

AT A MEETING of the PENSION FUND PANEL of the County Council held at The Castle, Winchester on Friday 15 June 2012.

Chairman:  
p Councillor M.N. Kemp-Gee

Councillors:

p C. Carter	p A. Gibson
p J. Bryant	p T.G. Knight
a B.D. Dash	p B. Tennent
p A.G. Dowden	p T. Thacker

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 Carolan Dobson

247 **APOLOGIES FOR ABSENCE**

Councillor B.D. Dash gave his apologies.

248 **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 8, 9, 10 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.

Councillor J. Leek declared a personal interest in connection with the report on Administration Performance (Minute 252) in respect of a shareholding in the Pension Fund's AVC provider, Prudential.

Councillor P. Giddings and Mr E.W. Hughes declared a personal interest as pensioners of the Hampshire Pension Fund in connection with the exempt Appendix to the report on Administration Performance (Minute 257).

249 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman noted that this was World Elder Abuse Awareness Day

and drew the Panel's attention to the aims of the Action on Elder Abuse organisation.

250 **CHIEF INTERNAL AUDITOR – ANNUAL AUDIT AND OPINION**

The Panel considered a report of the Chief Internal Auditor (Item 4 in the Minute Book) which provided an annual report and opinion for the year ending 31 March 2012. The Chief Internal Auditor confirmed that, based on internal audit work completed, 'Substantial Assurance' could be placed on Pension Services' framework of governance, risk management and management control, and that audit testing had demonstrated that controls were working in practice.

The Panel discussed whether further regular reports on audit matters concerning the Pension Fund would be helpful, in addition to the annual report and opinion.

RESOLVED:

- (a) That the Chief Internal Auditor's annual report and opinion statement for 2011/12 be accepted.
- (b) That the Chief Internal Auditor be requested to provide regular reports to the Panel on audit matters concerning the Pension Fund.

251 **ISSUES AFFECTING THE LOCAL GOVERNMENT PENSION SCHEME**

The Panel noted a report of the Director of Corporate Resources (Item 5 in the Minute Book) which provided an update on the key changes to the Local Government Pension Scheme. This included details of the proposed new Scheme to be introduced from April 2014. In addition, the report covered the impact of changes by HM Revenue and Customs to the annual allowance for pensions and the progress on introducing auto-enrolment.

252 **ADMINISTRATION PERFORMANCE**

The Panel considered a report of the Director of Corporate Resources (Item 6 in the Minute Book) which provided an update on the administration performance in 2011/12. This showed that performance had continued to improve and that delivery to standard had been achieved for most areas of work.

The Director of Corporate Resources also reported that administration costs were within good practice targets and that Pensions Services had again been awarded the Government's Customer Service Excellence standard. Pensions Services had continued to provide presentations for Fund members and training for employers. The report also provided an

update on the Pension Fund's providers of Additional Voluntary Contributions (AVC) services.

RESOLVED:

That the improvements in administration performance be noted.

253 **PENSIONERS' REPRESENTATIVE – ARRANGEMENTS FOR APPOINTMENT**

The Panel considered a report of the Director of Corporate Resources (Item 7 in the Minute Book) setting out the process for the selection of the pensioners' representative from 1 April 2013. Pensioners had been invited to express an interest in becoming the pensioners' representative. The Panel considered the arrangements for drawing up a shortlist of applicants, the process for holding the interviews and whether, in future there should be any restrictions on the number of times the representative should be reappointed.

RESOLVED:

- (a) That the Director of Corporate Resources be authorised to consider the applications forms and shortlist the applicants for the position of the pensioners' representative in consultation with the Chairman.
- (b) That consideration be given to inviting the shortlisted applicants to attend a meeting of the Pension Fund Panel in November or December 2012.
- (c) That the informal sub-group of the Pension Fund Panel interview the shortlisted applicants.
- (d) That the Director of Corporate Resources be authorised to decide on the preferred candidate in consultation with the Chairman and the informal sub-group.
- (e) That the selected pensioners' representative be appointed for a four-year term.
- (f) That the appointed pensioners' representative be allowed to apply for reappointment for one further four-year term only.

254 **TRAINING PLAN**

The Panel considered a report of the Director of Corporate Resources (Item 8 in the Minute Book) on the Training Plan for the Pension Fund Panel for 2012/13, including an evaluation of the training received in 2011/12 recorded in Panel members' individual training logs.

The Panel also considered the Code of Practice on Public Sector Finance Knowledge and Skills recently published by the Chartered Institute of Public Finance and Accountancy (CIPFA), which built on a Framework previously reported to the Panel. The Panel considered proposals for developing a Training Needs Analysis for use by Panel members to identify any outstanding training needs.

The Panel considered topics to be covered in the planned training half-day on 2 November 2012 and whether a further half-day training session should be added in the spring of each year.

RESOLVED:

- (a) That the CIPFA Code of Practice on Public Sector Finance Knowledge and Skills be adopted.
- (b) That progress on developing a Training Needs Analysis for completion by Panel members and officers be noted.
- (c) That the Training Plan for 2012/13 be approved.
- (d) That a second half-day training session be organised for the spring of each year.
- (e) That the remainder of the report be noted.

255 **PENSION FUND CASH – ANNUAL REPORT FOR 2011/12**

The Panel considered a report of the Director of Corporate Resources (Item 9 in the Minute Book) which summarised the activities of the Director of Corporate Resources in managing the Pension Fund's cash balance during 2011/12. The Panel had agreed an Annual Investment Strategy earlier in the year and the cash balance had been managed in accordance with that Strategy throughout the year. The balance at 31 March 2012 was £92.0m.

RESOLVED:

That the outturn report on the Pension Fund's cash management in 2011/12 be approved.

256 **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.

257 **ADMINISTRATION PERFORMANCE – EXEMPT APPENDIX**

The Panel considered an exempt Appendix from the Director of Corporate Resources (Item 11 in the Minute Book) concerning the Pension Fund's administration.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

258 **PENSION FUND CASH – ANNUAL REPORT FOR 2011/12 – EXEMPT APPENDIX**

The Panel considered an exempt Appendix from the Director of Corporate Resources (Item 12 in the Minute Book) concerning the management of the Pension Fund's cash balance in 2011/12.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

259 **TACTICAL ASSET ALLOCATION**

The Panel considered an exempt report from the Director of Corporate Resources (Item 13 in the Minute Book) setting out proposals for implementing a tactical asset allocation approach to the Pension Fund's allocation across asset classes.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

260 **NORTHERN TRUST – ANNUAL REPORT FOR 2011/12**

The Panel considered an exempt report from the Director of Corporate Resources (Item 14 in the Minute Book) on Northern Trust's performance as custodian to the Pension Fund.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

261 **PROPERTY PORTFOLIOS - UPDATE**

The Panel considered an exempt report from the Director of Corporate Resources (Item 15 in the Minute Book) which provided an update on the Pension Fund's UK and European property portfolios.

[SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]