

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Panel & Board
Date:	16 December 2022
Title:	Governance: Good Governance Review Update
Report From:	Director of Corporate Operations

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Purpose of this Report

1. This report outlines the Pension Fund's progress against the recommendations of the Scheme Advisory Board's (SAB) Good Governance Review including the Fund's documents that are covered by the review.

Recommendations

2. That the Pension Fund Panel and Board approve the following documents that form the Fund's Governance Framework:
 - Conflicts of Interest Policy (Annex 1)
 - Funding Strategy Statement (reported as part of the Pension Administration Update on this agenda)
 - Employer Policy (reported as part of the Pension Administration Update on this agenda)
 - Administration Strategy Statement – including Decision Matrix (Annex 2)
 - Business Plan, including the Fund's Budget, Risk Register and Training Plan (Annex 3)
 - Investment Strategy Statement (Annex 4)
 - Representation Policy (Annex 5)
 - Communication Policy Statement (reported as part of the Pension Administration Update on this agenda)
 - Governance Policy and Compliance Statement (Annex 6)

Background

3. In 2019 the consultancy firm Hymans Robertson was appointed by the Scheme Advisory Board (SAB) to facilitate a review of governance structures for the LGPS. Phase I¹ of the review involved a comprehensive consultation exercise to collect the views of stakeholders, culminating in a report in July 2019. This report was accepted by the SAB and identified that no single governance model was suitable for all funds and that the focus should instead be on outcomes assessed against a governance framework. Phase II² of the review then involved further development of the ideas from Phase I, which was done through two working groups representing all areas of the LGPS, as well as The Pensions Regulator and MHCLG.
4. Phase III³ of the reporting was agreed in February 2021 and built on the recommendations agreed in 2019 with further input from a range of scheme stakeholders and an action plan for the SAB and MHCLG (as was). The recommendations to date have still not yet been translated into statutory guidance by Government, therefore the Pension Fund continues to ensure its governance complies with current regulations and adopts all of the recommendations of the Good Governance review where appropriate. The Fund's Shadow Governance Compliance Statement that outlines how the Fund meets the requirements of the recommendations of the Good Governance review is contained at the end of this report.
5. The purpose of this paper is to ask for the Panel and Board to approve the Pension Fund's statutory statements that form its Governance Framework.

Statutory Statements

6. Conflicts of Interest Policy – no changes are proposed to the policy.
7. Administration Strategy Statement – the strategy also includes the Fund's Decision Matrix (previously referred to as the Scheme of Delegation). Additions have been made to the Decisions Matrix to include enabling the Director of Corporate Operations to take the necessary action to protect the value of the Pension Funds investments and incorporate the County Council's rules for entering into contracts.
8. Business Plan – the Business Plan includes the Fund's revised 2022/23 revised budget and forward budget for 2023/24 to 2025/26. The budget includes the resources necessary for the Fund to deliver its regulatory duties. The Plan contains an update on 2022/23 actions and proposed activities for 2023/24 to 2025/26.
9. Following reporting of the Pension Fund's risk register as part of the Fund's Annual Report to the July meeting of the Panel and Board, the Fund's approach to recording and scoring risks has been revised. The revised risk register now uses

¹ <https://www.hymans.co.uk/insights/research-and-publications/publication/good-governance-in-the-lgps-report/>

² <https://www.hymans.co.uk/insights/research-and-publications/publication/good-governance-in-the-lgps-phase-2-report/>

³ [LGPS Scheme Advisory Board - Good Governance \(lgpsboard.org\)](https://www.lgpsboard.org/)

Hampshire County Council's risk scoring methodology (expect that the financial values have been revised to reflect the size of the Pension Fund). The impact of each risk is considered and scored in three areas; finance, business and reputation, and the highest of the three scores is multiplied by the likelihood to give an overall score for each risk as follows.

