

AT A MEETING of the Hampshire Pension Fund Panel and Board of
HAMPSHIRE COUNTY COUNCIL held at Wellington Room, EII South
Winchester on Friday, 20th November, 2020

PRESENT

Chairman:

* Councillor Mark Kemp-Gee

Vice-Chairman:

* Councillor Tom Thacker

* Councillor Christopher Carter
Councillor Alan Dowden
* Councillor Andrew Gibson
* Councillor Jonathan Glen

Councillor Andrew Joy
* Councillor Peter Latham
* Councillor Bruce Tennent
* Councillor Derek Mellor

*Present

Co-opted members

Councillor Stephen Barnes-Andrews, Employer Representative - Southampton
City Council

* Cllr Cal Corkery, Employer Representative - Portsmouth City Council

Cllr Paul Taylor, Employer Representative - HLOWLGA

* Liz Bartle, Employer Representative - Other Employer

* Dr Clifford Allen, Scheme Member Representative - Pensioner Member

* Sarah Manchester, Scheme Member Representative Substitute

* Neil Wood, Scheme Member Representative - Active Member

* Lindsay Gowland, Scheme Member Representative - Deferred Member

BROADCASTING ANNOUNCEMENT

The Chairman asked for the broadcast of the meeting to begin. Those remaining
at the meeting were consenting to being filmed and recorded.

274. APOLOGIES FOR ABSENCE

Cllrs Barnes-Andrews, Dowden, Joy and Taylor sent their apologies

275. 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.

276. CONFIRMATION OF MINUTES (NON-EXEMPT)

The minutes of the Pension Fund Panel and Board held on 25 September 2020 were confirmed.

277. DEPUTATIONS

The Panel and Board received a deputation from Mr James Miller the group co-ordinator of Winchester Extinction Rebellion and representing the Dirty Money Campaign Group, which includes Hampshire pension scheme members. Mr Miller said he expected the Hampshire Pension Fund to use the power of pension assets to cut the global carbon footprint and secure against stranded assets.

Mr Miller noted that the Pension Fund Annual Report shows that the Hampshire Pension Fund has begun to make progress in moving its global passive equities to a Climate Aware fund, and the subsequent use of a consultant to report on the Fund's investment managers' management of Environmental Social and Governance issues; but it is unacceptable that this report has not been made available to pension scheme members or the public. The Pension Fund's Annual Report should include a clear climate position statement and should develop its reporting in line with the Taskforce for Climate Related Financial Disclosures.

Mr Miller stated that there is no reason to believe that excluding fossil fuel investments damages financial performance. There are numerous examples of pension funds transitioning towards sustainable investments, such as the Net Zero Asset Owners Alliance.

Mr Miller highlighted that in 2019 Mark Carney warned that the global financial system is financing industries that could generate a 4 degree climate increase. This would leave vast reserves of fossil fuels unburnable, therefore disinvestment is not only financially prudent but a moral imperative.

Mr Miller stated that Hampshire Pension has a duty to play its role in the Climate Change crisis. The Dirty Money Campaign calls on the Hampshire Pension Fund to;

Produce a position statement on managing its portfolios in line with the Paris Agreement and a maximum 1.5 degree climate increase.

Create a strategy and timeline to achieve this.

Report in plain English with scheme members, and consult with and be advised by scheme members on the Pension Fund's Statement of Investment Principles.

Call on all members of the ACCESS pool to become members of the Net Zero Asset Owners Alliance.

Finally Mr Miller warned that in Australia, a pension scheme member had brought a lawsuit against their pension fund for failing to act on climate related

financial risks. Hampshire Pension Fund and the wider ACCESS pool would do well to anticipate a similar case.

Cllr Kemp-Gee thanked Mr Miller for his deputation.

278. CHAIRMAN'S ANNOUNCEMENTS

The Chairman congratulated the Deputy Chief Executive on the smooth running of the Pension Fund's first virtual annual employers meeting and reminded the members that they have been sent a link to watch the recording if they wish.

The Chairman reminded members that the Panel and Board's first virtual internal training session will be held on 9 December 2020. The Chairmen invited the committee members to highlight any virtual training sessions that they had attended.

Cllr Gibson commented on the quality of SPS's virtual conferences.

Cllr Tennent had attended the monthly LGPS Live events.

Cllr Glen had attended a number of virtual events, of which he was particularly impressed with those provided by JP Morgan.

279. PENSION FUND RESPONSIBLE INVESTMENT SUB-COMMITTEE - MINUTES OF THE MEETING ON 20 OCTOBER 2020

The minutes of the Responsible Investment Sub-Committee held on 20 October 2020 were noted.

280. GOVERNANCE - EXIT PAYMENT REFORMS

The Panel and Board noted a report of the Deputy Chief Executive and Director of Corporate Resources (item 7 in the Minute Book) updating the Pension Fund Panel and Board on the impact of the new Restriction of Public Sector Exit Payments Regulations 2020 on administrative processes for Pension Services and Scheme Employers. The new regulations came into force on 4 November 2020 and limit the total amount payable by the employer for the exit of an employee on redundancy or business efficiency grounds to £95,000. Until such time as the amended LGPS regulations are in force, there is a potential conflict between the exit payment regulations which limit the total amount an employer can pay for an exit and the LGPS regulations which entitle members to an unreduced pension for which the employer must pay a strain charge.

There has been different advice received from the government minister, Luke Hall, and the Scheme Advisory Board (SAB) about how LGPS funds should administer redundancy and efficiency retirements in this interim period.

Therefore Hampshire has joined the other administering authorities in the Access Pool to directly commission advice from Squire Patton Boggs (SPG) as to how to proceed in this interim period. On receipt of the legal advice from SPG, the Director of Corporate Resources will implement the least risk approach for the interim period for the Fund. A further update will be provided to the Panel and Board at their meeting in December 2020.

281. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

That the public be excluded from the meeting during the following items of business, as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items there would be disclosure to them of exempt information within Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the reports.

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

282. CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING

The exempt minutes of the Pension Fund Panel and Board held on 25 September 2020 were confirmed.

283. PENSION FUND RESPONSIBLE INVESTMENT SUB-COMMITTEE - EXEMPT MINUTES - 20 OCTOBER 2020

The exempt minutes of the Responsible Investment Sub-Committee held on 20 October 2020 were noted.

284. INVESTMENT: BAILLIE GIFFORD GLOBAL ALPHA PORTFOLIO

The Panel and Board received an exempt report from the report of the Deputy Chief Executive and Director of Corporate Resources (Item 11 in the Minute Book) on Baillie Gifford's Global Alpha portfolio. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

285. INVESTMENT - INVESTMENT UPDATE

The Panel and Board received an exempt report from the report of the Deputy Chief Executive and Director of Corporate Resources (Item 12 in the Minute Book) updating the Panel and Board on the performance of the Pension Fund's investments. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

Chairman,