

# Public Document Pack



## NOTICE OF MEETING

<b>Meeting</b>	Hampshire Pension Fund Panel and Board
<b>Date and Time</b>	Friday, 24th March, 2023 at 10.00 am
<b>Place</b>	Mitchell Room, Ell Court, Winchester
<b>Enquiries to</b>	members.services@hants.gov.uk

Carolyn Williamson FCPFA  
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

To receive any apologies for absence.

### 2. DECLARATIONS OF INTEREST

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 OF THE PREVIOUS MEETING (PUBLIC) (Pages 5 - 10)

To confirm the public minutes of the previous meeting held on 16 December 2022.

**4. DEPUTATIONS**

To receive any deputations notified under Standing Order 12.

**5. CHAIRMAN'S ANNOUNCEMENTS**

To receive any announcements the Chairman may wish to make

**6. RESPONSIBLE INVESTMENT SUB-COMMITTEE MINUTES - 2 MARCH 2023** (Pages 11 - 18)

To receive the draft minutes of the Responsible Investment Sub-Committee held on 2 March 2023.

**7. ACCESS JOINT COMMITTEE MINUTES - 5 DECEMBER 2022 (PUBLIC)** (Pages 19 - 28)

To receive the public minutes of the ACCESS Joint Committee held on 5 December 2022.

**8. GOVERNANCE: INTERNAL AUDIT PROGRESS UPDATE** (Pages 29 - 38)

To receive a report from the Director of Corporate Operations providing the Pension Fund Panel and Board with an overview of the internal audit work completed in accordance with the approved plan.

**9. GOVERNANCE: INTERNAL AUDIT 2023/24 PLAN** (Pages 39 - 48)

To consider the report of the Director of Corporate Operations providing the Pension Fund Panel and Board with the Internal Audit Plan for 2023-24 together with an indicative plan for 2024-25 to 2025-26 for Hampshire Pension Services / Hampshire Pension Fund.

**10. GOVERNANCE: ACCESS 2023/24 BUSINESS PLAN & BUDGET** (Pages 49 - 62)

To consider a report from the Director of Corporate Operations seeking the approval of the Panel and Board for the 2023/24 ACCESS Business Plan.

**11. EXCLUSION OF THE PRESS AND PUBLIC**

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 Paragraphs 1,2, 3 and 5 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.

**12. CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING (EXEMPT) (Pages 63 - 68)**

To confirm the exempt minutes of the meeting held on 16 December 2022.

**13. ACCESS JOINT COMMITTEE MINUTES - 5 DECEMBER 2022 (EXEMPT) (Pages 69 - 76)**

To receive the exempt minutes of the ACCESS Joint Committee held on 5 December 2022.

**14. INVESTMENTS: INVESTMENT STRATEGY REVIEW (Pages 77 - 142)**

To consider a report of the Director of Corporate Operations recommending changes to the Pension Fund's investment strategy from a review commissioned from the investment consultants, Hymans Robertson, following the Pension Fund's 2022 Triennial Actuarial Valuation.

**15. INVESTMENTS: CUSTODIAN UPDATE (Pages 143 - 150)**

To receive the report of the Director of Corporate Operations providing a review of custody services since the last report in March 2022, as well as an update on the Pension Fund's tax claims and class actions.

**16. INVESTMENTS: INVESTMENT UPDATE (Pages 151 - 166)**

To consider a report of the Director of Corporate Operations providing an update on the progress of the Pension Fund's investments.

**17. INVESTMENTS: ALTERNATIVE INVESTMENTS PORTFOLIO  
UPDATE (Pages 167 - 182)**

To consider the report of the Director of Corporate Operations updating the Pension Fund Panel and Board on the progress of the alternative investments portfolios.

**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](mailto: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.

# Agenda Item 3

AT A MEETING of the Hampshire Pension Fund Panel and Board of  
HAMPSHIRE COUNTY COUNCIL held at the castle, Winchester on Friday, 16th  
December, 2022

Chairman:

\*Councillor M. Kemp-Gee

Vice-Chairman:

\* Councillor T. Thacker

Elected members of the Administering Authority (Councillors):

A. Crawford	A. Dowden
* J. Glen	* D. Hiscock
A. Joy	* D. Mellor
* R. Mocatta	* T. Davies

Employer Representatives (Co-opted members):

\* Councillor J. Smyth (Portsmouth City Council)  
Councillor P. Taylor (District Councils - Rushmoor Borough Council)  
Councillor S. Leggett (Southampton City Council)

Scheme Member Representatives (Co-opted members):

\* Dr C. Allen (pensioners' representative)  
\* Mr N. Wood (scheme members representative)  
\* Ms L. Gowland (deferred members' representative)  
\* Mr P. Reynolds (substitute scheme member representative)

Independent Adviser:

C. Dobson

\*present

## 99. **APOLOGIES FOR ABSENCE**

Cllrs Crawford, Dowden, Joy, Leggett and Taylor, and Mrs Dobson sent their apologies.

## 100. **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.

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

The minutes of the Pension Fund Panel and Board held on 30 September 2022 were confirmed.

102. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman welcomed Phillip Reynolds to his first meeting as the new substitute scheme member representative on the Panel and Board.

Cllr Kemp-Gee informed the committee that Cllr Davies would be replacing Cllr Mellor on the committee subject to County Council's approval in February 2023. And that following Dr Bartle's retirement and stepping down as employer representative on the Panel and Board a process to select a new representative was underway.

The Chairman invited committee members to report back on any recent training events they had attended:

- Ms Gowland had attended the public/private pensions summit and particularly found CBRE's comments on affordable housing interesting.
- Cllr Kemp-Gee had attended Baillie Gifford's triennial LGPS conference, which was useful background information ahead of the Fund's investment strategy review in the new year.

Hampshire had been represented at the ACCESS Joint Committee at the beginning of December 2023 by Dr Allen and Cllr Crawford as Pension Board observers. Dr Allen reported that it was a positive experience showing the progress that ACCESS had made with further developments due in aligning and expanding the pools work.

103. **DEPUTATIONS**

There were no deputations

104. **HAMPSHIRE PENSION FUND RESPONSIBLE INVESTMENT SUB-COMMITTEE MINUTES - 30 NOVEMBER 2022**

The minutes of the RI sub-committee meeting held on 30 November 2022 were noted.

105. **GOVERNANCE - PENSION FUND ADMINISTRATION UPDATE**

The Panel and Board noted a report of the Director of Corporate Operations (item 7 in the Minute Book) updating the Pension Fund Panel and Board on administration performance in the first six months of 2022/23 and other administrative issues.

Administration performance against key service standards is measured each month and in the first six months of 2022/23 Pension Services have delivered a 100% success rate against all standards. At the Panel and Board's request the Director reported more details on the value of average pensions paid and the value of benefits which are due to members but have not yet been claimed.

