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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, 15th December, 2017

Chairman:
a Councillor M. Kemp-Gee

Elected members of the Administering Authority (Councillors):

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

Employer Representatives (Co-opted members):

a Councillor P. Giddings (Test Valley Borough Council)
a Councillor M. Chaloner (Southampton City Council)
p Mr D. Robbins (Churchers College)
p Councillor H. Mason (Portsmouth City Council) (substitute for Cllr Giddings and Cllr Chaloner)

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

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.

55. APOLOGIES FOR ABSENCE

Cllrs Kemp-Gee, Giddings, Tennent and Chaloner sent their apologies.

56. 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.

57. CONFIRMATION OF MINUTES (NON-EXEMPT)

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

58. CHAIRMAN'S ANNOUNCEMENTS

There were no announcements.

59. GOVERNANCE - PENSIONS ADMINISTRATION UPDATE

The Panel and Board received a report from the Director of Corporate Resources (Item 5 in the Minute Book) on the administration of the Pension Fund. The Panel and Board had approved at its last meeting that the Fund's employers were consulted on updates to the Administration Strategy. One response was received in the consultation period which resulted in a change to the employer service standards. A further change was made to the consultation draft with an amendment to the approval level for the delegation to approve the Administering Authority's discretion in relation to deciding to whom a death grant is paid.

Pensions Services met its service standards for the first 2 quarters of 2017/18 and met the statutory deadline for the production of over 50,000 annual member benefit statements.

Pension Services have been approached by a number of the Fund's employers who have asked if they can sign the TUC's 'Dying to Work' charter, which includes the principle that employers will continue to employ staff who are terminally ill, so that their families can benefit from death in service benefits, rather than the employee taking ill health retirement. The charter will be highlighted to employers to confirm that they can sign up to it. Ill health costs and death in service costs are shared across all employers in the Fund and it is not expected that the charter will increase costs to the Pension Fund, but it will also be highlighted to employers that the actuary can certify additional contributions if a particular employer's experience is materially out of line with the rest of the Fund.

RESOLVED:

- (a) The updated Administration Strategy is published.
- (b) Employers may sign the 'Dying to Work' Charter if they wish to.
- (c) That the performance information for the first 2 quarters of 2017/18 was noted.

60. GOVERNANCE - EMPLOYER POLICY AND FUNDING STRATEGY STATEMENT

The Panel and Board received a report from the Director of Corporate Resources (Item 6 in the Minute Book) proposing updates to the Pension Fund's Funding Strategy Statement and Employer Policy. Several employers have approached Pensions Services to understand the implications if they were to setup wholly own companies. The Funding Strategy and Employer Policy need to be amended to establish a higher contribution rate for wholly owned companies due to the greater risk presented to the Fund and/or requiring the controlling employer to be the guarantor.

The Fund actuary has recommended a change in the approach to setting funding targets for admitted bodies so that tax raising authorities are required to provide a subsumption commitment to their associated admitted body to address the emerging funding gap between funding from the ongoing orphan target and the low risk gilts exit position.

RESOLVED:

That the updated Funding Strategy Statement and Employer Policy are published for consultation.

61. GOVERNANCE - STATUTORY STATEMENTS

The Panel and Board received a report from the Director of Corporate Resources (Item 6 in the Minute Book) proposing updates to the Pension Fund's Funding Strategy Statement and Employer Policy. Several employers have approached Pensions Services to understand the implications if they were to setup wholly own companies. The Funding Strategy and Employer Policy need to be amended to establish a higher contribution rate for wholly owned companies due to the greater risk presented to the Fund and/or requiring the controlling employer to be the guarantor.

The Fund actuary has recommended a change in the approach to setting funding targets for admitted bodies so that tax raising authorities are required to provide a subsumption commitment to their associated admitted body to address the emerging funding gap between funding from the ongoing orphan target and the low risk gilts exit position.

RESOLVED:

That the updated Funding Strategy Statement and Employer Policy are published for consultation.

62. INVESTMENTS - CASH INVESTMENTS STRATEGY

The Panel and Board considered a report of the Director of Corporate Resources (item 8 in the Minute Book) on the Pension Fund's cash balances and the Annual Investment Strategy for those cash balances for 2018/19. The Annual Investment Strategy had been prepared taking into account advice from the County Council's treasury management advisers, Arlingclose.

RESOLVED:

- (a) That the Annual Investment Strategy for 2018/19 be approved.
- (b) That the Annual Investment Strategy be implemented from the date of this meeting for the remainder of 2017/18.
- (c) That the Director of Corporate Resources be authorised to manage the Fund's cash balances in accordance with the policy set out in the report.

63. 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.

64. CONFIRMATION OF THE EXEMPT MINUTES OF THE PREVIOUS MEETING

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

65. INVESTMENTS - CASH INVESTMENTS STRATEGY - EXEMPT APPENDIX

The Panel and Board considered the exempt appendix from the Director of Corporate Resources (Item 11 in the Minute Book) supporting the Pension Fund's Annual Cash Investment Strategy

66. INVESTMENT - INVESTMENT 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 on the performance of the Pension Fund's investments. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

Chairman,

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

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