	1	2	3	4	5
	Negligible	Minor	Moderate	Major	Catastrophic
Finance	<£1m	£1m-£10m	£10m-£50m	£50m-£100m	>£100m
Business/ Service	Barely noticeable reduction in scope or quality. Very little or no impact on service delivery. All business objectives achieved. No impact on pension fund members.	Minor reduction in service delivery, minimal disruption. Business objectives are minimally affected. Low level impact on pension fund members.	Moderate disruption to service delivery. Obvious reduction in scope of quality. Business objectives adversely affected. Moderate level impact on pension fund members.	Major disruption to service delivery. Failure to meet secondary business objectives. Elements of non-compliance with statutory requirements. Major impact on pension fund members.	Major service disruption. Inability to achieve primary business objectives and/or comply with statutory requirements. Adverse long-term or lasting impact on pension fund members with significant serious consequences.
Reputation	Very low level of public concern (e.g. few complaints, negative media activity). Overall trust/confidence remains high.	Some elements of service expectations not being met. Local negative media coverage and complaints. Short-term reduction in trust/confidence but expected to return to normal.	Increasing numbers of service expectations not being met. Local negative media coverage. Increasing complaints. Reduction in trust/confidence pension fund members. Partner/supplier relationships are likely to be affected but not significantly.	Service expectation well below reasonable expectation. High level of complaints. National negative media coverage. Significant loss of trust/confidence of pension fund members. Ability to maintain partner/supplier relationships is of serious concern and may have long-term impact.	Service expectation is significantly below expectation. National negative media coverage and significant number of complaints. Total loss of trust/confidence. Complete inability to maintain key partnerships and deliver services.

Occurrence	Likelihood score
Rare 0-5%	1
Unlikely 6-20%	2
Possible 21-50%	3
Likely 51-80%	4
Almost certain 81-100%	5

10. Investment Strategy Statement (ISS) - no further changes are proposed to the policy, minor updates have been made to update the figures in the report. The ISS includes the Fund's Responsible Investment policy that was agreed in July 2022 by the Pension Fund Panel and Board following consultation with scheme members and employers. The Investment Strategy will be updated following the review that has been commissioned from the investment consultants Hymans Robertson that will be reporting to the Panel and Board in March 2023.
11. Representation Policy – the policy has been amended to reflect that rotation of the employer representative between Southampton and Portsmouth City Councils takes place each municipal year.
12. Governance Policy and Compliance Statement – no changes are proposed to the policy.

Shadow Governance Compliance Statement

This statement shows how Hampshire County Council as the administering authority of the Hampshire Pension Fund complies with guidance on the governance of the Local Government Pension Scheme (LGPS) based on Phase 3 of the Scheme Advisory Board's (SAB) Good Governance project. This statement will be updated once Statutory Guidance is published by Government.

A Conflicts of interest

A1. Conflicts of Interest Policy

The Fund has published a **Conflict of Interest Policy** which sets out:

- How it identifies potential conflicts of interest;
- How it ensures that those covered by the policy understand their responsibilities in respect of ensuring that conflicts of interest are properly managed;
- That the policy applies to officers, elected members, co-opted members (scheme member and employer representatives on the Pension Fund Panel and Board) and advisers and contractors;
- Systems, controls and processes for managing and mitigating conflicts of interest effectively;
- How it reviews the effectiveness of its conflict of interest policy and updates it as required;
- How it embeds a culture which supports the management and mitigation of conflicts of interest.

A2. Conflicts of Interest Process

The Fund embeds the management of conflicts of interest into its everyday processes.

This includes:

- Providing regular briefings or training to members of the Pension Fund Panel and Board and officers on identifying and managing potential conflicts of interest;
- Ensuring all Members and relevant officers complete a Conflicts of Interest declaration and that the declarations are collated into a Conflicts of Interest register for the Pension Fund;
- Ensuring that a declaration of interests forms part of the agenda for all Pension Fund Panel and Board meetings and that a log is kept of situations where the Conflict of Interest Policy has been applied to mitigate or manage a potential conflict situation;
- Ensuring actual and potential conflicts of interest are considered during procurement processes; and
- Ensuring that conflicts of interest form part of the Fund's suite of policies for example the Funding Strategy Statement and Administration Strategy.

A3. The Council as administering authority and employer

The Council recognises that its dual role as both an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest. It is important that these potential conflicts are managed in order to ensure that no actual or perceived conflict of interest arises and that all of the Fund's employers and scheme members are treated fairly and equitably.

