

AT A MEETING of the PENSION FUND PANEL AND BOARD of the County Council held at The Castle, Winchester on Friday 26 July 2019.

Chairman:
p Councillor M. Kemp-Gee

Elected members of the Administering Authority (Councillors):

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

Employer Representatives (Co-opted members):

a Councillor J. Smith (Portsmouth City Council)
a Councillor T. Cartwright (Fareham Borough Council)
p Councillor S. Barnes-Andrews (Southampton City Council)
a Mr D. Robbins (Churchers College)

Scheme Member Representatives (Co-opted members):

p Dr C. Allen (pensioners' representative)
p Mr N. Wood (scheme members representative)
a 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.

176. **APOLOGIES FOR ABSENCE**

Cllrs Cartwright, Dowden, Gibson, Glen and Mrs Arrowsmith and Mr Robbins sent their apologies.

177. **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.

178. **CONFIRMATION OF MINUTES**

The minutes of the Pension Fund Panel and Board held on 12 July 2019 were confirmed.

179. **DEPUTATIONS**

There were no deputations.

180. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman informed the committee that he would be unable to attend the committee's next meeting in September 2019 and Cllr Thacker would chair the meeting.

181. **GOVERNANCE - INTERNAL AUDIT REPORT & OPINION 2017/18**

The Panel and Board considered a report of the Director of Corporate Resources (item 6 in the Minute Book) providing the Pension Fund Panel and Board with the Chief Internal Auditor's opinion on the adequacy and effectiveness of internal control of the Pension Fund. 'Substantial Assurance' can be placed on Pension Services' framework of governance, risk management and management control and audit testing has demonstrated controls to be working in practice.

RESOLVED:

- (a) That the Chief Internal Auditor's annual report and opinion statement for 2018/19 was accepted.

182. **GOVERNANCE – APPOINTMENTS TO THE RESPONSIBLE INVESTMENT SUB COMMITTEE**

The Panel and Board considered a report of the Director of Corporate Resources (item 7 in the Minute Book) following the approval of the Pension Fund's revised Responsible Investment Policy and creation of the Responsible Investment sub-committee that outlined the make-up of the committee.

RESOLVED:

- (a) That Cllrs Barnes-Andrews, Glen, Kemp-Gee, Latham, Tennent and Dr Allen were appointed to the Responsible Investment sub-

committee.

183. **GOVERNANCE – 2019 TRIENNIAL VALUATION**

The Panel and Board considered and noted a report of the Director of Corporate Resources (item 8 in the Minute Book) on the progress of the 2019 actuarial valuation. Work is underway for the current valuation which is as at 31 March 2019. Membership data will be supplied to the Fund Actuary by 26 July and initial whole of Fund results will be presented to the Panel and Board at their meeting on 27 September before being shared with employers at the Annual Employer meeting in October.

184. **GOVERNANCE - ACCESS BUSINESS PLAN**

The Panel and Board considered the report from the Director of Corporate Resources (Item 9 in the Minute Book) including the ACCESS Business Plan for 2019/20, which had been agreed and recommended for approval to the member authorities by the ACCESS Joint Committee.

The budget for ACCESS for 2019/20 was £1.2m of which Hampshire's equal share would be £109,000.

RESOLVED:

- a) That the ACCESS Business Plan for 2019/20 was approved.

185. **GOVERNANCE - PENSION FUND DRAFT ANNUAL REPORT 2018/19**

The Panel and Board considered and noted a report of the Director of Corporate Resources (item 10 in the Minute Book) containing the Pension Fund's Draft Annual Report, including the Pension Fund's Accounts for the year ending 31 March 2019. The Director highlighted to the committee the following new additions to this years annual report, including:

- the ACCESS pool's annual report,
- an update on progress with investment pooling, and
- updates to sections of the report including investment performance and the risk register to reflect the impact of pooling.

In finalising the report minor changes will be made, including but not limited to:

- updates to the attendance log to include substitute members when deputising for full members,
- changes to reflect the final version of the ACCESS pool's annual report,
- additional breakdown of leavers in the scheme administration

- report to show the number of ill-health leavers, and
- minor corrections of grammatical and formatting errors.

RESOLVED:

- (a) That the Annual Report for 2018/19 be approved for publication, and that the Director of Corporate Resources be authorised to make any necessary minor amendments prior to publication.

186. **GOVERNANCE – TRAINING PLAN 2018/19**

The Panel and Board considered a report of the Director of Corporate Resources (item 11 in the Minute Book) setting out the proposed training arrangements for members of the Pension Fund Panel and Board in 2019/20. In particular members noted the importance of training for Panel and Board members in their role in the governance of the Pension Fund and their regulatory responsibilities as Pension Committee and Board members. The Director presented a draft training plan which had been produced following the analysis of the committee members' completed Training Needs Analyses.

RESOLVED:

- (a) That the 2018/19 training programme was approved, noting that it may be adapted based on changing circumstances, and the remainder of the report was noted.

187. **GOVERNANCE – PENSION FUND COSTS 2018/19**

The Panel and Board considered and noted a report of the Director of Corporate Resources (item 12 in the Minute Book) on the costs of managing the Pension Fund in the financial year 2018/19. 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. The Director highlighted to members the impact of investment pooling in terms of the reporting of costs in the Fund's Annual Report and the actual achievement of costs and savings, which to date have resulted in a small net deficit.

188. **INVESTMENTS - PENSION FUND CASH – ANNUAL REPORT FOR 2018/19**

The Panel considered a report of the Director of Corporate Resources (Item 13 in the Minute Book) which summarised the activities of officers in managing the Pension Fund's cash balance during 2018/19. 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 2018/19 was £64m, 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 2018/19 the Pension Fund had improved its cashflow positive position from its dealings with members, with a surplus of £55m.

RESOLVED:

- (a) That the outturn report on the Pension Fund's cash management in 2018/19 was approved.

189. **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.

190. **MINUTES OF PREVIOUS MEETING HELD ON 12 JULY 2019**

The exempt minutes of the Pension Fund Panel and Board held on 12 July 2019 were confirmed.

191. **INVESTMENTS - PENSION FUND COSTS 2018/19 (EXEMPT APPENDIX)**

The Panel and Board received and noted an exempt appendix from the Director of Corporate Resources (Item 16 in the Minute Book) on the Pension Fund's costs [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION].

192. **INVESTMENTS - PENSION FUND CASH – ANNUAL REPORT FOR 2018/19 (EXEMPT APPENDIX)**

The Panel and Board received and noted an exempt appendix from the Director of Corporate Resources (Item 17 in the Minute Book) on the Pension Fund's cash investments [SUMMARY OF A MINUTE WHICH

CONTAINS EXEMPT INFORMATION].

193. **GOVERNANCE – ‘GOOD GOVERNANCE’ PROJECT**

The Panel and Board received and noted an exempt appendix from the Director of Corporate Resources (Item 18 in the Minute Book) on the SAB’s ‘Good Governance’ project [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION].

194. **INVESTMENTS – PROPERTY PORTFOLIOS UPDATE**

The Panel and Board received an exempt report from the Director of Corporate Resources (Item 19 in the Minute Book) updating the Panel and Board on the Fund’s property portfolios. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION].