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NOTICE OF MEETING

Meeting	Hampshire Pension Fund Panel and Board
Date and Time	Friday, 15th February, 2019 at 10.00 am
Place	Mitchell Room, EII Podium, Winchester
Enquiries to	members.services@hants.gov.uk

John Coughlan CBE
Chief Executive
The Castle, Winchester SO23 8UJ

FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast live on the County Council's website. The meeting may also be recorded and broadcast by the press and members of the public – please see the Filming Protocol available on the County Council's website.

AGENDA

1. **APOLOGIES FOR ABSENCE** F_PR

To receive any apologies for absence.

2. **DECLARATIONS OF INTEREST** F_PR

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore all Members with a Personal Interest in a matter being considered at the meeting should consider, having regard to Part 5, Paragraph 4 of the Code, whether such interest should be declared, and having regard to Part 5, Paragraph 5 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

3. **CONFIRMATION OF MINUTES (NON-EXEMPT)** F_PR

To confirm the Minutes of the meeting held on 14 December 2018.

4. **CHAIRMAN'S ANNOUNCEMENTS** F_PR

To receive any announcements the Chairman may wish to make.

5. ACCESS JOINT GOVERNANCE COMMITTEE MINUTES - 19 SEPTEMBER 2018 F_PR

To receive the minutes of the ACCESS Joint Committee meeting (item 5 in the Minute Book) held on 19 September 2018.

6. EXCLUSION OF THE PRESS AND PUBLIC F_PR

That in relation to the following items the press and public be excluded from the meeting, as it is likely, in view of the nature of the business to be transacted or the nature of proceedings, that if a member of the public were present during the items there would be disclosure to them of exempt information within Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, and further that in all circumstances of the case, the public interest in maintaining the exempt information outweighs the public interest in disclosing the information, for the reasons set out in the report.

7. CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING F_PR

To confirm the exempt minutes of the meeting held on 14 December 2018.

8. INVESTMENTS: MHCLG DRAFT POOLING GUIDANCE F_PR

To consider an exempt report from the Director of Corporate Resources – Corporate Services on the Government’s new draft pooling guidance.

9. INVESTMENT - INVESTMENT UPDATE F_PR

To consider the exempt report of the Director of Corporate Resources - Corporate Services updating the Panel and Board on the Pension Fund’s investments since the last meeting of the Pension Fund Panel and Board on 14 December 2018.

ABOUT THIS AGENDA:

On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING:

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require

wheelchair access, please contact members.services@hants.gov.uk for assistance.

County Councillors attending as appointed members of this Committee or by virtue of Standing Order 18.5; or with the concurrence of the Chairman in connection with their duties as members of the Council or as a local County Councillor qualify for travelling expenses.

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AT A MEETING of the PENSION FUND PANEL AND BOARD of the County Council held at The Castle, Winchester on Friday 14 December 2018

Chairman:
p 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
p B. Tennent	p T. Thacker
p D. Mellor	

Employer Representatives (Co-opted members):

p 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.

127. **APOLOGIES FOR ABSENCE**

Cllrs Cartwright and Smith sent their apologies.

128. **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.

129. **CONFIRMATION OF MINUTES**

The minutes of the Pension Fund Panel and Board held on 15 November 2018 were confirmed.

130. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman thanked the committee and officers for their hard work throughout the past year and highlighted to the committee the imminent consultations in relation to the Pension Fund on new Pooling Guidelines and the relationship between LPGS funds and their Administering Authorities. The committee also thanked the Chairman for his leadership of their activities during the year.

131. **GOVERNANCE – INTERNAL AUDIT PROGRESS REPORT**

The Panel and Board received and noted a report from the Director of Corporate Resources (Item 5 in the Minute Book) on the progress of the delivery of Internal Audit's annual workplan. The Director reported that 80% of the internal audit work for the year has been delivered. There were no completed internal audit reports that had concluded there were limited or no assurance with regard to the internal controls in place.