The Fund achieves this in the following ways:

- The **Funding Strategy Statement** sets out the Fund's approach to all funding related matters including the setting of contribution rates. This policy is set with regard to the advice of the Fund actuary and is opened to consultation with all Fund employers before being formally adopted by the Pension Fund Panel and Board. The approach to contribution setting is based on appropriate funding targets for types of employer using characteristics such as time horizon, strength of covenant and risk profile. This approach ensures a consistency across all employers and removes the possibility of any employer receiving more, or less, favourable treatment.
- The Fund also has an **Employer Policy** which includes in detail its approach to admitting new employers to the Fund covering the Fund's approach to the use of guarantors, bonds and funding targets. This policy, in conjunction with the Funding Strategy Statement, ensures a consistent approach when new employers are admitted into the Fund and their treatment when changes are made.
- The Fund's **Administration Strategy** sets out the way in which the Fund works with its employers and the mutual service standards that are expected. The policy details how the Fund will assist employers to ensure that they are best placed to meet their statutory LGPS obligations. On occasions where an employer's failure to comply with required processes and standards has led to the Fund incurring additional cost, the policy also provides for that cost to be recovered from the employer in question. This policy has been opened to consultation with all the Fund's employers and is operated in a consistent fashion across all of the employer base.
- The Pension Fund is run for the benefit of its members and on behalf of all its employers. It is important therefore that the Fund's budget is set and managed separately from the expenditure of the Council. The Pension Fund Panel and Board approve a budget each year that provides the resources necessary for the management of the Pension Fund, and this will in future be the budget as recommended by the **Senior Responsible Officer**.

B Clarity of Roles and Responsibilities

B.1 Clear decision making

The Council's constitution and scheme of delegation set out the terms of reference for the Pension Fund Panel and Board. The terms of reference and the membership for any

sub-committees, such as the Pension Fund Responsible Investment sub-committee are also published.

The scheme of delegation (decisions matrix) is supported by:

- Clearly documented role and responsibilities for the Pension Fund CFO (Director of Corporate Operations/S151 Officer), LGPS Senior Responsible Officer, (Deputy CFO for the Pension Fund); and the Head of Pensions Administration and Head of Investments and Borrowing.
- A **Decision Matrix (part of the Administration Strategy)** which sets out the key decisions that are required to be made in the management of the Fund and the role that the main decision makers have in those decisions. The matrix sets out when an individual or body is responsible for a decision, accountable for a decision or where they must be consulted or informed of a decision.

On a regular basis the Fund's business processes are referenced against the decision matrix, to ensure that they properly reflect the correct responsibility and accountability.

The Fund's **Investment Strategy Statement** sets out the Pension Fund's asset allocation, the tolerances that asset allocations can move within and the basis on which the Pension Fund Panel and Board will take advice.

C Sufficiency of resources for service planning and delivery

In order to ensure that the Fund has the appropriate resource to deliver its statutory obligations it has adopted a 3 stage approach.

C.1 Business planning and budget setting

The Fund operates a 3 year **Business Plan** which sets out the priorities for the Fund's services. It is comprehensively reviewed, updated and agreed by the Pension Fund Panel and Board before the start of each financial year. If necessary, the plan is reviewed and updated on a more frequent basis. The business plan is publicly available.

The business plan takes into account the risks facing the Fund, performance of the Fund and anticipated regulatory changes.

The business plan also includes the Fund's **Budget**. Resource requirements (including staff recruitment, procurement and other specialist services) are determined by the requirements of the Fund's business plan, and the proposed annual budget will be based on a recommendation from the Senior Responsible Officer.

Progress against the business plan, including actual spend, is reported to the Pension Fund Panel and Board and published in the Fund's Annual Report and accounts.

C.2 Service delivery

The Fund publishes an Administration Strategy which sets out how it will deliver the administration of the Scheme. The strategy includes:

- details of processes for liaison and communication with Scheme Employers;
- expected levels of performance for the delivery of key Fund and employer functions;
- the Fund's approach to costs and penalties arising from a failure to comply with the expected level of performance;
- examples of notifiable events which may materially affect an Employer's liabilities or ability to meet those liabilities.

C.3 Monitoring delivery and Control environment

The Fund recognises the importance of monitoring and reporting how it delivers progress against the business plan. This is done in the following ways:

- Performance against Key Performance Measures is reported to the Pension Fund Panel and Board twice a year and in the Fund's Annual Report. Monthly performance is published on the Fund's website.
- The Fund produces an annual Cyber compliance statement including a report on the IT controls in place to ensure the security of data held and used by the Fund.
- The Fund's internal auditors carry out reviews to provide assurance that the Fund's processes and systems are appropriate for managing risks. The areas for review are agreed in advance with the Pension Fund Panel and Board and findings are reported to them.
- The Fund benchmarks itself using the SF3 data to ensure that its costs are comparable to other LGPS Funds. In addition, the Fund is accredited by Customer Service Excellence which provides an annual comprehensive review of the quality of the service offered to members.
- The Pension Fund accounts are subject to independent external audit
- The Fund holds an Annual Employers meeting where the both the performance of the Administering Authority in terms of Pension Administration and Fund performance is reported

D. Representation and engagement

The Fund has published a **Representation Policy**.

