

AT A MEETING of the Hampshire Pension Fund Panel and Board of
HAMPSHIRE COUNTY COUNCIL held at Remote Meeting on Friday, 12th
February, 2021

Chairman:

*Councillor M. Kemp-Gee

Vice-Chairman:

* Councillor T. Thacker

Elected members of the Administering Authority (Councillors):

* C. Carter

* A. Dowden

* A. Gibson

* B. Tennent

* A. Joy

* P. Latham

* J. Glen

Employer Representatives (Co-opted members):

* Councillor C. Corkery (Portsmouth City Council)

* Councillor P. Taylor (District Councils - Rushmoor Borough Council)

* Dr L Bartle (University of Portsmouth)

Councillor S. Barnes-Andrews (Southampton City Council, substitute
employer representative)

Scheme Member Representatives (Co-opted members):

* Dr C. Allen (pensioners' representative)

* Mr N. Wood (scheme members representative)

* Ms L. Gowland (deferred members' representative)

* Mrs S. Manchester (substitute scheme member representative)

Independent Adviser:

* C. Dobson

*present

300. **APOLOGIES FOR ABSENCE**

There were no apologies.

301. **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 4 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.

Cllr Corkery declared an interest that he was a member of the Trade Union UNISON, particularly in relation to item 11, but that he did not believe this was a prejudicial interest.

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

The minutes of the previous meeting on 4 December were confirmed.

303. **DEPUTATIONS**

In accordance with Standing Order 12, the Panel and Board received a deputation from Miss Kerrie Sinclair representing the Dirty Money campaign group. Miss Sinclair highlighted that last week US Climate Envoy John Carrié said that attitudes of investors towards climate action has to change. Mr Carrié said that it requires a *war like enterprise* to avert the current expectations for temperature increases.

Miss Sinclair pointed out that Hampshire County Council has declared a Climate Emergency, but the Hampshire Pension Fund and the wider ACCESS pool, is not being used to meet this emergency with its full power.

Miss Sinclair said that the Pension Fund should be following the direction of the UN Secretary General for pension funds to adopt specific plans to achieve the net zero carbon emissions goals. This policy is being followed by the UN Net Zero Asset Owner Alliance, which comprises 33 members, including The Church of England and Aviva.

Miss Sinclair believes that the Hampshire Pension Fund should join the Net Zero Asset Owner Alliance to benefit from its expertise in setting decarbonisation targets. The Pension Fund's last reported carbon emissions data may be below the broader index but is still unacceptably high.

As a result the Dirty Money Campaign calls for the Hampshire Pension Fund to:

1. Produce a position statement on managing its portfolios in line with the Paris Agreement and a maximum 1.5 degree climate increase.
2. Create a strategy and timeline to achieve this.
3. Report in plain English with scheme members and consult with and be advised by scheme members on the Pension Fund's Statement of Investment Principles.
4. Call on all members of the ACCESS pool to become members of the Net Zero Asset Owners Alliance.

304. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman asked Andy Lowe to update the committee that Hampshire Pension Services had successfully been chosen by the London Boroughs of Westminster and Hillingdon to provide pensions administration services.

The Chairman asked Andrew Boufflower to provide further details on the recent press stories that the Hampshire Pension Fund had sold part of its holding in Moonpig. The company was held as part of a co-investment in the Pension Fund's Private Equity portfolio, managed by Aberdeen Standard Investments. The company was floated on the London Stock Exchange, which has provided a very positive return for the Pension Fund, which Aberdeen will be able to provide more details on at their next update to the committee.

Cllr Kemp-Gee informed the committee he had attended the Scheme Advisory Board's online seminar, and invited the other members to report back on any virtual training they had attended:

- Cllr Tennent reporting on a report on ESG that he had been sent.
- Cllr Gibson fed back on an investment conference
- Cllr Glen reported that he had attended a Bank of America conference which was relatively positive on the potential outlook for the US economy.

305. **ACCESS MINUTES - 12 NOVEMBER 2020**

The minutes of the ACCESS Joint Committee meeting held on 12 November 2020 were received.

306. **GOVERNANCE - INTERNAL AUDIT PROGRESS REPORT**

The Panel and Board received and noted a report of the Director of Corporate Resources (item 7 in the Minute Book) providing the Pension Fund Panel and Board with the progress of internal audit work for the period ending 31 January 2021. Two of the four audits planned for 2020/21 have concluded, with the audit opinion for both Pension Refunds and Fund Management, Investments and Accounting for Assets, having substantial systems of governance and control.

Internal Audit will be amending the definitions of their findings, in line with CIPFA's recommendations, to remain in line with best practice.

307. **GOVERNANCE - INTERNAL AUDIT PLAN - 2021/22 - 2023/24**

The Panel and Board received a report of the Director of Corporate Resources (item 8 in the Minute Book) providing the Pension Fund Panel and Board with the Internal Audit Plan 2021/22 – 2023/24 for Pension Services. The plan for 2021/22 includes five audits taking 100 staff days to complete. The plan will remain fluid and subject to on-going review, and will be amended in consultation with the relevant officers, to ensure it continues to reflect the needs of the Council.