132. **GOVERNANCE- PENSION ADMINISTRATION UPDATE**

The Panel and Board received a report from the Director of Corporate Resources (Item 6 in the Minute Book) on the administration of the Pension Fund and an update to the Fund's Communication Strategy. Pensions Services met its service standards for the first 2 quarters of 2018/19 with the exception of 6 divorce estimate cases which missed the 15 day service level agreement by between 1 and 2 days. In addition to the casework, 57,877 annual benefit statements were produced for active members by the statutory deadline of 31 August, covering 99.27% of the membership.

The Director reported a general improvement in the timeliness of annual returns received from the Fund's employers by Pensions Services, which are due by 30 April each year.

Amendments to the Pension Fund's Communication Strategy were presented that take account of greater online communication with scheme members. Pension Services also received positive feedback from the employers that attended the Fund's Annual Employers Meeting

in October 2018.

RESOLVED:

- (a) The updated Communication Policy Statement was approved.
- (b) That the performance information for the first two quarters of 2018/19 was noted.

133. **GOVERNANCE - REVIEW OF THE PENSION FUND'S STATUTORY STATEMENTS**

The Panel and Board received a report from the Director of Corporate Resources (Item 6 in the Minute Book) to review the Pension Fund's Business Plan, Investment Strategy Statement, Funding Strategy Statement, Governance Policy and Governance Compliance Statement and Administration Strategy Statement.

The Director reported that the Fund's Business Plan has been updated for the Pension Fund continuing to play an active part in investment pooling and responding to any relevant consultations or requests for information from the LPGS Scheme Advisory Board.

The Pension Fund's Investment Strategy Statement has been amended to reflect the recent changes agreed by the Panel and Board having taken investment advice from the consultants Hymans Robertson.

Minor changes have been made to the Pension Fund's Governance Policy to update the Pension Fund Panel and Board's decision making role in relation to investment pooling.

RESOLVED:

- (a) Progress on the Business Plan's actions were noted and the updated Business Plan was approved.
- (b) The updated Investment Strategy Statement was approved.
- (c) The updated Governance Policy and Governance Compliance Statements were approved.
- (d) The Administration Strategy Statement was approved.

134. **INVESTMENT: CASH MONITORING AND ANNUAL INVESTMENT STRATEGY 2019/20**

The Panel and Board considered a report of the Director of Corporate Resources (item 9 in the Minute Book) on the Pension Fund's cash balances and the Annual Investment Strategy for those cash balances for 2019/20. 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 2019/20 be approved.
- (b) That the Annual Investment Strategy be implemented from the date of this meeting for the remainder of 2018/19.
- (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.

135. **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 4 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.

136. **MINUTES OF PREVIOUS MEETINGS (EXEMPT)**

The exempt minutes of the Pension Fund Panel and Board held on 15 November 2018 were confirmed.

137. **INVESTMENT: CASH MONITORING AND ANNUAL INVESTMENT STRATEGY 2019/20 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.

138. **GOVERNANCE: DRAFT ENVIRONMENTAL SOCIAL AND GOVERNANCE POLICY**

The Panel and Board received an exempt report from the Director of Corporate Resources (Item 12 in the Minute Book) proposing changes to the Pension Fund's Environmental, Social and Governance Policy. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

139. **INVESTMENTS – INVESTMENT PERFORMANCE UPDATE**

The Panel and Board received an exempt report from the Director of Corporate Resources (Item 13 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]

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HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Hampshire Pension Fund Panel and Board
Date:	15 February 2019
Title:	Minutes of ACCESS Joint Committee meeting – 19 September 2019
Report From:	Director of Corporate Resources – Corporate Services

Contact name: Andrew Boutflower

Tel: 01962 847407

Email: andrew.boutflower@hants.gov.uk

1. Recommendations

- 1.1 That the Pension Fund Panel and Board receive and note the minutes of the ACCESS Joint Committee meeting from the 19 September 2018.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

A high level Equalities Impact Assessment has been undertaken. The grants are intended to have a positive impact and advance equality.

2. Impact on Crime and Disorder:

2.1 Not applicable.

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

Not applicable.

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not applicable.

