respect (resolution a). Cllr Conner joined Cllrs Mason and Chaloner in not supporting resolution a).

Cllrs Mason and Chaloner believed the proposed representation was not proportionate to the Unitary Authorities' membership of the Pension Fund. It was confirmed that the proportions of contributing scheme members were as follows:-

	No. of contributors	%
Hampshire County Council	25,792	46
Southampton City Council	2,720	5
Portsmouth City Council	5,061	9
District and Borough Councils	5,253	9
Office of the Police and Crime	2,210	4
Commissioner and Chief Constable		
Other Organisations	14,882	27
<u>Total</u>	<u>55,918</u>	<u>100</u>

The Director shared with members a letter received from the Trade Union, Unison, which questioned whether Hampshire County Council's formation of a joint Pension Fund Panel and Board was compliant with the relevant legislation and regulations. This had been investigated by officers, including the County Council's Deputy Monitoring Officer, who were satisfied that Hampshire County Council's approach, which had been approved by DCLG, was compliant in all the respects raised by Unison.

RESOLVED:

That the Pension Fund Panel and Board's Appointment Policy be approved along with the following specific actions required to implement the full membership of the Panel and Board:

- a) The Director of Corporate Resources writes to the Chief Executives of Southampton and Portsmouth City Councils, asking them to agree by 30 November 2015 who will be the nominated Unitary Authority representative for the first year.

- b) Authority is delegated to the Director of Corporate Resources to manage an application process and to recommend to the County Council for appointment:
- an employer representative from a non-Local Authority employer in the Fund;
 - an active scheme member representative from eligible scheme members;
 - a deferred scheme member representative;
 - a substitute scheme member representative.
- c) That the current active (employee) representative be allowed to apply to be the active member representative (should he wish) and that, should he be appointed, it would be the first of two possible 4 year terms as described in the Appointments Policy.
- d) That the current pensioner representative is allowed to continue as the representative on the Panel and Board, and that his first term is extended to run for 4 years from the commencement of the Panel and Board, in line with the Appointments Policy.

7. **GOVERNANCE – PENSION FUND ANNUAL REPORT 2014/15**

The Panel and Board considered and noted a report of the Director of Corporate Resources (item 6 in the Minute Book) containing the Pension Fund's Annual Report, including the Pension Fund's Accounts for the year ending 31 March 2015, which were approved by the Audit Committee as part of the County Council's 2014/15 Accounts. The Annual Report had been prepared according to the latest statutory guidance produced by CIPFA in 2014.

8. **GOVERNANCE – PENSION FUND COSTS 2014/15**

The Panel and Board considered and noted a report of the Director of Corporate Resources (item 7 in the Minute Book) on the costs of managing the Pension Fund in the financial year 2014/15. Costs were disclosed according to the three categories specified in CIPFA's latest guidance on Pension Fund Accounts; investment management costs, administration expenses and oversight and governance costs.

The Panel and Board noted that while the overall cost of managing the Pension Fund was significant, it was low in comparison to the overall size of the Pension Fund and in line with Hampshire's position as one of the largest LGPS funds.

9. **GOVERNANCE – BUDGET ANNOUNCEMENT ON LGPS POOLING**

The Panel and Board considered a report of the Director of Corporate Resources (Item 8 in the Minute Book) which contained the announcement in the Government's July 2015 Budget on its intention that all LGPS funds should pool their investments.

The Director reported that the investment consultants and actuary Hymans Robertson is supporting a group of LGPS funds in investigating the options for pooling investments, with the aim that a report can be submitted to the Government from these funds following the announcement of the Government's consultation in November 2015. There is an open invitation for all funds, including Hampshire, to join and contribute to this group.

RESOLVED:

- a) That Hampshire join the group of funds investigating the options for pooling LGPS investments.
- b) That the remainder of the report was noted.

10. **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 Paragraphs 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.

11. **MINUTES OF PREVIOUS MEETING HELD ON 9 July 2015 (EXEMPT APPENDIX)**

The exempt minutes of the Pension Fund Panel held on 9 July 2015 were confirmed.

12. **GOVERNANCE – PENSION FUND COSTS 2014/15**

The Panel and Board noted an exempt Appendix from the Director of Corporate Resources (Item 11 in the Minute Book) concerning the costs of managing the Pension Fund in 2014/15. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

13. **GOVERNANCE – BUDGET ANNOUNCEMENT ON LGPS POOLING**

The Panel and Board considered the exempt Appendix from the Director of Corporate Resources (Item 12 in the Minute Book) summarising proposals for Local Authorities to collaboratively investigate the options for pooling Pension Fund investments. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

14. **INVESTMENTS - INVESTMENT UPDATE INCLUDING RECENT PERFORMANCE RETURNS**

The Panel and Board considered the exempt report from the Director of Corporate Resources (Item 13 in the Minute Book) updating the Panel about the progress of the Pension Fund's investments. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]