

AT A MEETING of the PENSION FUND PANEL AND BOARD of the County Council held at The Castle, Winchester on Friday 28 September 2018.

Chairman:
p Councillor M. Kemp-Gee

Elected members of the Administering Authority (Councillors):

p C. Carter	a A. Joy
p A. Dowden	p P. Latham
p A. Gibson	a B. Tennent
p J. Glen	p T. Thacker

Employer Representatives (Co-opted members):

a Councillor M. Chaloner (Southampton City Council)
a Councillor J. Smith (Portsmouth City Council)
a Councillor T. Cartwright (Fareham Borough Council)
p Mr D. Robbins (Churchers College)

Scheme Member Representatives (Co-opted members):

p Dr C. Allen (pensioners' representative)
p Mr N. Wood (scheme members representative)
p Mrs V. Arrowsmith (deferred members' representative)
p Mrs S. Manchester (substitute scheme member representative)

Independent Adviser:

p C. Dobson

BROADCASTING ANNOUNCEMENT

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.

107. **APOLOGIES FOR ABSENCE**

Cllrs Joy, Tennent, Smith, Cartwright and Chaloner sent their apologies.

108. **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.

109. **CONFIRMATION OF MINUTES**

The minutes of the Pension Fund Panel and Board held on 27 July 2018 were confirmed.

110. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman announced to the committee that Jennifer Devine had left the County Council after over nine years as an officer working for the Pension Fund and the members thanked her for her support to them and contribution to the Pension Fund.

The Chairman, Cllr Dowden and Mr Wood summarised the main themes that they took from attending the Local Government Chronicle Investment Summit, which included investment in social housing, managing Environmental, Social and Governance investment issues, and an update from the pools.

111. **GOVERNANCE – FUNDING STRATEGY STATEMENT AND EMPLOYER POLICY**

The Panel considered a report of the Director of Corporate Resources (item 5 in the Minute Book) on the changes to the Funding Strategy Statement (FSS) and Employer Policy in relation to the payment of exit credits following changes to the LGPS (Amendment) Regulations 2018 which were made in May 2018. The regulations now permit the payment of an exit credit to an exiting employer if the exit valuation showed a surplus of assets over liabilities.

Amendments to the FSS and Employer Policy have been drafted for consultation with the Fund's employers that permit the Fund will pay the exit credit to the exiting employer in most circumstances, regardless of any side agreement which may be in place between the exiting employer and its guarantor. The proposed policy changes allow for a surplus on exit to be retained in the Fund where this is an explicit part of a subsumption agreement from a continuing employer.

RESOLVED:

- (a) That the changes to the Funding Strategy Statement and Employer Policy were approved for consultation.

112. **GOVERNANCE – PENSION FUND COSTS 2017/18**

The Panel and Board considered and noted a report of the Director of Corporate Resources (item 6 in the Minute Book) on the costs of managing the Pension Fund in the financial year 2017/18. Costs were disclosed according to the three categories specified in CIPFA's guidance on Pension Fund Accounts; investment management costs, administration expenses and oversight and governance costs.

The Panel and Board noted that while the cost of managing the Pension Fund was significant, it was low in comparison to the overall size of the Pension Fund and in line with Hampshire's position as one of the largest LGPS funds. It was highlighted that investment management costs had increased in percentage terms, due to the growth of the Pension Fund's commitments to private equity and increases in the expenses of its direct property portfolio.

113. **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 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.

114. **MINUTES OF PREVIOUS MEETING HELD ON 27 JULY 2018 (EXEMPT APPENDIX)**

The exempt minutes of the Pension Fund Panel and Board held on 27 July 2018 were confirmed.

115. **GOVERNANCE: PENSION FUND COSTS 2017/18 APPENDIX 1**

The Panel and Board noted the exempt appendix from the Director of Corporate Resources (Item 9) in the Minute Book) detailing the Fund's investment management costs. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

116. **INVESTMENTS – INVESTMENT UPDATE**

The Panel and Board received an exempt report from the Director of Corporate Resources (Item 10 in the Minute Book) updating the Panel and Board on the Fund's investments [SUMMARY OF A MINUTE

WHICH CONTAINS EXEMPT INFORMATION]

117. **INVESTMENTS – ALTERNATIVE INVESTMENTS 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 Fund's alternative investment portfolios. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]