The Director reported that following the draft valuation results being shared with employers at the Annual Employer Meeting, employers were asked to feedback on the draft Funding Strategy Statement (FSS). The main changes to the FSS relate to the use of surpluses and the extension of the pre-payment of contributions to cover employee contributions, which were covered by the Actuary at the Panel and Board's September 2022 meeting. Following consultation with the Fund's employers on the FSS and Employer Policy, one employer requested that the option to pre-pay contributions was expanded to allow employers to partially pre-pay employer contributions which has been included in the strategy following discussion with the Actuary.

A number of minor changes to the Fund's Communication Policy Statement were highlighted by the Director to Members.

RESOLVED:

- a) That the report including the strong performance of Pension Services in the first six months of 2022/23 was noted.
- b) The revised FSS, Employer Policy and Communication Policy Statement was agreed.

#### 106. **GOVERNANCE - GOOD GOVERNANCE REVIEW UPDATE**

The Pension Fund Panel and Board received a report of the Director of Corporate Operations (item 8 in the Minute Book) providing an update on progress against the recommendations of the Scheme Advisory Board's (SAB) Good Governance Review including the Fund's documents for review that fulfil the requirements of the Good Governance review.

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 III of this work was agreed in February 2021 and built on the recommendations agreed in 2019 with further input from a range of scheme stakeholder. 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 as shown in its Shadow Governance Compliance.

The Director's report contained the remainder of the Pension Fund's statutory statements that were not included with the previous item. Most of the Fund's policies had no or minor changes, other than the:

- Administration Strategy Statement, which also included the Fund's Decision Matrix, which has additions 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.

- Business Plan included the Fund's 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 contained an update on 2022/23 actions and proposed activities for 2023/24 to 2025/26. The revised Risk Register now uses Hampshire County Council's risk scoring methodology.

RESOLVED:

The Pension Fund Panel and Board approved the following documents that form the Fund's Governance Framework:

- Conflicts of Interest Policy
- Funding Strategy Statement (included in item 7)
- Employer Policy (included in item 7)
- Administration Strategy Statement – including Decision Matrix
- Business Plan, including the Fund's Budget, Risk Register and Training Plan
- Investment Strategy Statement
- Representation Policy
- Communication Policy Statement (included in item 7)
- Governance Policy and Compliance Statement

**107. INVESTMENTS - PENSION FUND CASH MONITORING REPORT AND ANNUAL CASH INVESTMENT STRATEGY 2023/24**

The Panel and Board considered a report of the Director of Corporate Operations (Item 9 in the Minute Book) on the Pension Fund's cash balances and the Annual Cash Investment Strategy for those balances in 2023/24. The Annual Cash Investment Strategy has been prepared taking advice from the County Council's treasury management advisors Arlingclose into account.

The Director proposed investment limits based on the Pension Fund's current cash requirements and cashflows from contributions and paying member benefits. The Fund's cashflow forecast will be revised following the completion of the 2022 Actuarial Valuation and current review of the Investment Strategy. Any changes to the Cash Investment Strategy required as a result will be reported to the Panel and Board's meeting in March 2023.

RESOLVED:

- a) The Annual Cash Investment Strategy for 2023/24 was approved.
- b) The Annual Cash Investment Strategy for 2023/24 will be implemented from the date of this meeting for the remainder of 2022/23.
- c) The Director of Corporate Operations is authorised to manage the Fund's cash balance in accordance with the policy set out in the report.



**108. 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 Paragraph 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.

**109. CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING (EXEMPT)**

The exempt minutes of the Pension Fund Panel and Board held on 30 September 2022 were confirmed.

**110. GOVERNANCE - CYBER REPORT**

The Panel and Board received an exempt report of the Director of Corporate Operations (Item 12 in the Minute Book) on the controls in place to ensure the security of the pension data held by the Hampshire Pension Fund. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

**111. INVESTMENTS - LINK FUND SOLUTIONS**

The Panel and Board received an exempt report of the Director of Corporate Operations (Item 13 in the Minute Book) on the Operator of the ACCESS pool – Link Fund Solutions. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

**112. INVESTMENT - INVESTMENT UPDATE**

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

---

Chairman, 24 March 2023

This page is intentionally left blank

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Hampshire Pension Fund Panel and Board
<b>Date:</b>	24 March 2023
<b>Title:</b>	Draft Minutes of the Hampshire Pension Fund Responsible Investment Sub-Committee – 2 March 2023
<b>Report From:</b>	Director of Corporate Operations

**Contact name:** Andrew Boutflower

**Tel:** 0370 779 6896

**Email:** [andrew.boutflower@hants.gov.uk](mailto:andrew.boutflower@hants.gov.uk)

#### Purpose of this Report

1. The purpose of this report is to present the draft minutes from the meeting of the Minutes of the Hampshire Pension Fund Responsible Investment Sub-Committee which took place on 2 March 2023.

#### Recommendation

2. That the Pension Fund Panel and Board receives and notes the draft minutes as attached to this report.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	no
<b>People in Hampshire enjoy a rich and diverse environment:</b>	no
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	no

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<p>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.)</p>	
<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **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:**

This report requests that the Audit Committee receive and note the minutes of the Hampshire Pension Fund Panel and therefore the recommended action will not impact on groups with protected characteristics in any way.

This page is intentionally left blank

AT A MEETING of the Hampshire Pension Fund Responsible Investment Sub-Committee of HAMPSHIRE COUNTY COUNCIL held at the Castle, Winchester on Thursday, 2nd March, 2023

Chairman:

\*Councillor M. Kemp-Gee

Vice-Chairman:

Councillor T. Thacker

Elected members of the Administering Authority (Councillors)

\*D. Hiscock

R. Mocatta

Employer Representatives (Co-opted members):

\*Cllr J. Smyth

Scheme Member Representatives (Co-opted members):

\*Dr C. Allen

Observing

\*Cllr A Crawford

\*present

**37. APOLOGIES**

Cllrs Thacker and Mocatta sent their apologies.

**38. 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.

**39. MINUTES**

The minutes of the Pension Fund Responsible Investment Sub-Committee held on 30 November were confirmed.

**40. DEPUTATIONS**

No deputations were received.

#### 41. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements.

#### 42. **TASKFORCE FOR CLIMATE RELATED FINANCIAL DISCLOSURE REPORT**

The RI Sub-Committee received and noted the report from the Director of Corporate Operations (Item 6 in the Minute Book) updating the sub-committee on the Pension Fund's report under the framework of the Taskforce on Climate Related Financial Disclosure (TCFD). The Director reminded the sub-committee that in September 2022 the Department for Levelling-up, Homes and Communities (DLUHC) published a consultation (Governance and reporting of Climate Change risks), which proposed to make reporting based on the TCFD requirements mandatory for LGPS funds starting for 2023/24 reporting. However Hampshire is continuing with its early adoption of TCFD reporting, producing its third annual TCFD report.

