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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 Tuesday,
12th December, 2023

Chairman:

* Councillor Mark Kemp-Gee

Vice-Chairman:

* Councillor T. Thacker

Elected members of the Administering Authority (Councillors):

- * Councillor Tom Thacker
- * Councillor Alex Crawford
- * Councillor Tim Davies
- * Councillor Jonathan Glen
- * Councillor David Harrison
- * Councillor Dominic Hiscock
- * Councillor Andrew Joy
- * Councillor Rob Mocatta

Employer Representatives (Co-opted members):

- Councillor S. Letts (Southampton City Council)
- * Councillor P. Taylor (District Councils - Rushmoor Borough Council)
- * Ms F. Hnatow (University of Portsmouth)
- * Councillor J. Smyth (Portsmouth City Council)

Scheme Member Representatives (Co-opted members):

- * Mr P. Reynolds (pensioners' representative)
- * Mr N. Wood (scheme members representative)
- * Ms L. Gowland (deferred members' representative)

Independent Adviser:

- * C. Dobson

*Present

165. **APOLOGIES FOR ABSENCE**

Apologies were noted from Cllr Simon Letts. The Chairman welcomed Cllr Judith Smyth, in attendance as the Employer Representative substitute Member and Paul Barber, the Substitute Scheme Member who was in attendance as an observer.

166. **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 Personal Interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 5 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.

Members, who were themselves members of the Local Government Pension Scheme, questioned whether they would be required to declare an interest as such. The legal adviser to the Panel and Board clarified that this was not necessary, as the Public Service Pensions Act 2013, which created pension boards, confirmed that there was no need to declare an interest exclusively by virtue of being a member of the pension scheme, and further that this was reflected in the County Council's constitution. Individual Members, however, were still able to declare a personal interest should they wish to, but this would not constitute a pecuniary interest.

167. CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING (PUBLIC)

The minutes of the previous meeting on 29 September were confirmed.

168. DEPUTATIONS

No deputations were received.

169. CHAIRMAN'S ANNOUNCEMENTS

The Chairman noted that the current terms of appointment for both Lindsey Gowland and Neil Wood would end before the next meeting and thanked them for their commitment and contributions to the work of the Panel and Board. The Chairman further noted that recruitment for these appointments was currently in progress.

The Chairman confirmed that a response had been submitted to the Department for Levelling Up, Housing and Communities' (DLUHC) recent consultation on pooling, and thanked officers for their continued support and approach in managing the pooled funds. The Chairman observed that the use of ACCESS continued to be efficient and cost effective and further provided savings against professional fees.

The Chairman drew Members attention to the latest Hymans questionnaire on training needs and encouraged all Panel and Board Members to respond. It was noted that all Members were required to complete the first two modules of the Hymans training by the end of the calendar year, and that the County Council had offered to hold a virtual training session to support Members in completing this. Members raised concern that content was repetitive of previous years training. It was agreed that officers would raise this with Hymans and identify which content was repetitive, so that Members who had completed the full training the previous year could prioritise those modules with new content. It was noted that the Pension Fund, through the County Council, were required to report on training completed by each Member of the Panel and Board every

year. Following concerns raised that the Hymans training completed was not showing for individual user logins, officers confirmed that they would ensure that the records held by the County Council captured all training completed.

170. ACCESS JOINT COMMITTEE MINUTES 4 SEPTEMBER 2023 (PUBLIC)

The Committee received a report from the Director of Corporate Operations, presenting the public minutes from the meeting of the ACCESS Joint Committee which took place on 4 September.

A Member who had attended the meeting as an observer commented that a seating plan would be helpful for those observing, and it was agreed that this would be raised with ACCESS.

RESOLVED:

The Pension Fund Panel and Board received and noted the minutes as attached to the report.

171. GOVERNANCE: INTERNAL AUDIT UPDATE

The Committee received a report from the Director of Corporate Operations providing an overview of the internal audit work completed, in accordance with the approved plan. It was heard that, as a result of internal audit work, all management actions arisen through previous reports had been fully implemented, with the exception of one item which was expected to be completed by the end of December. It was further explained that one review had finalised with substantial opinion, with the remaining three reviews due to be completed by the deadline of the end of the financial year.

RESOLVED:

The Pension Fund Panel and Board note the progress of internal audit work for the period ending 30 November 2023.

172. GOVERNANCE: BUSINESS PLAN AND OTHER STATUTORY STATEMENTS

The Panel and Board received a report from the Director of Corporate Operations providing the Pension Fund's Business Plan for 2023/24 to 2026/27, along with other statutory statements for the Panel and Board's approval. It was noted that cybercrime and climate change were identified as two key areas of risk within the business plan.

Members raised a number of comments on the content of the plan:

- Members considered the distinction between Members of the Panel and Board and those who were scheme members was not clear. Following suggestion from the Members, it was agreed that this would be clarified in the plan and statements.

