

AT A MEETING of the PENSION FUND PANEL held at The Castle,
Winchester on Friday 20 November 2009.

Chairman:
p Councillor M.N. Kemp-Gee

Councillors:

p F.G. Allgood

p C. Carter

p B.D. Dash

p A.G. Dowden

p D.A. Kirk

p B. Tennent

p T. Thacker

a T.K. Thornber, CBE

Co-opted members:

p Councillor P. Giddings (Test Valley Borough Council)

a Councillor D. Jones (Portsmouth City Council)

p Mr E.W. Hughes (pensioners' representative)

p Mr P. Reynolds (employee representative)

Independent adviser:

p Mr H. Cole

42 **APOLOGIES**

Councillors T.K. Thornber and D. Jones gave their apologies.

43 **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.

Mr H. Cole declared a personal interest in connection with the report on the Pension Fund Representatives and Appointment of an Independent Adviser (Minute 65 below refers) and left the meeting during the discussion of the appointment of the Independent Adviser.

44 **MINUTES**

The Minutes of the meeting held on 6 November 2009 were confirmed as a correct record and signed by the Chairman.

45 **CHAIRMAN'S COMMUNICATIONS**

No Chairman's communications were received.

46 **PENSION FUND ANNUAL GENERAL MEETING 2009**

The Panel considered a report of the County Treasurer (Item 5 in the Minute Book) regarding the Pension Fund's Annual General Meeting held at Sparsholt College, Winchester on 30 September 2009. Attendance at the AGM was higher than in 2008 with most of the major employers represented. The Panel considered ways of encouraging participation and questions from a wider range of organisations during the AGM.

Overall, the AGM continued to play an important part of the Pension Fund's communications strategy alongside the guides for employers and employees, the Annual Report, the annual leaflet for pensioners and contributors and the pensioners' newsletter.

RESOLVED:

- (a) That the report on the attendance at the AGM for 2009 be noted.
- (b) That steps be taken to encourage participation and questions from a wider range of organisations at the AGM for 2010, including inviting employers to submit questions in advance of the meeting.

47 **PENSION FUND – SCHEME OF DELEGATION**

The Panel considered a report of the County Treasurer (Item 6 in the Minute Book) regarding a Scheme of Delegation for the financial management and administration of the Pension Fund. The County Council's Constitution delegates to the County Treasurer the authority to act as Treasurer to the Hampshire Pension Fund. The Scheme of Delegation was necessary to make sure there was a clear audit trail for decisions taken by staff within the County Treasurer's Department and clear lines of accountability.

RESOLVED:

That the Scheme of Delegation for the financial management and administration of the Pension Fund be noted.

48 **TRAINING PLAN**

The Panel considered a report of the County Treasurer (Item 7 in the Minute Book) concerning the preparation of a Training Plan for the Panel for 2009/10. The Plan identified the training needs of members of the Panel and how those needs would be met. It would be reviewed annually including an evaluation of whether the training provided had met members' needs. Training logs would also be maintained to record the actual training received by Panel members.

The Panel had undertaken four half-day training sessions during November 2009 on a wide range of topics concerning the Local Government Pension Scheme and its investment. The Panel considered whether further training was required, including a programme for 2010/11 and the possible use of web-based training packages.

RESOLVED:

- (a) That the Training Plan for 2009/10 and the proposal for training logs be approved.
- (b) That the County Treasurer develop proposals for further training for the Panel during 2010/11.

49 **REVIEW OF THE PENSION FUND'S BUSINESS PLAN**

The Panel considered a report of the County Treasurer (Item 8 in the Minute Book) reviewing the Pension Fund's business plan. Progress against the action plan had either been completed or was on target.

RESOLVED:

- (a) That the updated business plan be approved.
- (b) That the progress on the action plan be noted.

50 **REVIEW OF THE PENSION FUND'S STATEMENT OF INVESTMENT PRINCIPLES**

The Panel considered a report of the County Treasurer (Item 9 in the Minute Book) reviewing the Pension Fund's Statement of Investment Principles. Some minor changes had been incorporated in the Statement to reflect changes over the last year. Further guidance was expected from the Chartered Institute of Public Finance and Accountancy on the consolidation of the best practice investment decision-making principles from ten to six principles.

RESOLVED:

- (a) That the change from ten to six investment principles be noted and that, when further guidance is received from the Chartered Institute of Public Finance and Accountancy, any amendments required to the Statement of Investment Principles be circulated to the Panel.
- (b) That the updated Statement of Investment Principles be approved.

51 **REVIEW OF THE PENSION FUND'S FUNDING STRATEGY STATEMENT**

The Panel considered a report of the County Treasurer (Item 10 in the Minute Book) on the arrangements for reviewing the Pension Fund's Funding Strategy Statement. The Government had consulted on the affordability, viability and fairness of the Local Government Pension Scheme. The Government's decisions were fundamental to revising the Funding Strategy Statement which could not be completed until the outcome of the Government's review was known.