DLUHC's requirements confirmed the adoption the original TCFD recommendations, which had been previously reflected in Hampshire's reporting. The most significant addition was the requirement to capture total carbon emissions and the percentage of investments that are Paris Aligned (with strategies to limit temperature rises to no more than +1.5- 2°C). The report also includes Climate Change scenario analysis of the Fund's funding position from the Pension Fund's Actuary – Aon, based on three different scenarios.

The Director highlighted to Members that the Pension Fund's latest carbon footprint figures for 2023 show the Pension Fund has achieved a 62% reduction since 2020, well below the Net-Zero Asset Owners Alliance trajectory. As the Fund's RI consultants MJ Hudson had highlighted was possible, the Fund's carbon footprint rose in 2022 as a result of world's economies emerging from COVID-19 lockdown and the challenging market conditions in 2022 reducing the value of low emissions companies, particularly technology companies, and increasing the value of higher emitting companies especially energy companies.

#### 43. **SCHEME MEMBER COMMUNICATIONS**

The RI Sub-Committee received and noted the report from the Director of Corporate Operations (Item 7 in the Minute Book) updating the sub-committee on communication from scheme members since the last meeting of the sub-committee. The Director highlighted to the sub-committee that its terms of reference include the action to engage directly and indirectly with scheme members and employers to hear representations concerning ESG issues, but that no new correspondence had been received since the sub-committee's last meeting.

In his report the Director shared with the sub-committee the Pension Fund's fourth annual RI update for scheme members. The update will be printed and included in the paper payslips that are still printed for pensioners and published on the Fund's website for scheme members that log onto the Portal. In line with the responses to the RI policy consultation last year, that showed scheme members prioritised environmental factors significantly above any of



Environmental, Social and Governance (ESG) factors, the update focused on the Fund's continued response to Climate Change.

#### 44. STEWARDSHIP HIGHLIGHT REPORT

The RI Sub-Committee received and noted the report from the Director of Corporate Operations (Item 8 in the Minute Book) providing a summary of how the Pension Fund's investment managers have voted on behalf of the Fund for the equities that they are invested in and engaged with company management. The full details of how votes have been cast for the Pension Fund are published on its RI webpage <https://www.hants.gov.uk/hampshire-services/pensions/responsible-investment>

The analysis showed that the majority of votes cast against companies' management were for the following reasons:

- nominees for company directors being not sufficiently independent,
- remuneration policies where the level of pay was felt to be excessive
- to improve the empowerment of investors, and
- the appointment of auditors where the incumbent audit firm has been in place too long or the disclosure of non-audit fees to the company was not clear.

The Director shared with the sub-committee the Pension Fund's Annual Stewardship Code report, which is required to maintain the Fund's status as a signatory of the Code. The report set out the Fund's approach to stewardship and a number of recent engagement examples provided by the Pension Fund's investment managers. The Pension Fund's investment managers had been challenged to provide engagement examples for the companies identified by MJ Hudson as the highest ESG risk, in the recent work that the Pension Fund commissioned.

---

Chairman, 12 September 2023

This page is intentionally left blank

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Hampshire Pension Fund Panel and Board
<b>Date:</b>	24 March 2023
<b>Title:</b>	Minutes of the ACCESS Joint Committee (Public) – 5 December 2022
<b>Report From:</b>	Director of Corporate Operations

**Contact name:** Andrew Boutflower

**Tel:** 0370 779 6896

**Tel:** 0370 779 6896

#### **Purpose of this Report**

1. The purpose of this report is to present the public minutes from the meeting of the ACCESS Joint Committee which took place on 5 December 2022.

#### **Recommendation**

2. That the Pension Fund Panel and Board receives and notes the minutes as attached to this report.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	no
<b>People in Hampshire enjoy a rich and diverse environment:</b>	no
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	no

**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 ASSESSMENT:**

### **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:**

This report requests that the Audit Committee receive and note the minutes of the Hampshire Pension Fund Panel and therefore the recommended action will not impact on groups with protected characteristics in any way.

This page is intentionally left blank

## **ACCESS JOINT COMMITTEE**

MINUTES of a meeting of the ACCESS Joint Committee held at Bevin Hall, LGA Building, 18 Smith Square, London, SW1P 3HZ on Monday, 5th December, 2022.

**PRESENT:** Chair: Cllr Mark Kemp-Gee (Hampshire CC), Vice-Chair: Cllr Susan Barker (Essex CC), Cllr Charlie Simkins (Kent CC), Cllr Roger Elkins (West Sussex CC), Cllr Judy Oliver (Norfolk CC), Cllr Andrew Williams (Hertfordshire CC), Cllr Paul Redstone (East Sussex CC), Cllr Vanessa Churchman (Isle of Wight Council), Cllr Georgia Hall (Suffolk CC), Cllr Alison Whelan (Cambridgeshire CC), Cllr Charles Morton (West Northamptonshire Council)

**ALSO PRESENT:** Kevin McDonald (ASU), Mark Paget (ASU), Paul Tysoe (ASU), Sallie Wilson (ASU), Amanda Crawford (Essex), Clifford Sims (Squire Patton Boggs), Susan Oakley (Squire Patton Boggs), John Wright (Hymans Robertson)

**PRESENT VIRTUALLY:** Cllr Jeremy Hunt (observer for West Sussex CC)

**LOCAL PENSION BOARD OBSERVERS:** Cllr Adam Mitchell (Hertfordshire CC), Tim Perkins (Hertfordshire CC), Martin Doyle (Isle of Wight Council), Barbara Milton (Isle of Wight Council), Cllr Alex Crawford (Hampshire CC), Dr Cliff Allen (Hampshire CC)

**OFFICERS:** Nick Buckland (Kent), Andrew Bouflower (Hampshire), Alexander Younger (Norfolk), Glenn Cossey (Norfolk), Jo Thistlewood (IoW), Jody Evans (Essex), Mark Whitby (Cambridgeshire and West Northamptonshire), Patrick Towey (Hertfordshire), Sian Kunert (East Sussex), Sharon Tan (Suffolk), Rachel Wood (West Sussex), James Smith (Cambridgeshire and West Northamptonshire), Ben Barlow (Cambridgeshire and West Northamptonshire), Kay Goldsmith (Kent) and Joel Cook (Clerk)

### **UNRESTRICTED ITEMS**

**64. Apologies/Substitutes.**  
*(Item. 1)*

1. Apologies were received from Cllr Hunt (joined virtually as a guest, Cllr Elkins substituting), Cllr Soons (Cllr Hall substituting), Cllr Fox (Cllr Redstone substituting) and Cllr Longley (Cllr Morton substituting).

RESOLVED that the apologies be noted.

