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AT A MEETING of the Hampshire Pension Fund Panel and Board of HAMPSHIRE COUNTY COUNCIL held at Mitchell Room, EII Podium, Winchester on Friday, 22nd June, 2018

PRESENT

Chairman:

p Councillor Mark Kemp-Gee

Vice-Chairman:

p Councillor Tom Thacker

p Councillor Christopher Carter

p Councillor Alan Dowden

p Councillor Andrew Gibson

p Councillor Jonathan Glen

p Councillor Andrew Joy

p Councillor Peter Latham

p Councillor Bruce Tennent

Co-opted members

p Dr Clifford Allen, Scheme Member Representative - Pensioner Member

p Valerie Arrowsmith, Scheme Member Representative - Deferred Member

a Councillor Mark Chaloner, Employer Representative - Southampton City Council

p David Robbins, Employer Representative - Other Employer

p Neil Wood, Scheme Member Representative - Active Member

p Carolan Dobson, Independent Adviser

a Councillor Hugh Mason, Employer Representative – Portsmouth City Council

82. APOLOGIES FOR ABSENCE

Councillors Mason and Chaloner sent their apologies.

83. 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.

Carolan Dobson remind the committee she is a non-executive director of the London CIV and a number of other funds that she advises employ the same

investment managers as Hampshire. Neither issue inhibited her advice to the Hampshire Pension Fund

84. CONFIRMATION OF MINUTES (NON-EXEMPT)

The minutes of the Pension Fund Panel and Board held on 9 April 2018 were confirmed.

85. CHAIRMAN'S ANNOUNCEMENTS

The Chairman announced that in advance of the meeting Cllr Giddings had notified him that he was resigning as the employer representative, representing district councils and expressed on behalf of the committee his thanks to Cllr Giddings for his valued contributions to the Pension Fund Panel and Board.

The Chairman invited members of the committee to volunteer to attend the Local Government Chronicle Pension Conference in September 2018.

Cllr Tennent updated the Panel and Board following his attendance at the Government Actuaries Department Data Roadshow. And Cllrs Tennent and Glen gave a summary of the training they had attended from one of the Pension Fund's investment managers, Western. Cllr Gibson provided feedback having attended an SPS conference on investing in infrastructure and real assets.

86. REPORTING OF ACCESS JOINT COMMITTEE MINUTES (NON EXEMPT ITEMS) 12 MARCH 2018

The Panel and Board received the minutes of the ACCESS Joint Governance Committee held on 12 March 2018.

87. GOVERNANCE - ADMINISTRATION UPDATE

The Panel and Board received a report of the Director of Corporate Resources (item 6 in the Minute Book) setting out the administrative performance from October 2017 to March 2018. The Panel and Board were pleased to note that Pension Services had continued to perform well in terms of the cost per member, auditors' opinions and meeting service standards. In addition the committee noted the very positive news that Pensions Services had retained their Customer Service Excellence accreditation following an external assessment in April 2018.

The Panel and Board noted that the performance of the Pension Fund's employers in their provision of information to Pension Services to meet their obligations as employers. The committee were pleased that employers had improved in terms of their provision of year end data and payments of contributions.

It was reported that one of the Pension Fund's two Additional Voluntary Contribution (AVC) providers, Prudential have recently introduced a new type of fund called dynamic growth funds. These are multi asset funds which offer diversification through active asset allocation in UK and global bond and equity

markets. Prudential offers five of these dynamic growth funds across the risk spectrum allowing members to diversify their investments through a single fund based on their risk tolerance and age profile. To keep the overall number of available funds at a reasonable level, it was recommended that the Panel approve three of the dynamic growth funds (the low, medium and high risk options) to be added to the Hampshire AVC portfolio and made available to scheme members.

Cllr Glen declared to the committee that he had a personal interest through a pension with Prudential and did not take part in this element of the discussion.

The Panel and Board were delighted to note that West Sussex County Council have taken a decision to move their pension administration service provision from Capita to Hampshire County Council with effect from March 2019. The same processes and service standards will be delivered for West Sussex as for Hampshire, ensuring efficient and effective administration is achieved for all members and employers. Pensions Services will ensure the appropriate staffing levels are in place to meet the increased workload and to maintain the existing agreed service standards in line with the administration strategy.

RESOLVED:

- a) That the addition of three funds to the Hampshire AVC portfolio with Prudential was approved.
- b) That the remainder of the report, including the good performance of Pensions Services in 2017/18 was noted.

88. **GOVERNANCE - RISK MANAGEMENT**

The Panel and Board received and noted a report of the Director of Corporate Resources (item 7 in the Minute Book) providing a summary of the Pension Fund's approach to risk management and the Fund's Risk Register for review by the Pension Fund Panel and Board.

The Panel and Board noted the Pension Fund's process for the identification and management of risk and the main activities undertaken by both the Panel and Board and officers to mitigate the risks identified. The report provided an overview of the Fund's risk management activities in the past year, including reviewing the Fund's investment strategy and amendments to the Funding Strategy to reflect the risk of employers in the Fund being unable to meet their liabilities.

89. **INVESTMENTS: PENSION FUND CASH - ANNUAL REPORT 2017/18**

The Panel considered a report of the Director of Corporate Resources (Item 8 in the Minute Book) which summarised the activities of officers in managing the Pension Fund's cash balance during 2017/18. 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 average cash balance in 2017/18 was £74m, which included cash being held whilst the Fund's

property, private equity and infrastructure investment managers find suitable investment opportunities.

Following the publication of the Pension Fund's draft statement of accounts, the Director also reported to the Panel and Board in 2017/18 the Pension Fund had improved its cashflow positive position from its dealings with members, with a surplus of £42m.

RESOLVED:

That the outturn report on the Pension Fund's cash management in 2017/18 was approved.

90. EXCLUSION OF THE 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.

91. CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING

The exempt minutes of the Pension Fund Panel and Board held on 9 April 2018 were confirmed.

92. REPORTING OF EXEMPT MINUTES OF THE ACCESS JOINT COMMITTEE MEETING - 12 MARCH 2018

The Panel and Board received the exempt minutes of the ACCESS Joint Governance Committee held on 12 March 2018.

93. INVESTMENTS - CASH OUT-TURN - (EXEMPT APPENDIX)

The Panel and Board noted the exempt appendix from the Director of Corporate Resources (Item 12 in the Minute Book) detailing the Fund's cash investments. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

94. INVESTMENTS: ACCESS BUSINESS PLAN AND FIRST SUB-FUND

The Panel and Board received an exempt report from the Director of Corporate Resources (Item 13 in the Minute Book) updating the Panel and Board on the progress of investment pooling. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

95. **INVESTMENT - INVESTMENT UPDATE**

The Panel and Board considered the exempt report from the Director of Corporate Resources (Item 14 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]

Chairman,

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