D.1 Representation on the main decision-making body

Hampshire's decision-making body is the Pension Fund Panel and Board, which was created by merging its requirement for a pension committee and pension board with Secretary of State approval. The policy recognises all scheme members and employers should be appropriately represented in the running of the Fund while at the same time ensuring that the County Council, as the body with ultimate responsibility for running the

Fund, maintains a majority position on the key governance body. To this end the Fund's representation policy and the County Council's constitution specify that the County Council shall maintain a majority of voting members on the Pension Fund Panel and Board. The present Pension Fund Panel and Board is constituted as follows, with attendance July 2021 to July 2022 published below.

	Admin Authority/ Employer/ Member rep	27-Jul 2021	28-Sep 2021	10-Dec 2021	25-Mar 2022	28th July 2022	Attendance
Pension Fund Panel and Board							
Cllr Mark Kemp-Gee	Admin Authority	Y	N	Y	Y	Y	80%
Cllr Tom Thacker	Admin Authority	Y	Y	Y	Y	Y	100%
Cllr Alan Dowden	Admin Authority	Y	N	N	Y	N	40%
Cllr Jonathan Glen	Admin Authority	N	Y	Y	Y	Y	80%
Cllr Dominic Hiscock	Admin Authority	Y	Y	Y	Y	Y	100%
Cllr Andrew Joy	Admin Authority	N	N	N	Y	Y	40%
Cllr Peter Latham	Admin Authority	Y	N	-	-	-	50%
Cllr Rob Mocatta	Admin Authority	Y	Y	Y	Y	Y	100%
Cllr Derek Mellor	Admin Authority	N	Y	Y	Y	Y	80%
Cllr Call Corkery	Employer Rep sub	N sub	N sub	N sub	N sub	-	0%
Cllr John Hannides	Employer Rep	N	-	-	-	-	0%
Cllr Paul Taylor	Employer Rep	N	N	N	N	Y	20%
Liz Bartle	Other Employer Rep	Y	N	y	Y	Y	80%
Dr Clifford Allen	Member Rep	Y	Y	y	Y	Y	100%
Sarah Manchester	Substitute member	N sub	N sub	N sub	N sub	-	0%
Neil Wood	Scheme member	Y	Y	Y	Y	Y	100%
Lindsay Gowland	Scheme member	Y	Y	Y	N	Y	80%
Cllr Tim Davies	Admin Authority Sub	Y sub	Y sub	in attend	-	-	100%
Cllr Rob Harwood	Employer Rep	-	Y	N	N	-	33%
Cllr David Drew	Admin Authority Sub	-	Y sub	Y sub	in attend	-	100%
Cllr Alex Crawford	Admin Authority	-	-	Y	Y	Y	100%
Cllr Steve Leggett	Employer Rep	-	-	-	-	Y	100%
Cllr Judith Smith	Employer Rep	-	-	-	-	Y	100%
Average Attendance							76.25%
Proportion of members not from the Administering authority					6 out of 15		40%
Non Voting members							
Carolyn Dobson	Independent Advisor	Y	Y	y	Y	Y	100%

Pension Fund Responsible Investment sub-committee	Admin Authority/ Employer/ Member rep	07-Sep 2021	04-Mar 2022	Attendance
Cllr Mark Kemp-Gee	Admin Authority	Y	Y	100%
Cllr Tom Thacker	Admin Authority	Y	N	50%
Cllr Derek Mellor	Admin Authority	Y	Y	100%
Cllr Alan Dowden	Admin Authority	N	-	0%
Lindsay Gowland	Member Rep	Y	Y	100%
Liz Bartle	Other Employer	N	Y	50%
Cllr Andrew Joy		-	Y sub	100%
Average Attendance				83%
Proportion of members not from the Administering Authority			2 out of 6	33%

D.3 Engagement with employers

The Fund carries out a range of activities that are designed to engage employers. These are set out within the Fund's **Communication Strategy** and include:

- An Annual Employer Meeting which provides an opportunity for employers to receive an update on the performance of the Fund, provide feedback on the service and receive updates on the LGPS and related issues;
- The Fund engages and consults with employers during the actuarial valuation and specifically on key strategies such as the Funding Strategy Statement;
- A quarterly employer newsletter provides update on technical changes, process reminders and a calendar of key upcoming dates;
- Stop Press communications are issued to Employers where an important issue arises which requires immediate notification, and which cannot wait for the next quarterly employer newsletter
- Provision of Employer Workshops to help with specific areas of employer responsibilities and Employer Overview Sessions for new employer staff
- Publish and maintain an employer area of the Fund's website as well as an Employer Manual and factsheets to support employers with their responsibilities.

