

AT A MEETING of the PENSION FUND PANEL of the County Council held at The Castle, Winchester on Friday 18 June 2010.

Chairman:
p Councillor M.N. Kemp-Gee

Councillors:

p F.G. Allgood

p C. Carter

a 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)

a Mr P. Reynolds (employee representative)

p Mr B. Wood (deputy employee representative)

Independent adviser:

p Mr H. Cole

99 **APOLOGIES**

Councillors T.K. Thornber, B.D. Dash and Mr P. Reynolds gave their apologies.

100 **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.

Councillors M.N. Kemp-Gee, F.G. Allgood, D.A. Kirk and Messrs E.W. Hughes and H. Cole declared a personal interest in connection with the report on Equitable Life (Minute 107).

101 **MINUTES**

The Minutes of the meeting held on 28 May 2010 were confirmed as a correct record and signed by the Chairman.

102 **CHAIRMAN'S COMMUNICATIONS**

No Chairman's communications were received.

103 **TRAINING PLAN AND PANEL REPRESENTATION**

The Panel considered a report of the County Treasurer (Item 5 in the Minute Book) on the Pension Fund's training plan and future representatives on the Panel. The report evaluated training received by the Panel in 2009/10. Training logs had been maintained for each Panel member during 2009/10. The report also set out a training plan for 2010/11, including proposals for two half-day training sessions in November 2010 and opportunities for Panel members to attend external conferences and seminars.

The County Treasurer reported that the representation of the two unitary authorities was due to transfer from Portsmouth City Council to Southampton City Council on 1 October 2010 at the end of the current two-year period.

RESOLVED:

- (a) That the training plan for 2010/11 be agreed.
- (b) That the completion of the training logs for 2009/10 be noted.
- (c) That Panel members contact the County Treasurer if they wish to attend any of the training courses, seminars or conferences described in the report.
- (d) That arrangements be made for the training sessions planned for 1 November and 3 November 2010 to cover actuarial matters, index linked bonds, exchange traded funds, corporate governance and a presentation by the Pension Fund's custodian Northern Trust.
- (e) That Southampton City Council be invited to nominate a representative for the two city councils for two years from 1 October 2010.

104 **NORTHERN TRUST – ANNUAL REPORT**

The Panel considered a report of the County Treasurer (Item 6 in the Minute Book) regarding the services provided by Northern Trust over the last year as the Pension Fund's custodian of assets. Northern Trust had continued to perform satisfactorily.

RESOLVED:

That the satisfactory performance and quality of custodian services provided by Northern Trust be noted.

105 **STATEMENT OF INVESTMENT PRINCIPLES – UPDATE**

The Panel considered a report of the County Treasurer (Item 7 in the Minute Book) updating the Pension Fund's Statement of Investment Principles. Recent Government regulations required Local Government Pension Funds to include their policy on stock lending in their Statement of Investment Principles and to publish the updated Statement by 1 July 2010.

RESOLVED:

That the updated Statement of Investment Principles be approved.

106 **PENSION FUND CASH MANAGEMENT**

The Panel considered a report of the County Treasurer (Item 8 in the Minute Book) reviewing the management of the Pension Fund's cash balance. The Pension Fund continued to receive a surplus of cash each year from contributions exceeding benefits paid. This cash would be invested to finance future benefits. In the immediate term, part of the cash balance would be used to finance the previously planned increase in the Pension Fund's property portfolio and to fund draw downs for the alternative investments portfolio. The Panel considered further use of the remainder of the cash balance following consideration of the report on the Alternative Investments Portfolio (minute 112 refers).

RESOLVED:

- (a) That the County Treasurer be authorised to manage the Pension Fund's cash balance in accordance with the policy set out in the report.
- (b) That the County Treasurer be asked to report to the Panel at regular intervals on the details of the Pension Fund's cash deposits.

107 **UPDATE ON CURRENT SITUATION REGARDING EQUITABLE LIFE**

The Panel considered a report of the County Treasurer (Item 9 in the Minute Book) on proposals by the Government to make payments to Equitable Life policy holders, through an independent payment scheme, for their relative loss as a consequence of regulatory failure when Equitable Life ran into difficulties in 2000. At this stage it was unclear what impact this announcement would have on the Pension Fund's members who had paid additional voluntary contributions (AVC) to Equitable Life to top up their main pension benefits. The County Treasurer would contact all affected Equitable Life policyholders when more information was available.

RESOLVED:

That the report be noted and the County Treasurer be asked to report to the Panel when details of the compensation scheme had been finalised.

108 **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.

109 **ADMISSION BODIES ACTION PLAN**

The Panel considered an exempt report from the County Treasurer (Item 11 in the Minute Book) updating the Panel on the progress towards preparing an action plan for the Pension Fund's admission bodies.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

110 **PENSIONS RESOURCING PLAN AND ADMINISTRATION STRATEGY UPDATE**

The Panel considered an exempt report from the County Treasurer (Item 12 in the Minute Book) providing an update on the progress of Pensions Services' resourcing plan.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

111 **ACTUARIAL VALUATION**

The Panel considered an exempt report from the County Treasurer (Item 13 in the Minute Book) regarding the progress of the actuarial valuation at 31 March 2010.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

112 **ALTERNATIVE INVESTMENTS PORTFOLIO – UPDATE**

The Panel considered an exempt report from the County Treasurer (Item 14 in the Minute Book) providing an update on the alternative investments portfolio.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]