**65. Declaration of interests in items on the agenda.**  
*(Item. 2)*

None.

**66. Chair's Remarks.**  
(Item. 3)

1. Cllr Kemp-Gee welcomed the Local Pension Board observers from the Isle of Wight, Hampshire and Hertfordshire who were present on an informal basis, prior to all Authorities executing the revised Inter-Authority Agreement (IAA).
2. He highlighted that an informal virtual briefing of the Joint Committee had been held in October due to the cancellation of the September 2022 meeting (owing to the death of Her Majesty Queen Elizabeth II).

RESOLVED that the Chair's remarks be noted.

**67. Minutes of the meeting held on 6 June 2022.**  
(Item. 4)

RESOLVED that the minutes from the meeting held on 6 June 2022 be signed as a true and accurate record.

**68. Business Plan, Budget and Risk Summary.**  
(Item. 5)

1. Mr McDonald provided an update on the activities undertaken since the last Joint Committee, the associated spend and the risk summary. He explained that the updated IAA had been agreed in principle with S151 officers and continued to go through the governance process. Formal sign-off by all Authorities was expected prior to the March 2023 Joint Committee meeting.
2. Mr McDonald drew attention to the relaunched ACCESS website.
3. The outturn budget position for 2022/23 was forecast to be £102k underspent against a budget of £1.366m. This was primarily explained by a shifting timeline of certain milestones.
4. The 2023/24 budget was discussed, with the following items highlighted:
  - a. Procurement costs were expected to be higher due to the procurement of pooled asset solutions for private debt and private equity.
  - b. Costs would be incurred in preparation for the re-procurement of the Operator contract, which was entering its penultimate year.
  - c. Legal and governance costs were anticipated to be higher due to advice required around the commencement of RI reporting as well as entering into a contract for communications support.

RESOLVED that Committee note:

- 1) the 2022/23 Business Plan update;
  - 2) the 2022/23 budget update; and
  - 3) risk register.
- and:
- 4) recommend the 2023/24 Business Plan to the ACCESS Authorities;



- 5) accept the recommendation of the s151 Officers from the ACCESS Authorities to determine the 2023/24 budget totalling £1.559m to support the proposed business plan

### **Motion to Exclude the press and public**

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 & 5 of part 1 of Schedule 12A of the Act.

#### **69. Exempt Minutes of the meeting held on 6 June 2022.**

*(Item. 6)*

RESOLVED that the exempt minutes from the meeting held on 6 June 2022 be signed as a true and accurate record.

#### **70. BAU evaluation.**

*(Item. 7)*

1. Mr McDonald provided an update from the Business As Usual Evaluation.

RESOLVED that the Committee:

- 1) note the report;
- 2) approve the activity described within the report; and
- 3) note the intent to have a late January briefing.

#### **71. Link Presentation.**

*(Item. 8)*

*Karl Midl and Alistair Coyle from Link Fund Solutions were present for this item.*

Mr Midl and Mr Coyle provided the Committee with an update.

RESOLVED that the presentation be noted.

#### **72. Alternative Investments.**

*(Item. 9)*

*This item was considered before item 8.*

1. Mr Boutflower provided an update on alternative investments, highlighting progress on the Real Estate procurements and proposed future phases of pooling non-listed investments. The intention was to run private equity and private debt concurrently.

RESOLVED that the Committee:

- 1) Agree that the order for pooling further alternative investments will be private debt, private equity and infrastructure.
- 2) Note the matters highlighted within the report including the progress on Real Estate and timeline for further alternative investment pooling.

**73. Independent Third Party Review.**  
(Item. 10)

*This item was considered before item 8.*

1. Mr McDonald provided an update on the independent third-party review which aimed to compare the effectiveness of the ACCESS Pool against its original objectives as well as a review of the operation of the ACCESS Support Unit (ASU). He confirmed that Members of the Joint Committee would be part of the evidence base.
2. Essex County Council would act as Procurement Lead Authority, and the provider would be chosen from the National LGPS Framework.
3. It was requested that business continuity and succession planning within the ASU be made explicit in the “requirements” section of what will be reviewed.

RESOLVED that the Committee

- 1) note the matters highlighted within the report;
- 2) approve the appointment of Essex County Council as Procurement Lead Authority; and
- 3) approve the procurement approach highlighted in section 4.

**74. Communications.**  
(Item. 11)

*This item was considered before item 8.*

1. Mr McDonald provided an update on the proposed approach to the re-procurement of a Communications Partner for the ACCESS Pool, highlighting the benefits of commissioning such a partner.
2. The contract with MHP Mischief ended on 15 November 2022. It was proposed to extend that until 31 March 2023 to allow time for Hampshire County Council to run an OJEU-equivalent procurement process.

RESOLVED that the Committee:

- 1) note the matters highlighted within the report;
- 2) approve the appointment of Hampshire County Council as Procurement Lead Authority;
- 3) approve the proposed approach highlighted in section 3; and
- 4) extend the existing arrangements with MHP Mischief until 31 March 2023.

**75. Responsible Investment Phase 2.**  
(Item. 12)

1. Mr Whitby provided an update on the procurement of external advice to support ACCESS’s approach to ESG/RI. Hampshire were to be the Lead Authority for the procurement.
2. He summarised the findings to date in relation to ACCESS becoming a signatory to the UK Stewardship Code and also a Pool member of the

LAPFF. A full analysis would be brought to the next Joint Committee meeting in March 2023.

3. The Joint Committee discussed the procurement for the second round of RI advice, along with the draft response to the climate change risks consultation.

RESOLVED that the Committee:

- 1) Approve Phase II of the Responsible Investment (RI) procurement, as identified in the 2022/23 ACCESS Business Plan;
- 2) approve the appointment of Hampshire County Council as Procurement Lead Authority;
- 3) approve the procurement specification as set out in Annex A;
- 4) note the progress on explorations into ACCESS becoming a signatory to the UK Stewardship Code and also a Pool member of the Local Authority Pension Fund Forum (LAPFF); and
- 5) approve the ACCESS response to the Governance and reporting of climate change risks consultation as set out in Annex B.

**76. Q2 2022/23 Investment Performance Report.**  
*(Item. 13)*

1. Ms Tan provided an overview of the ACCESS performance at the end of September 2022, which showed that the combined total of pooled assets (within the Link ACS) and pool aligned assets (passive UBS mandates) was £31.024bn, a decrease of £0.765bn from the June 2022 quarter end. Market movements accounted for £428m of the change, with purchases totalling £297m and sales £147m. Pool aligned assets represented 54% of total assets.

RESOLVED that the report be noted.

**77. Sub-fund Implementation.**  
*(Item. 14)*

1. Mr Tysoe provided an update on the progress of sub-funds.

RESOLVED that the Committee notes the matters highlighted within the report.

