

AT A MEETING of the PENSION FUND PANEL AND BOARD of the County Council held at The Castle, Winchester on Friday 18 December 2015.

Chairman:
p Councillor M. Kemp-Gee

Administering Authority Representatives (Councillors):

p C. Carter	p P. Latham
p C. Connor	p T. Rolt
a A. Gibson	p B. Tennent
a A. Joy	p T. Thacker

Employer Representatives (Co-opted members):

p Councillor P. Giddings (Test Valley Borough Council)
p Councillor H. Mason (Portsmouth City Council)
a 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:

p C. Dobson

36. **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.

37. **APOLOGIES FOR ABSENCE**

Cllrs Gibson, Joy and Chaloner sent their apologies.

38. **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.

39. **CONFIRMATION OF MINUTES**

The minutes of the Pension Fund Panel and Board held on 6 November 2015 were confirmed.

40. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman welcomed Mrs Valerie Arrowsmith and Mr Neil Wood who have been selected as Scheme Member Representatives for the Pension Fund Panel and Board and were attending the meeting to observe. The Chairman also welcomed Mr David Robbins who has been appointed to the Panel and Board as an Employer Representative but who could not attend the meeting due to a prior commitment.

Cllr Rolt gave the Panel and Board a brief summary of a meeting he had attended at the invitation of the West Sussex Pension Fund to discuss asset pooling. The meeting considered the Government's recent announcement of pooling criteria, in particular the direction to investment in more infrastructure assets, although the group noted the challenges of finding suitable investments.

Dr Allen gave the Panel and Board an update following his attendance at Newton's annual conference. Dr Allen found a session on the cost of ethical investment particularly interesting. The Panel and Board agreed that further training on the topic of ethical and sustainable investment would be beneficial.

41. **GOVERNANCE - MEMBER REPRESENTATIVES UPDATE**

The Panel and Board considered a report of the Director of Corporate Resources (item 5 in the Minute Book) on the implementation of the Panel and Board's Appointment Policy. The Panel and Board noted the new appointments that have been made to the committee which will be reported to the County Council in January 2016 for confirmation.

42. **GOVERNANCE - FUNDING STRATEGY STATEMENT CONSULTATION UPDATE**

The Panel and Board considered a report of the Director of Corporate Resources (item 6 in the Minute Book) providing an update on the consultation responses to the proposed changes to the Funding Strategy Statement and draft Employer Policy.

Only one response was received on the Employer Policy, which resulted in a clarification of one section. Twelve responses were received on the Funding Strategy Statement, which tended to focus on the possible implications for individual employers, rather than the high-level principles contained in the policy. In particular comments focused on not

being able to obtain information on individual employers' contribution rates and requesting additional time to assess the impact of the proposed changes.

The communication of the changes to the Funding Strategy Statement at the Pension Fund's Annual Employers Meeting (AEM) and subsequent consultation processes has highlighted that a number of employers do not attend the AEM and have not given Pension Services suitable contacts for the communication of important information, such as the changes to the Funding Strategy Statement.

The Director of Corporate Resources stressed it is individual employers' responsibility to ensure that they attend the AEM and that Pension Services have suitable contacts for their organisations. The Panel and Board were reminded that as announced at the AEM workshops have been arranged for January and February for the groups of employers likely to be affected by the changes to the Funding Strategy Statement to further explain the potential impact of the changes and the choices remaining for employers.

Since the report was finalised for publication prior to the Panel and Board meeting, further communications had been received indicating that colleges in particular feel they need more time to properly respond to the consultation. However, Pension Services need an Employer Policy in place as soon as possible, to allow admission of new members on acceptable terms. Following discussion and debate, the Panel and Board proposed and agreed to extend the consultation period in respect of the Funding Strategy Statement to allow affected employers more time to understand the implications and provide feedback. The Panel and Board proposed and agreed the revised recommendations below, including approval of an amended version of the Employer Policy that can be implemented immediately. The approved policy will be published on the HPF website.

RESOLVED:

- (a) That the Panel and Board approved the Employer Policy, as amended.
- (b) That the Panel and Board noted the proposed changes to the Funding Strategy Statement which would allow the Fund Actuary to remove employers from the Scheduled and Admitted body groups, and the consultation responses received so far.
- (c) That the Director of Corporate Resources is given the delegated authority to have further discussions with the affected employers around new pooling/grouping arrangements with employers within specified sectors.
- (d) That the consultation period for the Funding Strategy Statement

remain open until 19 February 2016 in order to allow for any further consultation responses following the detailed workshops in order that a final decision can be taken at the next meeting of the Panel and Board on 4 March 2016.

- (e) That the remainder of the report was noted.

43. **GOVERNANCE - REVIEW OF THE PENSION FUND'S STATUTORY STATEMENTS**

The Panel and Board considered a report of the Director of Corporate Resources (item 7 in the Minute Book) providing an annual update of the Pension Fund's Business Plan, Statement of Investment Principles, Governance Policy and Governance Compliance Statements, Communications Policy Statement and Administration Strategy Statement.

RESOLVED:

- (a) That progress on the planned actions in Business Plan for 2015/16 was noted.
- (b) That the Business Plan for 2016/17 was approved.
- (c) That the Statement of Investment Principles was approved with minor amendments.
- (d) That the Governance Policy and Governance Compliance Statements was approved.
- (e) That the Communication Policy Statement was approved.
- (f) That the Administration Strategy Statement was approved.

44. **GOVERNANCE - PENSIONS ADMINISTRATION UPDATE**

The Panel and Board considered and noted a report of the Director of Corporate Resources (item 8 in the Minute Book) giving an update on the administration of the Pension Fund. The Panel and Board noted that it had been a particularly challenging period for Pension Services whilst it embeds its new system and whilst employers manager the change to providing CARE pay information for the 2014 scheme.

The Panel and Board noted that the difficulties that had occurred in employers passing on data to Pension Services have had an impact on the Fund's performance indicators for its administration service. The Panel and Board accepted that Pension Services' focus was on improving their level of service and thanked the staff in the section for

their hard work during this difficult period.

45. **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.

46. **MINUTES OF PREVIOUS MEETING HELD ON 6 November 2015 (EXEMPT APPENDIX)**

The exempt minutes of the Pension Fund Panel and Board held on 6 November 2015 were confirmed.

47. **GOVERNANCE - LGPS INVESTMENT REFORM CRITERIA AND INVESTMENT REGULATIONS**

The Panel and Board received and noted an exempt appendix from the Director of Corporate Resources (Item 11 in the Minute Book) providing a summary of the Government's criteria for investment pooling and draft revised investment management regulations. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

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

The Panel and Board considered the exempt report from the Director of Corporate Resources (Item 12 in the Minute Book) updating the Panel and Board about the progress of the Pension Fund's investments. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

49. **INVESTMENTS – PROPERTY PORTFOLIO UPDATE**

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