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ACCESS JOINT COMMITTEE

MINUTES of a meeting of the ACCESS Joint Committee held at Islington Town Hall - Committee Room 4, Islington Town Hall, Upper Street, N1 2UD on Wednesday, 19th September, 2018.

PRESENT: Cllr Andrew Reid - Chairman (Suffolk CC), Cllr Richard Stogdon - Vice-Chairman (East Sussex CC), Cllr Susan Barker (Essex CC), Cllr Vanessa Churchman - substitute (Isle of Wight), Cllr Jeremy Hunt (West Sussex CC), Cllr Mark Kemp-Gee (Hampshire CC), Cllr Graham Lawman (Northamptonshire CC), Cllr Terry Rogers (Cambridgeshire CC), Cllr Ralph Sangster (Hertfordshire), Cllr Charlie Simkins (Kent CC), Cllr Judy Oliver (Norfolk)

ALSO PRESENT: John Wright (Hymans Robertson)

OFFICERS: Andrew Boutflower (Hampshire), Nicola Mark (Norfolk), Kevin McDonald (Essex), Alison Mings (Kent), Ola Owolabi (East Sussex), Patrick Towey (Hertfordshire), Paul Finbow (Suffolk), Jo Thistlewood (Isle of Wight), Mark Whitby (Northamptonshire), Rachel Wood (West Sussex) and Joel Cook (Kent)

UNRESTRICTED ITEMS

96. Minutes of the meeting held on 11 June 2018.
(Item. 3)

RESOLVED that the minutes of the meeting on 11 June 2018 were a correct record and that they be signed by the Chairman.

97. Board Representation [11:05 - 11:15].
(Item. 4)

1. Mark Whitby (Northamptonshire) provided an update in relation to the report, which detailed the request from Pension Boards that ACCESS consider the inclusion of Local Pension Board (LPB) and Scheme representatives within its meeting arrangements in some form.
2. Members discussed the need for LPB and Scheme member representation at ACCESS meetings in view of the transparency and communication already taking place via the individual Pension Committees at the administering authorities. It was also noted that the remit of the LPBs was related to receiving assurances that the investment activity undertaken by the administering authorities was appropriate and that therefore the strategic and facilitation nature of ACCESS' work was not necessarily relevant for detailed consideration or attendance.

RESOLVED that no formal changes to the attendance arrangements be made to include Local Pension Board representatives; and that a response be sent to the

LPBs from the Chair, on behalf of the Committee, setting out the reasons for the decision, notably that;

- Existing transparency arrangements were sufficient
- There were existing opportunities for LPB elected members to attend ACCESS meetings
- Engagement with LPBs was better undertaken at a local authority level

98. Business Plan and Budget - quarterly update [11:15 - 11:25].
(Item. 5)

1. Rachel Wood (West Sussex) provided an update on the business plan and budget, clarifying the risk ratings and providing context. She highlighted that the Tranche status was shown as red due to the cumulative minor delays rather than any individual significant risks or problems. Ms Wood also explained various ongoing work streams and outlined areas where the budget was at variance to the agreed budget – key points included:
 - Additional costs for strategic and technical advice in relation to the Prospectus and Financial Conduct Authority (FCA) application.
 - Ongoing project management and client unit costs due to the FCA delay and still pending appointment for permanent roles in the ACCESS Support Unit (ASU).
 - Governance review costs – legal advice, consultancy fees and training development.
 - Potential additional spend in relation to sub-fund manager selection processes (dependent on future Committee decisions).
2. Members discussed the business plan update, querying the continued interim arrangements costs, which was budgeted at £360k for the full year, but was now expected to be slightly higher in view of the additional spending pressures explained previously. Members were advised that the Governance review work had remained within the agreed budget, which was extended previously by decision of the Committee to cover the necessary legal and consultancy advice.
3. Members considered the amber risk issues relating to Decision making, sub-fund establishment, conflicting requirements in terms of the different administering authorities and expectations from government as well as risks relating to ongoing fund management issues. The discussions considered the necessity for overspend authority to be delegated to officers, within a set limit, to avoid unnecessary operational delays and to update the way spend should be managed and recorded in the longer term.