**78. Review of Sub-Fund Guiding Principles.**  
*(Item. 15)*

1. Mr Tysoe updated the Joint Committee on the review of the Guiding Principles for establishing new sub-funds, required to be held 12 months after commencement.
2. The review concluded that the Guiding Principles remained appropriate for the establishment of new-sub funds and also that there was merit in extending the Guiding Principles to cover changes to sub-funds and the prioritisation of FCA submissions.

RESOLVED that the Committee approve the revised Guiding Principles to include both sub-fund changes and prioritisation of FCA submissions.

**79. Contract and supplier relationship management.**  
*(Item. 16)*

1. Mr Paget provided an update on Contract and Supplier Relationship Management activity, with key work and future areas of focus highlighted to the Committee.

RESOLVED that the Committee note the matters highlighted within the report, the activity that has taken place and forthcoming plans.

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker</b>	Pension Fund Panel and Board
<b>Date:</b>	24 March 2023
<b>Title:</b>	Governance - Internal Audit Progress Report – February 2023
<b>Report From:</b>	Director of Corporate Operations

**Contact name:** Neil Pitman; Chief Internal Auditor

**Tel:** 07719 417233

**Email:** Neil.pitman@hants.gov.uk

### Purpose of this Report

1. The purpose of this report is to provide the Pension Fund Panel and Board with an overview of the internal audit work completed in accordance with the approved plan.

### Recommendation

2. That the Pension Fund Panel and Board note the progress of internal audit work for the period ending 28 February 2023.

### Contextual Information

3. At the request of the Pension Fund Panel and Board, the Chief Internal Auditor has provided a progress report against internal activity on the pension fund summarising:
  - The status of 'live' internal audit reports;
  - An update on progress against the annual audit plan;
  - A summary of internal audit performance, planning and resourcing issues; and
  - A summary of significant issues that impact on the Chief Internal Auditor's annual opinion.
4. Appendix 1 summarises internal activity for the period ending 28 February 2023.

## **Climate Change Impact Assessments**

5. 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.
  
6. The climate change and carbon control mitigation tools were not applicable as the report relates to the in-house management of the administration of the pension scheme and therefore have a neutral impact on climate change.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	No
<b>People in Hampshire live safe, healthy and independent lives:</b>	No
<b>People in Hampshire enjoy a rich and diverse environment:</b>	No
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	No
<b>OR</b>	
<b>This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because:</b>	
Accounts and Audit (England) Regulations 2015.	

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<b>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.)</b>	
<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **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 this report.





---

**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

---

**INTERNAL AUDIT PROGRESS REPORT 2022-23**  
**HAMPSHIRE PENSION SERVICES / HAMPSHIRE**  
**PENSION FUND**

**Prepared by: Antony Harvey, Deputy Head of Partnership**

**February 2023**

## Introduction

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

*‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’*

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is that of an:

*‘Independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.*

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the service’s objectives.

## Purpose of the report

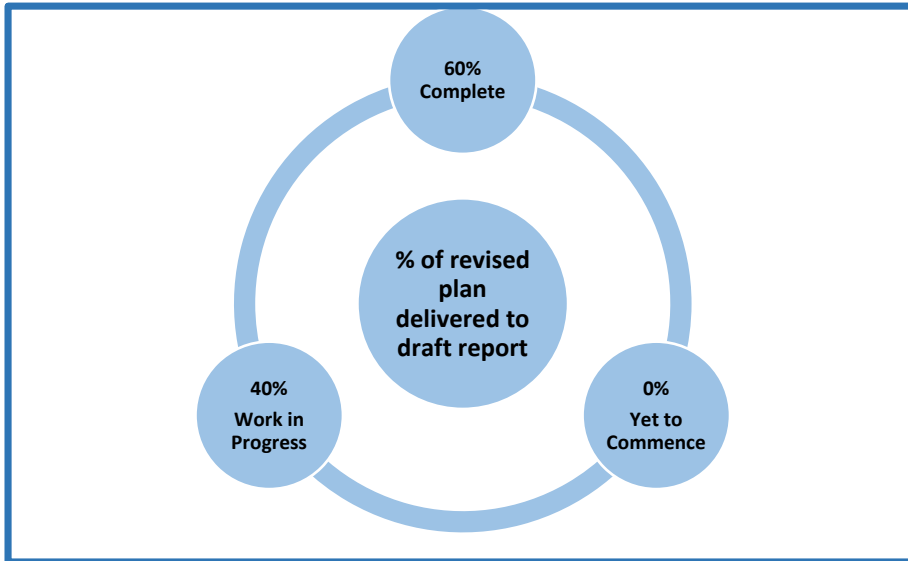
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

- The status of 'live' internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Performance dashboard



**Compliance with Public Sector Internal Audit Standards**

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

*'The mandatory elements of the International Professional Practices Framework (IPPF) include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.*

*It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.*

*We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).*

*We are pleased to report that SIAP conform with all relevant, associated elements.'*

### Analysis of 'Live' audit reviews

All actions arising from audit reviews have been completed/implemented. There are no pending or overdue actions to report.

### Executive Summaries of reports published concluding with a 'Limited' or 'No' assurance opinion

There have been no 'Limited' or 'No' assurance opinion reports issued as part of the 2023-23 audit work.

### Planning & Resourcing

The internal audit plan for 2022-23 was discussed and agreed with Officers and approved by the Hampshire Pension Fund Panel and Board on 28 July 2022. Whilst the plan remains fluid to provide a responsive service that reacts to changing needs, there have been no adjustments to the plan for 2022-23.

Progress against the plan is outlined below.

### Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Pension Transfers (including Notional)	DoCO	✓	✓	✓	Aug 22	Aug 22	Substantial	
Member Deaths	DoCO	✓	✓	✓	Feb 23		Substantial	
Accounting for Pension Contributions	DoCO	✓	✓	✓	Feb 23		Substantial	
Pensions Payroll and Benefit Calculations	DoCO	✓	✓	✓				
UPM – Cyber Security	DoCO	✓	✓	✓				

This page is intentionally left blank

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker</b>	Pension Fund Panel and Board
<b>Date:</b>	24 March 2023
<b>Title:</b>	Governance - Internal Audit Plan 2023-24
<b>Report From:</b>	Director of Corporate Operations

**Contact name:** Neil Pitman; Chief Internal Auditor

**Tel:** 07719 417233

**Email:** Neil.pitman@hants.gov.uk

### Purpose of this Report

1. The purpose of this paper is to provide the Pension Fund Panel and Board with the Internal Audit Plan for 2023-24 together with an indicative plan for 2024-25 to 2025-26 for Hampshire Pension Services / Hampshire Pension Fund (Appendix 1).
2. The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities, systems or processes under review that:
  - the frameworks of governance, risk management and management control are appropriate and operating effectively; and
  - risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

### Recommendation

3. That the Pension Fund Panel and Board approve the Internal Audit Plan for 2023-24.

### Contextual Information

4. The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on the adequacy and effectiveness of the frameworks of governance, risk management and management control.