308. **ACCESS 2021/22 BUSINESS PLAN**

The Panel and Board considered the report from the Director of Corporate Resources (Item 9 in the Minute Book) including the ACCESS Business Plan for 2021/22, which had been agreed and recommended for approval to the member authorities by the ACCESS Joint Committee.

The budget for ACCESS for 2021/22 was £1.25m of which Hampshire's equal share would be £113,000.

RESOLVED:

(a) That the ACCESS Business Plan for 2021/22 was approved.

309. **GOVERNANCE: PENSION FUND RESPONSIBLE INVESTMENT SUB-COMMITTEE TERMS OF REFERENCE - SUBSTITUTES**

The Panel and Board received a report of the Deputy Chief Executive and Director of Corporate Resources (item 10 in the Minute Book) proposing amendments to Terms of Reference for the Responsible Investment (RI) Sub-Committee. This follows previous observations from both the RI Sub-Committee and Panel and Board members of the benefits of adding substitute members to the RI Sub-Committee.

It is recommended that where possible, for continuity substitute members are drawn from the previous year's members of the RI Sub-Committee that have rotated off. It is additionally recommended that substitute members only attend the RI sub-committee when required to substitute for a Member who is absent. This ensures that when considering recommendations of the sub-committee, a majority of Panel and Board Members have not been part of the previous sub-committee discussion and for that majority there cannot be any suggestion of pre-determination. In this context it should also be noted that the sub-committee concept was for a small group that could efficiently consider issues in depth and formulate recommendations to the Panel and Board. This in turn supports the Panel and Board to effectively reach informed decisions.

RESOLVED:

(a) That the amended Terms of Reference for the RI Sub-Committee was approved.

(b) That the Panel and Board agreed that the previous members of the RI Sub-Committee would be appointed as substitutes in the first instance for the RI Sub-Committee for the remainder of the 2020/21 municipal year.

310. **TRADE UNION REPRESENTATION**

The Panel and Board received a report of the Deputy Chief Executive and Director of Corporate Resources (item 11 in the Minute Book) including a written deputation from the trade union UNISON making a case for creating an additional trade union representation on the Panel and Board, and the recommendation from the Deputy Chief Executive and Director of Corporate Resources that the current composition of the Panel and Board continues to be the most efficient and effective for the governance of the Pension Fund.

The request for an additional representative is based on improving representation, governance and communication for the Pension Fund. It is unclear how an additional trade union representative will be of benefit to the Fund's communications with its members. The Pension Fund's aim is to communicate directly with all its scheme members. Communication material is and will continue to be available to all of the trade unions, so that they can include it in their own communications if they wish to do so.

The Panel and Board has 9 County Councillors that are representatives of the Administering Authority, and an equal number of (3) scheme member and (3) employer representatives in line with the statutory requirements in respect of Pension Boards. Careful consideration was given in the current formation of the Panel and Board, balancing the representation of the Administering Authority, which has the legal responsibility for the management of the Pension Fund, with scheme member and employer representation. This format, which was approved by the Secretary of State, full access and voting rights on all issues, including governance, administration and investment of the Pension Fund. In this respect Hampshire has been well ahead of the recommendations of the Scheme Advisory Board's Good Governance recommendations.

Scheme Member Representative seats were specifically allocated across all membership groups of scheme members (active, deferred and pensioners), to ensure full and broad representation. All scheme members (with the exception of Hampshire County Council employees, as set out in the Council's constitution) are able to apply for the representative roles, which are allocated based on criteria set-out in the Representation Policy. All three roles (plus the substitute) are open to trade union members, and indeed the Panel and Board's first active scheme member representative was a trade union member. Therefore the current three scheme member representative roles are open to all scheme members, including trade union members as they have been in the past, with an equal opportunity of appointment.

Cllr Corkery stated his opposition to the recommended, and that a Trade Union representative should be added to the Panel and Board based on the principle of collective bargaining and because the resources of Trade Unions would benefit the Pension Fund's communication and supporting the diversity of potential candidates that would be a Trade Union representative.

Cllr Corkery, seconded by Dr Bartle, proposal to delete section 4. of the report and replace with:

That the Panel and Board agrees that the request for a trade union representative would improve the effectiveness of the Panel and Board and requests that permission is sought from the SoS for a revised structure that includes trade union representation.

This proposal was defeated.

RESOLVED:

(a) That the request received for an additional specific trade union representative on the Panel and Board and that any changes to the composition of the Panel and Board would require the approval of the Secretary of State was noted.

(b) That the Panel and Board agreed that the current composition of the Panel and Board, as approved by the Secretary of State, is most efficient and effective for the governance of the Pension Fund and continues to offer equality of opportunity to be a representative on the committee to all scheme members, including trade union members.

311. 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.

Following the resolution the Chairman asked for the broadcasting of the meeting to end.

312. CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING

The exempt minutes of the Pension Fund Panel and Board held on 4 December 2020 were confirmed.

313. PENSION FUND CUSTODIAN UPDATE

Item 14 was deferred until the Panel and Board's next meeting.

314. FIDUCIARY DUTY

Item 15 was deferred until the Panel and Board's next meeting.

315. **INVESTMENT - INVESTMENT UPDATE**

The Panel and Board received an exempt report from the Director of Corporate Resources (Item 16 in the Minute Book) updating the Panel and Board on the Fund's investments. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION].

Chairman,