

AT A MEETING of the PENSION FUND PANEL AND BOARD of the County Council held at The Castle, Winchester on Friday 3 March 2017.

Chairman:
p Councillor M. Kemp-Gee

Elected members of the Administering Authority (Councillors):

a C. Carter	p P. Latham
a C. Connor	p T. Rolt
p A. Gibson	a B. Tennent
a A. Joy	p T. Thacker

Employer Representatives (Co-opted members):

p Councillor P. Giddings (Test Valley Borough Council)
p Councillor H. Mason (Portsmouth City 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)

Independent Adviser:

p C. Dobson

142. **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.

143. **APOLOGIES FOR ABSENCE**

Cllrs Carter, Connor, Joy and Tennent sent their apologies.

144. **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.

145. **CONFIRMATION OF MINUTES**

The minutes of the Pension Fund Panel and Board held on 31 January 2017 were confirmed.

146. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman reported that at the County Council meeting on 16 February, it was agreed to delegate authority to the Director of Corporate Resources, in consultation with the Chairman of the Pension Fund Panel and Board to agree the approach to pooling that Hampshire County Council will take, either via a CIV operator or Collaborative Joint Procurement, and that authority was delegated to the Director of Corporate Resources in consultation with the Chairman of the Pension Fund Panel and Board to finalise and agree the terms of the Inter Authority Agreement (IAA) in order to implement the model of Pooling, and the Council resolved to delegate the functions to the joint committee with effect from the date of execution of the IAA.

147. **GOVERNANCE: INTERNAL AUDIT PROGRESS REPORT – FEBRUARY 2017**

The Panel and Board received and noted a report of the Director of Corporate Resources (item 5 in the Minute Book) setting out an overview of internal audit work completed in accordance with the approved audit plan.

Internal Audit's work to date had concluded in all areas of review that substantial assurance can be placed on the effectiveness of the framework of risk management, control and governance supporting the objectives of the governance of the Pension Fund.

148. **GOVERNANCE: INTERNAL AUDIT PLAN 2017/18**

The Panel and Board received and noted a report of the Director of Corporate Resources (item 6 in the Minute Book) setting out an overview of internal audit work planned for 2017/18. The plan includes reviews of pensions payroll and benefit calculations, pension refunds, fund management and investments, accounting for assets/custodian services and Pension Fund management.

149. **GOVERNANCE: INVESTMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY NEXT STEPS**

The Panel and Board received a report from the Director of Corporate Resources regarding the draft Investment Strategy Statement and an

update on the finalisation of the 2016 triennial Actuarial Valuation. The revised LGPS Management and Investment of Funds Regulations published in November 2016 require the publication of an Investment Strategy Statement by 1 April 2017, and that the Administering Authority must consult such persons as it considers appropriate as to the proposed contents of its investment strategy. It was noted that there was now a risk that changes to regulations or intervention from central Government could inhibit the Panel and Board's ability to carry out its fiduciary duty in law to invest Fund monies to achieve the best possible financial return for the Fund, and it would be appropriate to add this to the risk register in the draft Investment Strategy Statement.

It was reported that the Pension Fund's Actuary, Aon Hewitt, is in the process of finalising the Fund's 2016 triennial valuation. One of the Pension Fund's employers had raised the question of pre-paying their pension contributions. This matter had been discussed with Aon Hewitt who concluded that it would be a disadvantageous arrangement to the employer as well as the Pension Fund.

RESOLVED:

- (a) That the progress in finalising the Fund's 2016 Actuarial Valuation and the rationale for not offering employers the option to prepay pension contributions was noted.
- (b) That subject to minor amendment to incorporate regulatory risk, the draft Investment Strategy Statement was agreed, and that it would be published for consultation with the Fund's scheme members and employers.
- (c) That the plan for review of the Fund's Investment Strategy, finalising the Investment Strategy Statement and the remainder of the report be noted.

150. **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 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.

151. **MINUTES OF PREVIOUS MEETING HELD ON 31 JANUARY 2017
(EXEMPT APPENDIX)**

The exempt minutes of the Pension Fund Panel and Board held on 31 January 2017 were confirmed.

152. **INVESTMENTS: PENSION FUND'S CUSTODIAN PERFORMANCE
REPORT**

The Panel and Board considered the exempt report from the Director of Corporate Resources (Item 10 in the Minute Book) detailing the performance of the Pension Fund's custodian. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

153. **INVESTMENTS: INVESTMENT UPDATE**

The Panel and Board considered the exempt report from the Director of Corporate Resources (Item 11 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]

154. **INVESTMENTS: ALTERNATIVE INVESTMENTS PORTFOLIO
UPDATE**

The Panel and Board received an 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 alternative investments. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]