RESOLVED:

- (a) That the County Treasurer be authorised to continue working with the Fund Actuary to prepare a draft version of the Funding Strategy Statement for consultation with the employers during Spring 2010.
- (b) That the final draft of the revised Funding Strategy Statement be reported to the Panel in May 2010.

52 **REVIEW OF THE PENSION FUND'S GOVERNANCE POLICY AND GOVERNANCE STRATEGY STATEMENTS**

The Panel considered a report of the County Treasurer (Item 11 in the Minute Book) reviewing the Pension Fund's Governance Policy and Governance Compliance Statements. Some changes had been incorporated in the statements reflecting the Panel's decision to prepare a Training Plan and maintain training logs for individual Panel members. This had allowed full compliance to be recorded for the section on Training in the Governance Compliance Statement.

RESOLVED:

That the updated Governance Policy and Governance Compliance Statements be approved.

53 **COMMUNICATION STATEMENT**

The Panel considered a report of the County Treasurer (Item 12 in the Minute Book) regarding the preparation and maintenance of the Pension Fund's Communication Statement. It would be revised if necessary if substantial changes are made to the Funding Strategy Statement in line with Minute 51.

RESOLVED:

That the Pension Fund's Communication Statement be noted.

54 **ADMISSION BODIES ACTION PLAN**

The Panel considered a report of the County Treasurer (Item 13 in the Minute Book) giving an update on the preparation of an action plan for clarifying the financial position of admission bodies within the Pension Fund. The action plan would mitigate the risks posed to the Pension Fund from admission bodies leaving the Fund without being able to meet deficits that might have arisen from their membership. Finalising the plan was dependent on the outcomes of the Government's recent consultation on the affordability, viability and fairness of the Local Government Pension Scheme. In the meantime, work continued to protect the Pension Fund's position.

RESOLVED:

- (a) That the progress on preparing an action plan for admission bodies be noted.
- (b) That the County Treasurer report to the Panel when the action plan has been finalised.

55 **ECONOMIC AND FINANCIAL BACKGROUND**

The Panel received and noted a report of the Independent Adviser (Item 14 in the Minute Book) on the economic and financial background.

56 **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 those 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.

57 **INVESTMENT MATTERS – UPDATE INCLUDING RECENT PERFORMANCE RETURNS (EXEMPT)**

The Panel considered an exempt report from the County Treasurer (Item 16 in the Minute Book) providing an update on investment matters.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

58 **PROPERTY PORTFOLIO (EXEMPT)**

The Panel considered an exempt report from the County Treasurer (Item 17 in the Minute Book) providing an update on the Pension Fund's property portfolio.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

59 **ALTERNATIVE INVESTMENTS PORTFOLIO - UPDATE (EXEMPT)**

The Panel considered an exempt report from the County Treasurer (Item 18 in the Minute Book) providing an update on the Pension Fund's alternative investments portfolio.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

60 **MANAGERS' FEES AND TRANSACTION COSTS IN 2008/09 (EXEMPT)**

The Panel considered an exempt report from the County Treasurer (Item 19 in the Minute Book) reviewing the management fees and transaction costs incurred in 2008/09.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

61 **COMPARISONS WITH OTHER LOCAL GOVERNMENT PENSION SCHEME FUNDS (EXEMPT)**

The Panel considered an exempt report from the County Treasurer (Item 20 in the Minute Book) comparing the Pension Fund with other Local Government Pension Scheme funds.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

AT THIS POINT IN THE MEETING, MEMBERS AGREED TO DEFER ITEMS 21, 22 AND 23 FOR CONSIDERATION AT A FUTURE MEETING

62 **FUTURE OF THE UK EQUITIES PORTFOLIO (EXEMPT)**

The Panel received an exempt report from the County Treasurer (Item 21 in the Minute Book) concerning the investment management arrangements for the UK equities portfolio.

63 **INVESTING IN EMERGING MARKETS AND GOLD (EXEMPT)**

The Panel received an exempt report from the County Treasurer (Item 22 in the Minute Book) concerning investment in emerging markets and gold.

64 **RISK MANAGEMENT OF THE PENSION FUND'S INVESTMENT ARRANGEMENTS (EXEMPT)**

The Panel received an exempt report from the County Treasurer (Item 23 in the Minute Book) providing an update on options for managing the investment risks of the Pension Fund.

65 **PENSION FUND REPRESENTATIVES AND APPOINTMENT OF AN INDEPENDENT ADVISER (EXEMPT)**

The Panel considered an exempt report from the County Treasurer (Item 24 in the Minute Book) concerning the arrangements for co-opted members of the Pension Fund Panel and the appointment of the Independent Adviser.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]