D.4 Engagement with members

The Fund's Communication Strategy sets out how it engages with active, deferred and pensioner scheme members including:

- The Fund maintains a website which provides general advice, information and updates including copies of all current policies.
- Members have secure online access to their own pension records in order to view documents, update personal details and run retirement estimates.

- A dedicated team with single phone number and email address to respond to member's queries
- Member's annual benefit statements, pensioner newsletters, payslips and P60s are available online or in writing (including large text, braille or audio) on request.
- Member presentations and bite size online learning on the basics of the LGPS

E. Training

E.1 Training Strategy

The Fund has adopted a **Training Strategy** (part of the Fund's Business Plan) which establishes how members of the Pension Fund Panel and Board and Fund officers will attain the knowledge and understanding they need to be effective and to challenge and act effectively within the decision making responsibility placed upon them. The Training Strategy sets out how those involved with the Fund will:

- Have their knowledge assessed; and
- Receive appropriate training to fill any knowledge gaps identified.

The Fund will measure and report on progress against the training plans.

E.2 Evidencing standards of training

Details of the training undertaken by members of the Pension Fund Panel and Board are reported in the Fund's Annual Report and in this statement.

Pension Fund Panel and Board members' subject knowledge is assessed on an annual basis through completion of CIPFA's Knowledge and Skills framework. The results are analysed and any gaps identified are addressed as part of the ongoing training plans.

Targeted training will also be provided that is timely and directly relevant to the Pension Fund Panel and Board's activities as set out in the business plan.

Officers involved in the management and administration of the Fund are set annual objectives which will include an element of personal development. These objectives are monitored as part of each individual's annual appraisal.

CIPFA will introduce a requirement for continuous professional development for s151 officers that includes a regular LGPS element. This requirement applies to the s151 officer for the County Council as well as the district and borough councils within the Fund. The Fund will comply with this element once it is introduced.

The table below shows the training undertaken in 2021/22.

Attendee Category	Governance	Investment	Pension Admin	Others	Total
Pension Fund Panel and Board					
Cllr Crawford	15.5	17		24	56.5
Cllr Dowden	1.5	9		3	13.5
Cllr Drew+		6		2	8
Cllr Glen	4.5	41	1	23	69.5
Cllr Harwood		3			3
Cllr Hiscock	15.5	32		32	79.5
Cllr Joy	1.5	18		2	21.5
Cllr Kemp-Gee	19.5	34		1	54.5
Cllr Kim Taylor+	2			1	3
Cllr Paul Taylor					0
Cllr Mellor	1.5	28		2	31.5
Cllr Mocatta		4		1	5
Cllr T Davies+	7.5	17		2	26.5
Cllr Thacker	5.5	9		2	16.5
Cllr Tustain+	5.5	1		2	8.5
Cliff Allen	15.5	13		2	30.5
Lindsay Gowland	15.5	38		1	54.5
Liz Bartle	12	7		3	22
Neil Wood	15.5	9		1	25.5
Sarah Manchester+	21.5	25			46.5
Pension Fund Panel and Board total hours	160	311	1	104	576
Officers					
Andrew Boutflower	16.5	25		2	43.5
Andy Lowe	21.5	11	1		33.5
Gemma Farley	15.5	20		2	37.5
Mike Chilcott	15.5	13		1	29.5
Rob Carr*	8	10		2	20
Carolyn Williamson*		2			2
Pension Fund Officers total hours	77	81	1	7	166
*Role of CFO to the Pension passed from Carolyn Williamson to Rob Carr in 2021/22					
+deputy/substitutue member					

