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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, 27th September, 2019

Chairman:

Councillor M. Kemp-Gee

Elected members of the Administering Authority (Councillors):

C. Carter*	A. Joy*
A. Dowden	P. Latham*
A. Gibson	B. Tennent*
J. Glen*	T. Thacker* (Vice-chairman)
D. Mellor*	

Employer Representatives (Co-opted members):

Councillor T. Cartwright (Fareham Borough Council)
Councillor S. Barnes-Andrews* (Southampton City Council)
Mr D. Robbins* (Churchers College)

Scheme Member Representatives (Co-opted members):

Dr C. Allen* (pensioners' representative)
Mr N. Wood* (scheme members representative)
Mrs V. Arrowsmith* (deferred members' representative)
Mrs S. Manchester (substitute scheme member representative)

Independent Adviser:

C. Dobson

*present

195. **APOLOGIES FOR ABSENCE**

Cllrs Kemp-Gee, Gibson, Dowden, Cartwright, Ms Manchester and Mrs Dobson sent their apologies.

196. **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.

197. **CONFIRMATION OF MINUTES (NON-EXEMPT)**

The minutes of the Pension Fund Panel and Board held on 26 July 2019 were confirmed.

198. **DEPUTATIONS**

There were no deputations.

199. **CHAIRMAN'S ANNOUNCEMENTS**

The Vice-chairman announced that Cllr Cartwright had stood down as the district council representative on the Panel and Board. The Hampshire and Isle of Wight Local Government Association will nominate a replacement.

The Chairman reminded the committee that ACCESS will hold its first investor day on 16 October and the Annual Employers Meeting on 18 October, both of which members were encouraged to attend.

200. **ACCESS JOINT COMMITTEE MINUTES 11 JUNE 2019**

The Panel and Board received and noted the minutes of the ACCESS Joint Committee meeting held on 11 June 2019 (item 6 in the Minute Book).

201. **MINUTES OF THE RESPONSIBLE INVESTMENT SUB-COMMITTEE 3 SEPTEMBER 2019**

The Panel and Board considered the minutes of the Responsible Investment (RI) Sub-Committee held on 3 September 2019 (item 7 in the Minute Book). The minutes included recommendations from the sub-committee that the Panel and Board agrees to the Hampshire Pension Fund signing up to the UK Stewardship Code and UN Principles of Responsible Investment, which are the two major standards that enable investors to demonstrate their commitment to RI. Neither standard would mandate the Pension Fund to invest in a particular way and both already have signatories from other LGPS pension funds, pools and investment managers.

RESOLVED:

- a) That the minutes of the RI sub-committee from 3 September 2019 were noted.
- b) That the Panel and Board agrees that the Hampshire Pension Fund signs the UK Stewardship Code.
- c) That the Panel and Board agrees that the Hampshire Pension Fund signs the UN Principles of Responsible Investment.

202. **GOVERNANCE: PENSION ADMINISTRATION ISSUES**

The Panel and Board considered and noted a report of the Director of Corporate Resources (item 8 in the Minute Book) on the implication of the McCloud judgement on the Pension Fund's 2019 triennial valuation and the proposed transfer from one of the Pension Fund's Additional Voluntary Contribution (AVC) providers Equitable Life.

Following the Treasury announcement in July that remedies relating to the McCloud judgement will need to be made in relation to all public service pension schemes, LGPS funds have to consider whether to include an amount for the cost of implementing the remedy in calculation of employer contributions at the 2019 valuation. The Fund Actuary has advised that in advance of the valuation, an amount for both McCloud and GMP equalisation should be taken into consideration in the calculation of the exit position for any employers who leave the Fund. Until a remedy is agreed, this amount will need to reflect a prudent estimate of the likely additional costs as once an employer has left the Fund, no further contributions can be certified for them.

The Funding Strategy Statement (FSS) will be updated to reflect the inclusion of an amount to cover both the McCloud remedy and the likely costs of GMP equalisation in the calculation of employer exits. However as the FSS will not be finalised until December (in line with the valuation timetable) in the interim, the Pension Fund Panel and Board are asked to approve the inclusion of an amount to cover the McCloud remedy and GMP equalisation for any employer exit calculated from 27 September 2019.

Equitable Life is one of the Fund's AVC providers, and has proposed a transfer of its business to Utmost Life and Pensions Ltd. As part of the proposal, with-profits AVC funds will receive a one off uplift but will lose their guaranteed amount. The transfer will only go ahead if a majority of policy holders vote in favour of the transfer, and the administering authority needs to cast its vote on behalf of its scheme members.

Based on information provided by Equitable Life scheme members holding with-profits policies could be better or worse off depending on investment returns. Scheme members without a with-profits policy would not be better or worse off under the proposal, and would simply see a change in provider. It is proposed that the Fund splits its vote in proportion to the preferences of scheme members who hold a with-profits AVC with Equitable Life.

RESOLVED:

- a) That approval is given to include an amount to cover the expected costs of the McCloud remedy and impact of GMP equalisation in the calculation of exit positions for employers leaving the Fund, as outlined in paragraph 12 of the report.
- b) That approval is given to the approach taken to determining the administering authority's vote on the proposed Equitable Life transfer.

- c) Authority is delegated to the Director of Corporate Resources to vote on the proposed Equitable Life transfer in accordance with the preferences indicated by scheme members.

203. 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 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.

204. CONFIRMATION OF THE EXEMPT MINUTES OF THE PREVIOUS MEETING

The exempt minutes of the Pension Fund Panel and Board held on 26 July 2019 were confirmed.

205. 2019 ACTUARIAL VALUATION

The Panel and Board received a presentation from the Pension Fund's Actuary on the 2019 Actuarial Valuation (Item 11 in the Minute Book) [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION].

206. EXEMPT MINUTES OF THE RESPONSIBLE INVESTMENT SUB-COMMITTEE 3 SEPTEMBER 2019

The Panel and Board considered the exempt minutes of the Responsible Investment (RI) Sub-Committee held on 3 September 2019 (item 12 in the Minute Book)

207. UPDATES TO THE RESPONSIBLE INVESTMENT POLICY

The Panel and Board received an exempt report from the Director of Corporate Resources (Item 13 in the Minute Book) proposing clarification to the Fund's RI policy [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION].

208. INVESTMENT - INVESTMENT UPDATE

The Panel and Board received an exempt report from the Director of Corporate Resources (Item 14 in the Minute Book) updating the Panel and Board on the Fund's investments. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION].

209. **INVESTMENTS - ALTERNATIVE INVESTMENTS PORTFOLIO UPDATE**

The Panel and Board received an exempt report from the Director of Corporate Resources (Item 15 in the Minute Book) updating the Panel and Board on the Fund's alternative investment portfolios. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION].

Chairman,

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