5. The plan will remain fluid and subject to on-going review, and amended in consultation with the relevant officers, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Chief Internal Auditor's continued contact and liaison with those responsible for the governance of the Council.
6. The Council's 'internal audit charter' ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit opinion. Significant matters that jeopardise the delivery of the plan, or require changes to the plan will be identified, addressed and reported to the Management Team.

### **Climate Change Impact Assessments**

7. 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.
8. The climate change and carbon control mitigation tools were not applicable as the report relates to the in-house management of the administration of the pension scheme and therefore have a neutral impact on climate change.



**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	No
<b>People in Hampshire live safe, healthy and independent lives:</b>	No
<b>People in Hampshire enjoy a rich and diverse environment:</b>	No
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	No
<b>OR</b>	
<b>This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because:</b>	
Accounts and Audit (England) Regulations 2015.	

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<b>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.)</b>	
<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **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 this report.



---

**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

---

**INTERNAL AUDIT PLAN 2023-24**

**HAMPSHIRE PENSION SERVICES / HAMPSHIRE  
PENSION FUND**

**Prepared by: Antony Harvey, Deputy Head of Partnership**

**February 2023**

## Introduction

The role of internal audit is that of an:

*‘Independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.*

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the service’s objectives.

The aim of internal audit’s work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of Internal Audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant stakeholders to ensure it continues to reflect the needs of the service. Amendments to the plan will be identified through the Southern Internal Audit Partnership’s continued contact and liaison with those responsible for the governance of Hampshire Pension Services and Hampshire Pension Fund.

## Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The strategic lead will be Antony Harvey, Deputy Head of Partnership, supported by Mark Norton, Audit Manager.

## Conformance with Internal Auditing Standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2020 the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework (IPPF).

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

Page 45  
Considering all sources of evidence the external assessment team concluded:

*'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.'*

*'We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'*

## Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team which are required to be disclosed under internal auditing standards.

## Developing the Internal Audit Plan

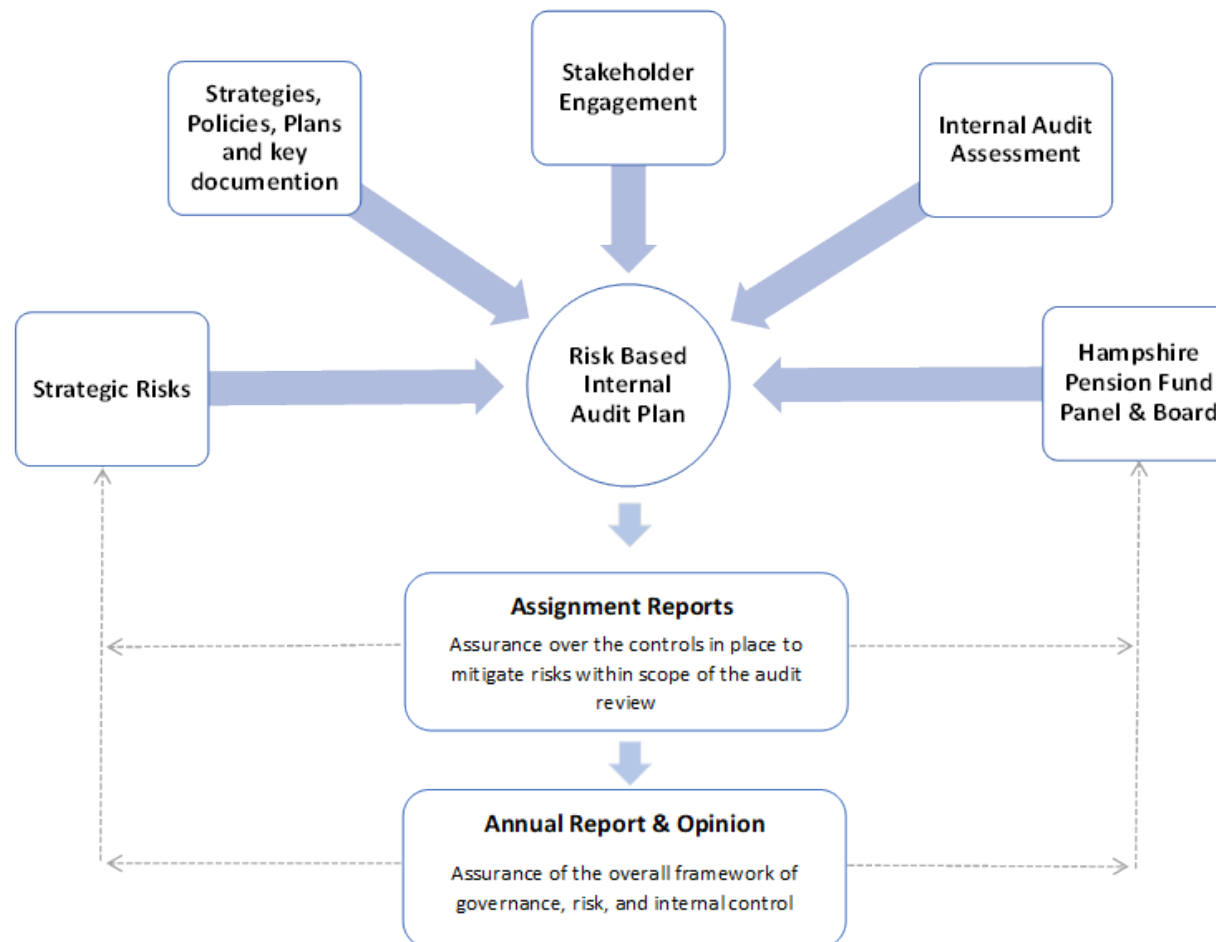
In accordance with the Public Sector Internal Audit Standards there is a requirement that internal audit establish a risk-based audit plan to determine the resourcing of the internal audit service, consistent with the service’s goals.

Based on conversations with key stakeholders, review of risk registers, key documents and our understanding of the service, the Southern Internal Audit Partnership have developed an annual audit plan for the coming year.

Audit planning is a perpetual process throughout the course of the year to ensure we are able to react to new and emerging risks and the changing needs of the service.

Hampshire Pension Fund Panel and Board are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised, and a suitable breadth of assurance is obtained.