Table of governance and administration KPIs

Governance		
Subject area	KPI	2020/21
Breadth of representation	1. Percentage make-up (employer/member) on Panel and Board	40% non-Administering Authority members (scheme members or employers)
	2. Average attendance level at meetings (percentage) – split between absence and vacancies	76.25%
Training and expertise	3. Hours of relevant training undertaken across Panel and Board in last year	576 hours in total
	4. Relevant experience across senior management team	Yes
Compliance/Risk	5. Number of times risk register reviewed annually – number of times on agenda at committee/board	2
	6. Number of times carried out business continuity testing and/or cyber security penetration testing	Annual penetration test of the pensions administration system (which will move to a twice yearly penetration test regime from 2023/24)
Appropriate governance time spent on key areas	7. Split of Panel and Board spent on administration/governance/investment	By number of papers 6.45%/54.84%/38.71%
Administration		
Data quality	1. Common/conditional data score, in line with TPR expectations	97% (common) 96% (conditional)
	2. Annual Benefit Statement percentage as at 31 August	99.69% actives, 100% deferred
Service standards/SLAs	3. Number and percentage of pension set-ups (new retirements) within disclosure requirement timeframe	100% (2,736)
	4. Does the Fund monitor and report its own standards?	Yes

	5. Percentage of calls to customer helpline answered and resolved at first point of contact	94.1% (18537 calls, 1,100 messages).															
Engagement and communication – capabilities and take-up	6. Specify which online services are available to members/employers	Secure Member Portal, including functionality to: <ul style="list-style-type: none"> • Add or amend an ‘expression of wish’ for payment of a death grant • Change personal details • Upload documents • Securely view documents including Annual Benefits Statements, Pension Savings Statements, payslips and P60s • Self-service retirement estimates • Complete online forms • Send secure messages to HPS Secure Employer Hub, including functionality to: <ul style="list-style-type: none"> • View and amend employee data • Run reports • Upload documents 															
	7. Percentage of members registered for the Fund’s online services and the percentage that have logged onto the service in the last 12 months split by status	<table border="1"> <thead> <tr> <th>Status</th> <th>Registrations to date</th> <th>% Of total membership</th> </tr> </thead> <tbody> <tr> <td>Active</td> <td>27900</td> <td>45.63%</td> </tr> <tr> <td>Deferred</td> <td>24921</td> <td>30.25%</td> </tr> <tr> <td>Pensioner</td> <td>19254</td> <td>33.92%</td> </tr> <tr> <td>TOTAL</td> <td>50,365</td> <td>37.10%</td> </tr> </tbody> </table>	Status	Registrations to date	% Of total membership	Active	27900	45.63%	Deferred	24921	30.25%	Pensioner	19254	33.92%	TOTAL	50,365	37.10%
	Status	Registrations to date	% Of total membership														
Active	27900	45.63%															
Deferred	24921	30.25%															
Pensioner	19254	33.92%															
TOTAL	50,365	37.10%															
8. Number of employer engagement events and/or briefings held in the last 12 months and percentage take-up	14 remote training events attended by 167 attendees representing 95 employers, and 2 Employer Focus Group meetings. Annual Employers Meeting (AEM)																

		attended by representatives of 63 employers.
Customer satisfaction	9. Percentage of members (or employers if appropriate) satisfied with the service provided by their LGPS Fund.	65% (186 respondents to customer satisfaction survey)

Climate Change Impact Assessments

13. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
14. The Pension Fund itself has a negligible carbon footprint, but it recognises that the companies and other organisations that it invests in will have their own carbon footprint and a significant role to play in the transition to a lower carbon economy. This is captured in the Pension Fund's governance framework. Therefore the Pension Fund recognises in its Risk Register, which forms part of the Business Plan, that the risk that environmental, social and governance (ESG) factors including the impact of climate change can materially reduce long-term returns.
15. The Pension Fund has a role to play as an investor, in ensuring that its investment managers are suitably considering the impact and contribution to climate change in their investment decisions and acting as a good steward to encourage these companies to play their part in reducing climate change. This is explained further in the Pension Fund's Responsible Investment (RI) policy [InvestmentStrategyStatementincludingRIpolicy.pdf \(hants.gov.uk\)](#) which is part of part of the Investment Strategy Statement.

CORPORATE OR LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	No
People in Hampshire live safe, healthy and independent lives:	No
People in Hampshire enjoy a rich and diverse environment:	No
People in Hampshire enjoy being part of strong, inclusive communities:	No
OR	
This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because the Pension Fund Panel and Board are required to review the Pension Fund's Statutory Statements on an annual basis.	

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.)

Document

Location

None

EQUALITIES IMPACT ASSESSMENTS:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

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

2. Equalities Impact Assessment:

Equality objectives are not considered to be adversely affected by the proposals in this report as the proposals do not directly affect scheme members.