RESOLVED that;

- The business plan be noted
- The updated budget be agreed (additional forecast spend)
- The Committee agree to delegate authority to approve up to 10% overspends, in consultation with the Chairman, on relevant budget lines / workstream costs to the named lead officer responsible.

99. Motion to Exclude the Press and Public.

(Item. 6)

RESOLVED that, under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 and 5 of Part 1 of Schedule 12A of the Act.

100. Exempt Minutes of the meeting held on 11 June 2018.

(Item. 7)

RESOLVED that the exempt minutes of the meeting held on 11 June were a correct record and that they be signed by the Chairman.

101. Hymans Update - Review of Progress [11:30 - 11:50].

(Item. 8)

1. John Wright (Hymans) introduced his presentation and provided an update on progress made and outstanding challenges for ACCESS.

RESOLVED that the update on progress and future challenges be noted.

102. ACS Establishment Update: Tranche 1 FCA Application, Tranches 2 & 3 sub-funds and Phase 2 update [11:50 - 12:30].

(Item. 9)

1. John Wright (Hymans) highlighted the recommendations within the formal report and provided an overview to give further context and background to the proposed approach for Phase 1 sub-funds launch and the proposal for Phase 2 sub-funds.
2. The Committee was advised regarding necessary steps to progress with sub-fund preparation and implementation in consultation with Link as the ACS provider.

RESOLVED that;

- The FCA Approval for the ACS and first Sub-fund be noted
- Link be requested to conduct a full market search for an appropriate Value Investment Manager in Global Equities
- Link be requested to run a competition process across existing fund managers (not Global Equity Value)
- The progress of bFinance on developing recommendations for Phase 2 fixed income and diversified growth sub-funds be noted.

103. Stock lending update [13:00 - 13:45].

(Item. 10)

1. Patrick Towey (Hertfordshire) introduced a report on the proposed securities lending programme, supported by Jessica Hynes of Mercer Sentinel.

RESOLVED that;

- The due diligence report on the proposed lending programme be noted

- The Committee agree the proposed changes and that Link be requested to sign the agreement with Northern Trust on that basis.

104. Governance arrangements update [13:45 - 14:00].

(Item. 11)

1. Nicola Mark (Norfolk) updated the Committee on progress with the Governance review, explaining that work continued in terms of reviewing the Inter-authority Agreement (IAA) and the development of training for Officers and Members.

RESOLVED that;

- The progress with Phase 3 of the Governance work be noted.
- The press releases and planned communications workshop be noted
- The Committee agree to extend the interim ASU arrangements (£96k)

105. ACCESS Support Unit update (s151 Officer meeting) [14:00 - 14:45].

(Item. 12)

1. Kevin McDonald provided an update on progress with the ASU implementation, including the preparation of interview panels.

RESOVLED that;

- The update report be noted
- That Cllr Lawman join the Chair and Vice-Chair as the third member of the three person interview panel for Programme Director candidates.

106. MHCLG Autumn progress report [14:45 - 15:00].

(Item. 13)

1. Rachel Wood (West Sussex) introduced the report and draft Autumn Progress Report for the Ministry of Housing, Communities and Local Government (MHCLG). She also outlined plans for Member attendance at upcoming meetings with the Minister. Members discussed the draft response and indicated amendments to be made prior to its submission, particularly in relation to infrastructure investment.

RESOLVED that;

- Cllrs Reid, Stogdon and Oliver be confirmed as the attendees for the meeting with the Minister
- The progress report be amended to highlight the challenges involved in using pooled systems for infrastructure investment, referencing the commitment of the individual administering authorities to infrastructure investment, but caveated in relation to the fiduciary duty to only invest in ways that will benefit the funds.

107. Items for information or advice from the committee [15:00 - 15:15].

(Item. 14)

No updates or information provided at the meeting.

108. Date of next meeting.
(Item. 15)

1. Members discussed future requirements for meeting venues.

RESOLVED that the date of the next meeting, 10 December 2018, be noted.

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of the Local Government Act 1972.

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