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AT A MEETING of the Hampshire Pension Fund Panel and Board of
HAMPSHIRE COUNTY COUNCIL held at The Castle, Winchester on Friday,
16th June, 2017

Chairman:

p. Councillor Mark Kemp-Gee

p. Councillor Tom Thacker
p. Councillor Christopher Carter
p. Councillor Alan Dowden
p. Councillor Andrew Gibson
p. Councillor Jonathan Glen

p. Councillor Andrew Joy
a. Councillor Peter Latham
p. Councillor Bruce Tennent

Co-opted members

p. Dr Clifford Allen
p. Neil Wood
p. Councillor Hugh Mason

1. BROADCASTING NOTICE

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.

2. APOLOGIES FOR ABSENCE

Mr Robbins, Mrs Arrowsmith, Mrs Dobson and Cllrs Latham and Giddings sent their apologies.

3. 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.

4. CONFIRMATION OF MINUTES (NON-EXEMPT)

The minutes of the Pension Fund Panel and Board held on 3 March 2017 were confirmed.

5. CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed the new members (Cllrs Dowden and Glen) and thanked those members (Cllrs Connor and Rolt) who were no longer County Councillors for their service on the Panel and Board over the last 4 years. The Chairman stressed to all members the importance for the governance of the Pension Fund of training for the Panel and Board members. Training Needs Analysis forms were circulated to members for completion.

The Chairman informed the committee that Nick Weaver, the Council's Pensions, Investments and Borrowing Manager had left the authority and his replacement would be Andy Lowe. The Chairmen thanked Nick for his work for the Pension Fund over many years.

Finally the Chairman passed onto members the sad news that Harvey Cole, the former independent advisor to the Fund, had passed away.

6. GOVERNANCE - PENSIONS ADMINISTRATION UPDATE

The Panel and Board received a report of the Director of Corporate Resources (item 5 in the Minute Book) setting out the administrative performance from October 2016 to March 2017. 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. The addition the committee noted the very positive news that Pensions Services had retained their Customer Service Excellence accreditation following an external assessment in April 2017.

The Panel and Board noted that some employers had responded positively to the monitoring and reporting of the timeliness of their notifications of key activities to the Pensions Services and that there had been a reduction in the amount of employer contributions that were paid late to the Pension Fund.

Two proposed amendments to the Fund's Employer Policy were highlighted to the committee. An amendment was proposed in order to strengthen the responsibilities of the Fund's employers to notify the Fund as soon as possible of any outsourcing. The second amendment was proposed following a change that allows sixth form colleges to apply for academy statements. The amended policy follows the recommendation of the Fund's Actuary that sixth form colleges converting to academies should remain standalone for funding purposes (and not re-join the Scheduled Bodies Group) to maintain greater transparency over the liability of the former college that would be guaranteed by the Department for Education following the granting of academy status.

RESOLVED:

That the amendments to the Employer Policy were approved

7. GOVERNANCE - PENSION FUND RISK MANAGEMENT

The Panel and Board received and noted a report of the Director of Corporate Resources (item 6 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 changes to its Investment Management arrangements with the letting of new contracts and amendments to the Funding Strategy to reflect the risk of employers in the Fund being unable to meet their liabilities.

The members debated the risk and impact of a cyber attack disrupting the work of the Pension Fund, and consideration will be given to adding this to the Risk Register.

8. INVESTMENTS - PENSION FUND CASH - ANNUAL REPORT 2016-17

The Panel considered a report of the Director of Corporate Resources (Item 7 in the Minute Book) which summarised the activities of officers in managing the Pension Fund's cash balance during 2016/17. 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 2016/17 was £123m as a result of 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 2016/17 the Pension Fund had maintained a cashflow positive position from its dealings with members, with a surplus of £22m

RESOLVED:

That the outturn report on the Pension Fund's cash management in 2016/17 was approved.

9. 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 and 5 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.

10. **CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING**

The exempt minutes of the Pension Fund Panel and Board held on 3 March 2017 were confirmed.

11. **INVESTMENTS - PENSION FUND CASH - ANNUAL REPORT 2016/17
EXEMPT APPENDIX**

The Panel and Board noted the exempt appendix from the Director of Corporate Resources (Item 10 in the Minute Book) detailing the Fund's cash investments.

12. **INVESTMENTS - POOLING UPDATE**

The Panel and Board received an exempt report from the Director of Corporate Resources (Item 11 in the Minute Book) updating the Panel and Board on the progress of investment pooling. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

13. **INVESTMENT - INVESTMENT UPDATE**

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]

By virtue of paragraph(s) 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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