## Internal Audit Plan 2023-24 (and indicative plan for 2024-25 to 2025-26)

Audit Review	Indicative scope	23 -24	24-25	25-26
Pensions payroll and benefit calculations	Annual review to provide assurance that Hampshire Pension Services' (HPS) systems and controls ensure that:- <ul style="list-style-type: none"> <li>Lump sum and on-going pension payments are calculated correctly, are valid and paid to the correct recipients;</li> <li>All changes to on-going pensions are accurate and timely;</li> <li>Pension payroll runs are accurate, complete, timely and secure with all appropriate deductions made and paid over to the relevant bodies.</li> </ul>	Q3-4	✓	✓
Pension starters	Review of the control framework to support appropriate, complete and prompt admission of new starters to the various pension schemes administered by HPS.		✓	
Pension leavers	Audit of the controls to ensure accurate, prompt and complete administration of pension leavers, including the production of on-going annual benefit statements within agreed timescales, by HPS.		✓	
Pension transfers	To provide assurance over the processes and controls to support the accuracy and timeliness of transfers in and out of the schemes administered by HPS.			✓
Pension refunds	To assess that there are appropriate arrangements to ensure all refunds are valid, accurate and are paid promptly to the correct recipients following a validated request to withdraw from the schemes administered by HPS.	Q1		
Member deaths	To provide assurance that HPS' systems and processes ensure that any payments related to deceased members are calculated correctly and paid promptly to the correct recipient with the risk of overpayments minimised.			✓
Accounting for pension contributions	Review of HPS' control framework to ensure that all funds due from employers are received promptly, are accounted for correctly and are reconciled to annual returns.			✓

Audit Review	Indicative scope	23 -24	24-25	25-26
Governance arrangements	Review of the governance arrangements for HPS, Hampshire Pension Fund and Hampshire Pension Fund Panel and Board and assurance over compliance with the arrangements.		✓	
Fund management, investments and accounting for assets	Assurance over Hampshire Pension Fund's compliance with the approved Pension Fund Investment Strategy and that all assets are accounted for, held securely and all dividends/interest etc due is received.	Q2		
UPM – Application review	Assurance over the management of the UPM application, including supporting infrastructure such as servers, databases, pre-production environments and system changes.	Q3		
UPM – Cyber security	To provide assurance over the cyber security arrangements for the UPM application.			✓
Management	Planning, liaison, reporting, audit committee, external audit, advice.	✓	✓	✓
Total Days		<b>100</b>		



## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Pension Fund Panel and Board
<b>Date:</b>	24 March 2023
<b>Title:</b>	Governance: ACCESS business plan
<b>Report From:</b>	<i>Director of Corporate Operations</i>

**Contact name:** Andrew Bouflower

**Tel:** 0370 779 6896

**Email:** andrew.bouflower@hants.gov.uk

#### Purpose of this Report

1. To present the 2023/24 ACCESS business plan for approval by the Panel and Board.

#### Recommendations

2. That the Panel and Board approves the ACCESS business plan for 2023/24 and the share of costs that the Hampshire Pension Fund will pay.

#### Executive Summary

3. The Pension Fund Panel and Board has received a number of reports on the progress of forming the ACCESS pool and in addition receives the minutes of the ACCESS Joint Committee meetings.
4. Hampshire is a member of the ACCESS pool alongside the following ten other LGPS funds:

Cambridgeshire	Kent
East Sussex	Norfolk
Essex	Northamptonshire
Hertfordshire	Suffolk
Isle of Wight	West Sussex
5. According to the terms of the ACCESS Inter-Authority Agreement (IAA) the ACCESS Joint Committee is required to agree a business plan for the forthcoming year which it recommends to the individual ACCESS authorities for their agreement.

6. The 2023/24 business plan was agreed by the ACCESS Joint Committee for recommendation to the member authorities at its meeting on 5 December 2022 and is contained in Annex 1. The business plan sets out ACCESS's workplan of activities for the coming year and the estimated budget to complete the work which is a total of £1.56m, of which Hampshire's one eleventh share would be £141,000.

### **2022/23 activities**

7. ACCESS has continued its work to transfer assets to the pooled Authorised Contractual Scheme (ACS) managed by Link Fund Solutions and has provided the necessary governance and other support for pooled investments. The key activities completed in 2022/23 were:
  - Increasing the size of the ACS to £23bn (including sub-funds for all of Hampshire's active equity investments).
  - Ongoing monitoring of the contract with Link as the Operator of ACCESS's ACS.
  - Working with the pool's Implementation Advisor (MJ Hudson) to take forward the pooling of illiquid investments, starting with indirect property investments.
  - Passive assets: ongoing monitoring and engagement with UBS.
  - An external review of the ACCESS Support Unit (ASU) with the advisors Barnett Waddingham.
8. Actual costs in 2022/23 are estimated at £1.27m (£115,000 per authority), £0.1m lower than the approved budget.

### **2023/24 business plan**

9. The main activities for ACCESS in 2023/24 will be:
  - Actively managed listed assets: further pooling of active listed assets within the ACS.
  - Alternative / illiquid assets: continuation of the activity on the implementation of pooled alternative assets.
  - Passive assets: ongoing monitoring and engagement with UBS.
  - ACCESS Support Unit (ASU): implementation of the recommendations of external review of the ASU.
  - Appointment of a Responsible Investment (RI) advisor for the pool to take forward the pool's approach to RI.

### **Climate Change Impact Assessments**

10. 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.

11. 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. Therefore the Pension Fund recognises the risk that environmental, social and governance (ESG) factors including the impact of climate change can materially reduce long-term returns. 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. For investments made through the ACCESS pool, these activities will take place as part of the pool and be governed by ACCESS's Responsible Investment policy, which is part of ACCESS's business plan to develop further.

**REQUIRED CORPORATE AND LEGAL INFORMATION:****Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	no
<b>People in Hampshire live safe, healthy and independent lives:</b>	no
<b>People in Hampshire enjoy a rich and diverse environment:</b>	no
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	no
<b>OR</b>	
<b>This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because:</b> For the ongoing management of the Hampshire Pension Fund.	

**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

## **EQUALITIES IMPACT ASSESSMENT:**

### **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.

This page is intentionally left blank



2023/24

Business Plan  
& Budget

## Introduction

ACCESS has its origins in 2016 when eleven Local Government Pension Scheme (LGPS) Authorities agreed to begin working collectively to address the requirements of the Government's agenda for pooling LGPS investments.

The following strategic objectives are in place:

- enable the Councils to execute their fiduciary responsibilities to LGPS stakeholders, including scheme members and employers, as economically as possible;
- provide a range of asset types necessary to enable those participating Authorities to execute their locally-determined investment strategies as far as possible;
- enable the Councils to achieve the benefits of pooling investments, preserve the best aspects of what is currently done locally, and create the desired level of local decision making and control.

In order to achieve these objectives, the Councils have established a set of governing principles.

The governing principles are summarised below.

Collaborative	Risk management	Objective evidence based decisions
Equitable voice in governance	Professionalism	Equitable cost sharing
No unnecessary complexity	Evolution and innovation	Value for money

Implicit within the above principles is the democratic accountability and fiduciary duty of the Councils as Administering Authorities.