- It was felt that there was some confused language about climate change in the report, particularly in regard to splitting the risks into ESG Risks, and a lack of clarity regarding the extensive range of issues involved.
- It was suggested that the Conflicts of Interest policy should contain wording relating to the meaning of the Public Service Pensions Act 2013, in regards the Declaration of Interests by Panel and Board Members.
- It was noted that some changes had been made to the Investment Strategy Statement based on advice from Hymans Robertson. The Panel and Board acknowledged that they had very minimal ability to influence actions taken by the large oil and gas companies and felt this should be more clearly reflected within in the statement.
- The Panel and Board asked that the Representation policy be updated to clarify the dates of term of the current Independent Adviser, with note that the position would be subject to formal tender at the end of the term. It was further noted that the table in Appendix One did not provide further detail of reasons for non-attendance at meetings, as it was considered an unwarranted intrusion of privacy.
- It was noted that training undertaken would vary by Member, as training was focussed upon the needs of each individual. It was heard that the reporting of this information was a statutory requirement, and did not make any judgement on the commitment of any individual Member.
- Members raised concern that whilst the Communication policy statement showed the percentage of members registered, it was not clear how many had logged onto the system. In response it was heard that this data was captured by the County Council, although this was not shown in the statement.
- It was observed that the Annual benefit statement to members no longer contained details of the expression of wish upon death. It was heard that pension members could either log onto the portal or could telephone Pension Services to obtain this information. It was further noted that all nominations were subject to the discretion of the County Council Officers. Members heard that the County Council applied a best practice approach in the use of this discretion and would contact all next of kin and appropriate family members following the death of a member, with the majority of funds awarded in line with the wishes of the late member.
- It was observed that from 2025 onwards additional statutory information was required to be included in the annual benefit statements, and the Panel and Board asked officers to bring information to the next appropriate meeting on the costs of making these changes.
- It was noted that no changes were proposed to the Governance Policy and Compliance statement.
- In response to Members questions it was heard that briefing sessions with Policy Managers were expected to continue to be held remotely, as doing so increased access to Fund Managers, particularly those based outside of the UK and delivered significant saving in travel time and costs, whilst providing fund managers with an hour of uninterrupted time to present and answer questions. It was suggested that flexibility in the approach would be helpful where briefings were planned from new or prospective Fund Managers, or those whose funds may not be performing as expected, where a face to face meeting may be beneficial. and therefore a flexible approach may be helpful. It was further noted that

officers interviewed all Fund Managers in parallel, on a quarterly basis, to manage and maintain oversight of performance.

RESOLVED:

The Pension Fund Panel and Board approved the Business Plan for 2023/24 to 2026/27 (Annex 1 to the report) and the following documents that formed the Fund's Governance Framework:

- Conflicts of Interest Policy
- Funding Strategy Statement
- Employer Policy
- Administration Strategy Statement – including Decision Matrix
- Investment Strategy Statement
- Representation Policy
- Communication Policy Statement
- Governance Policy and Compliance Statement

173. INVESTMENTS: PENSION FUND CASH MONITORING REPORT AND ANNUAL CASH INVESTMENT STRATEGY 2024/25

The Committee received a report from the Director of Corporate Operations outlining the investment performance of the cash balances held by the Pension Fund in 2023/24 to 31 October 2023 and proposals for the Annual Cash Investment Strategy for 2024/25

The reduction of counterparty limit from £40m to £25m was noted. In response to members questions, it was heard there was a diversified portfolio of managers who were used, who held monies across a variety of money market funds and banks to spread any potential risk. It was further noted that Arlingclose approval was sought for all counterparties which were used.

RESOLVED:

- a) The Annual Cash Investment Strategy for 2024/25, as detailed in paragraphs 26 to 37 of the report, were approved.
- b) The Annual Cash Investment Strategy be implemented from the date of this meeting for the remainder of 2023/24.
- c) It was approved that the Director of Corporate Operations be authorised to manage the Fund's cash balance in accordance with the policy set out in the report.

174. GOVERNANCE: ADMINISTRATION PERFORMANCE UPDATE

The Committee received an update from the Director of Corporate Operations, providing an overview of administration performance in the first six months of 2023/24.

Members heard that officers continued to deliver against the required standards for all casework and had enhanced data validation processes to further improve the data held in the system. It was noted that the McCloud remedy regulations had come into effect in October and Pension Services were working with employers to upload any member service records which were subject to the remedy.

Members heard that the Director of Corporate Operations has drafted a letter to the Department of Levelling Up, asking that they amend the regulations to allow the Fund to prevent the anticipated impact on pensioner members by not reducing the overall level of pension paid as result of the correction to GMP payments.

In response to members questions it was heard that public schemes will connect to the dashboard by the end of September 2025, with note that this information won't immediately be available to the public or members at that date.

RESOLVED:

- a) The Panel and Board approved the revised Administration Strategy in Appendix 1.
- b) The Panel and Board approved the revised Funding Strategy Statement (Appendix 2) and Employer Policy (Appendix 3).
- c) The Panel and Board noted the rest of the information contained in the report and the exempt appendix.

175. 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.

176. EXEMPT APPENDIX TO THE ADMINISTRATION PERFORMANCE UPDATE

An exempt appendix to the Administration performance update, Item 8 of the agenda, was noted.

177. CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING (EXEMPT)

The exempt minutes of the Pension Fund Panel and Board held on 29 September 2023 were confirmed.

178. **ACCESS JOINT COMMITTEE MINUTES 4 SEPTEMBER 2023 (EXEMPT)**

The Panel and Board received the (non-exempt) minutes of the ACCESS Joint Committee on 4 September 2023.

179. **GOVERNANCE: CYBER REPORT**

The Panel and Board received a report from the Director of Corporate Operations providing an update on the work which has taken place since the last update in July 2023 to improve the cyber controls in place for the pension systems. [SUMMARY OF AN EXEMPT MINUTE]

180. **INVESTMENT: INVESTMENT UPDATE**

The Panel and Board received an exempt report from the Director of Corporate Resources updating the Panel and Board on the Fund's investments. [SUMMARY OF AN EXEMPT MINUTE]

Chairman, 28 March 2024

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