The Joint Committee recommends an annual strategic business plan to the Councils, following recommendations from Section 151 Officers and following input from the ACCESS Support Unit (ASU).



## Context

During 2022/23 further progress took place in pooling active listed assets, and the Business As Usual (BAU) Evaluation continued. With Real Estate, the pool's first approach to illiquid assets was put in place. In partnership with Minerva, the pool's Environmental, Social and Governance / Responsible Investment guidelines were revised and updated.

Enhancements were made to the pool's online presence, and procurements undertaken for continued communications support to be in place and a third-party review of both objectives and the ACCESS Support Unit.

It is anticipated that 2023/24 will see key activities within the following themes:

***Actively managed listed assets:*** further pooling active listed assets within the Authorised Contractual Scheme (ACS).

***Scheduled BAU evaluation:*** preparation for, and the commencement of, the re-procurement of operator services in the penultimate year of the Operator Agreement.

***Alternative / non-listed assets:*** work on the procurement of pooled asset solutions for private debt and private equity.

***Passive assets:*** ongoing monitoring and engagement with UBS.

***Governance:*** the continued application of appropriate forms of governance throughout ACCESS; the commencement of RI reporting support for the pool and the commencement of the second contract for communications support.

***ACCESS Support Unit (ASU):*** the implementation of the outcomes of the external review of the ASU.

## Business Plan

The Business Plan is proposed each year to the Councils by the Joint Committee on the basis of recommendations from the s151 Officer Group. The Joint Committee, on advice from the s151 Officer Group, determine a budget in order to deliver the annual Business Plan. Workstreams for the ASU are monitored at the Officer Working Group (OWG) and in turn reported to

the s151 Officer Group where key ACCESS business plan activity and deliverables for the fiscal year are considered.

Each theme within the business plan includes milestones planned for the year. The strategic nature of ACCESS’s objectives means that a number of the 2023/24 milestones build on work previously undertaken and will in turn provide the foundation for further milestones in subsequent years.

The *Joint Committee* will receive updates on the milestones at each meeting.

### **Budget**

A budget totalling **£1.559m** to support the business plan is included at the end of this paper.

Theme	Milestone	2023/24 activity
<b>Actively managed listed assets</b>	Launch of Tranche 6	Anticipated H1 2023
	Launch of Tranche 7a	Anticipated 2023/24
	Launch of Tranche 7b	Anticipated 2023/24
	Determine, approval & launch of Tranche 8 (if required)	Anticipated 2023/24
<b>Scheduled BAU evaluation</b>	2023/24 is the penultimate year of the Operator Agreement.	Preparation for, and the commencement of, the re-procurement of operator services.
<b>Alternative / non-listed assets</b>	Initial implementation of approach to pool illiquid assets	Work on the procurement of pooled asset solutions for private debt and private equity.
<b>Passively managed assets</b>	Ongoing monitoring of assets managed on a passive basis	Further engagement and exploration with UBS will continue throughout the year.

Theme	Milestone	2023/24 activity
<b>Governance</b>	<p data-bbox="424 208 783 241">Meetings and oversight</p> <p data-bbox="424 477 759 510">Operational protocols</p> <p data-bbox="424 663 887 831">Engagement with HM Government / Department for Levelling Up, Housing &amp; Communities (DLUHC)</p> <p data-bbox="424 1249 807 1283">Joint Policies &amp; guidelines</p>	<p data-bbox="986 208 1447 331">Arrangements will be made to support meetings of the Joint Committee.</p> <p data-bbox="986 387 1439 465">Meetings of s151 Officers will also be held.</p> <p data-bbox="986 477 1415 600">The implementation of the outcomes of the third-party review of objectives.</p> <p data-bbox="986 663 1383 786">ACCESS will liaise with the Scheme Advisory Board as appropriate.</p> <p data-bbox="986 842 1335 965">Periodic reports will be provided to DLUHC as required.</p> <p data-bbox="986 1021 1415 1189">The Pool will actively participate with any Cabinet Officer / DLUHC pooling-related consultations.</p> <p data-bbox="986 1249 1375 1373">The commencement of RI reporting support for the pool.</p> <p data-bbox="986 1429 1383 1552">An annual review will be conducted of the pool's RI Guidelines.</p> <p data-bbox="986 1608 1367 1731">The pool's second Communications support contract will commence.</p> <p data-bbox="986 1798 1399 1921">Continued activity will take place on implementing the Communications plan.</p>

Theme	Milestone	2023/24 activity
ACCESS Support Unit (ASU)	ACCESS Support Unit	The outcomes of the third-party review of the ASU will be implemented.  An annual internal audit of the ASU will take place.

A separate risk register measures the risk of the strategic objectives and milestones not being achieved and the resultant impact.

### Budget 2023/24

The budget for 2023/24 is set out below.

	Agreed Budget 2022/2023 £	Actual Costs as at 31 Oct plus forecast 2022/2023 £	Proposed Budget 2023/24 £
<b>ASU</b>			
ASU Salaries (incl. on cost)	465,000	463,148	499,833
ASU Operational	23,000	18,043	23,000
ASU Host Authority Recharge	35,000	34,000	35,700
Technical Lead Recharge	45,000	34,064	40,000
<b>ASU Total</b>	<b>568,000</b>	<b>549,255</b>	<b>598,533</b>
<b>Professional Costs</b>			
<i>Internal Professional Costs</i>			
JC Secretariat	22,000	22,495	23,100
Procurement	60,000	77,000	145,000
<i>Internal Professional Costs</i>	<b>82,000</b>	<b>99,495</b>	<b>168,100</b>
<i>External Professional Costs</i>			
Strategic & Technical	546,000	445,896	602,000
Legal & Governance	170,000	169,750	190,400
<i>External Professional Costs</i>	<b>716,000</b>	<b>615,646</b>	<b>792,400</b>
<b>Professional Costs Total</b>	<b>798,000</b>	<b>715,141</b>	<b>960,500</b>
<b>Total Costs</b>	<b>1,366,000</b>	<b>1,264,396</b>	<b>1,559,033</b>
<b>Cost Per Authority</b>	<b>124,182</b>	<b>114,945</b>	<b>141,730</b>

## **Key budget assumptions**

The full year effect of the ASU comprising of five full time officers.

The continuation of Technical Lead support at November 2022 levels.

Joint Committee Secretariat services remaining with Kent County Council for the duration of 2023/24.

Expenditure for a Procurement Lead Authority to deliver the following:

- procurement support for the provision of private debt and private equity pooled asset solutions; and
- procurement requirements arising from the Scheduled BAU evaluation.

External professional costs cover a range of matters including:

- ongoing advice and project management support in relation to the Scheduled BAU evaluation;
- the required reporting associated with Responsible Investment guidance;
- pool communications; and
- ongoing advice in support of operational pool activity.

External legal advice.

This page is intentionally left blank

By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank