

AT A MEETING of the PENSION FUND PANEL AND BOARD of the County Council held at The Castle, Winchester on Friday 4 December 2020.

Chairman:

*Councillor M. Kemp-Gee

Vice-Chairman:

* Councillor T. Thacker

Elected members of the Administering Authority (Councillors):

* C. Carter

* A. Dowden

* A. Gibson

* B. Tennent

* A. Joy

* P. Latham

* J. Glen

Employer Representatives (Co-opted members):

* Councillor C. Corkery (Portsmouth City Council)

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

* Dr L Bartle (University of Portsmouth)

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

Scheme Member Representatives (Co-opted members):

Dr C. Allen (pensioners' representative)

* Mr N. Wood (scheme members representative)

* Ms L. Gowland (deferred members' representative)

* Mrs S. Manchester (substitute scheme member representative)

Independent Adviser:

* C. Dobson

*present

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.

286. **APOLOGIES FOR ABSENCE**

Dr Allen sent his apologies.

287. **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.

288. **CONFIRMATION OF MINUTES**

The minutes of the Pension Fund Panel and Board held on 20 November 2020 were confirmed.

It was agreed that an update on Item 280 from the previous meeting (Exit Cap Reforms) would be received under the exempt part of the agenda because it involved the discussion of legal advice received on this matter.

289. **DEPUTATIONS**

No deputations were received.

290. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman reminded members that the Panel and Board's first virtual internal training session will be held on 9 December 2020 and will be delivered by Royal London Asset Management on the subject of index linked gilts. Cllr Glen asked if it would be possible to record the training and officers agreed to investigate and provide an update to members prior to the training session.

The Chairman also reminded members of the annual treasury management briefing from the County Council's treasury advisors Arlingclose Ltd on 8 December 2020 as well as the virtual investor day for the ACCESS pool on 17 December 2020.

Cllr Corkery asked if the Good Governance in the LGPS Update Report agenda item (item 9 in the Minute Book) including the Pension Fund's Representation Policy could be delayed until the next meeting, to allow a deputation from a trade union. The Chairman explained that the Representation Policy reflects the representation agreed after a series of consultations and negotiations with DCLG several years ago that enabled the Panel and Board to be constituted as it is, and that it is therefore not in the Panel and Board's gift to amend this quickly or unilaterally. The Deputy Chief Executive and Director of Corporate Resources explained that the Pension Fund's statutory statements, including the Governance Policy Statement and Governance Compliance Statement covered under agenda item 9, are reviewed and

approved on an annual basis by the Panel and Board, and that this review cannot be postponed until a later date as that would mean that the Panel and Board had not met its obligation to review at least annually. However, approval today would not preclude the Panel and Board from revisiting later in the year if required. If a written submission from the union is received ahead of the next meeting of the Panel and Board in February 2021, any points raised can be addressed and a further paper can be brought back to the Panel and Board in due course if necessary.

291. **ACCESS MINUTES – 7 SEPTEMBER 2020**

The minutes of the ACCESS Joint Committee meeting held on 7 September 2020 were received.

292. **GOVERNANCE – ADMINISTRATION PERFORMANCE UPDATE**

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 administration performance in the first six months of 2020/21 and other administrative issues.

Administration performance against key service standards is measured each month and in the first six months of 2020/21 Pension Services have delivered a 100% success rate against all standards. The Chairman noted that the cost per scheme member is also one of the lowest figures in the country and congratulated the Pension Services team on their achievements.

Employer year end returns are submitted to Pension Services and the data is then used to update pension records and produce annual benefit statements. Employers are measured for timeliness, financial control and data quality and any who are highlighted as a concern or who receive a red rating for data quality are required to complete a data validation exercise. Employers have continued to improve the quality and timeliness of the data they provide.

The pension administration system, UPM, provided by Civica, was purchased in 2013 and the contract was due to expire in November 2020. The system has been re-procured for an initial 5 year term with the option to extend for a further two years to 2027.

The Pension Regulator (TPR) requires schemes to complete an annual return providing details of the contributing employers and governance arrangements. Pension Services have demonstrated an improvement in both the common and conditional data scores which are reported annually to The Pension Regulator. Work has also started on tracing the addresses of approximately 8,000 members with whom the Fund has lost contact. Cllr Carter congratulated the Pensions Services team on

progress made to date in locating these members.

A response to the MHCLG consultation on implementing the McCloud remedy in the LGPS was submitted in October 2020 and focussed on the huge administrative burden that the proposed approach will place on both Pension Services and Scheme Employers.

Work on improving the online offer for members and employers has continued during 2020/21. An estimate facility was implemented earlier in the year and members can now also complete their retirement declaration form online. The new Employer Hub has been installed and a plan is in place to roll this out. The Communication Policy Statement has been updated to reflect the focus on the Member Portal and Employer Hub.

RESOLVED:

That the draft Communication Policy Statement was approved.

293. **GOVERNANCE: PENSION FUND BUDGET**

The Panel and Board received a report of the Deputy Chief Executive and Director of Corporate Resources (item 8 in the Minute Book) presenting the proposed budget for 2021/22 and projections for 2022/23. The budget is categorised according to CIPFA's definitions of investment management, administration, and governance.

The budget for 2021/22 has been prepared to reflect the costs of delivering the Pension Fund's statutory responsibilities for the administration of the scheme and management of investments. The resources contained within the budget are sufficient to meet the Fund's regulatory requirements and deliver at the standards for administration that are reported to the Panel and Board. The budget does not at this stage include costs associated with GMP equalisation or the McCloud remedy, but the new developments and initiatives that are included in the Fund's Business Plan are included in the budget.

Members discussed whether to add an amount to the budget for specialist communications resource. The meeting was adjourned to agree an amended recommendation and the Panel and Board then agreed to add £20,000 per annum to the budget for communications from the 2019/20 financial year onwards to allow the Pension Fund to further develop communication with stakeholders.

RESOLVED:

- a) That the budget as shown in Appendix 1 for the Pension Fund for 2021/22 was approved.
- b) That the Pension Fund Panel and Board agreed to add an additional amount of £20,000 to the Pension Fund's governance budget to

fund additional communication activity in 2021/22 and also agreed an additional £20,000 within the current year's budget to make progress within the current financial year.

294. **GOVERNANCE: GOOD GOVERNANCE IN THE LGPS UPDATE REPORT**

The Pension Fund Panel and Board noted a report of the Deputy Chief Executive and Director of Corporate Resources (item 9 in the Minute Book) providing an update on the review of governance structures in the LGPS being conducted by Hymans Robertson on behalf of the Scheme Advisory Board (SAB).

Since 2019, there have been two phases of the review, leading to the production of a series of recommendations. The third phase was delayed due to the impact of Covid-19 but is currently underway.

The Pension Fund has reviewed its current governance arrangements against the recommendations from the Phase II report and largely meets the proposed requirements with some opportunities for enhancements. As a result, the Pension Fund will now publish a Training Policy and Representation Policy on its website. Both policies contain documentation that has already been agreed and published at previous times. The Panel and Board agreed that minor amendments would be made to the Representation Policy to reflect the timing of the appointment of the Unitary Authority Representative. In response to a question from Sarah Manchester additional wording will also be added to clarify that Substitute Members may still attend meetings when they are not substituting, but in an observer capacity. Officers will circulate the updated document to members prior to publication.

The Pension Fund also maintains a Governance Policy Statement and Governance Compliance Statement in line with the Local Government Pension Scheme Regulations.

RESOLVED:

- a) The Governance Policy Statement and Governance Compliance Statement were approved
- b) The Training Policy was approved.
- c) The Representation Policy was approved

295. **GOVERNANCE: REVIEW OF THE PENSION FUND'S STATUTORY STATEMENTS**

The Panel and Board received a report from the Deputy Chief Executive and Director of Corporate Resources (Item 10 in the Minute Book) to review the Pension Fund's Business Plan, Investment Strategy Statement, Administration Strategy Statement, Funding Strategy Statement, Employer Policy and Risk Register.

The Business Plan includes planned activity to comply with the requirements of the UK Stewardship Code and UN Principles for Responsible Investment (PRI).

The Investment Strategy Statement has been updated to reflect the Fund's current investment management arrangements as well as other minor changes and includes its Responsible Investment Policy.

Changes to the Administration Strategy Statement, Funding Strategy Statement and Employer Policy were all last approved by the Panel and Board in July 2020 and no further changes have been made.

The Investment Risk Register was previously included as an appendix to the Investment Strategy Statement. The Pension Fund's Risk Register (including the Investment Risk Register) is approved each summer as part of the Annual Report. The Risk Register will also now be published as a standalone document on the Pension Fund's website.

RESOLVED:

- (a) Progress on the Business Plan actions was noted and the updated Business Plan was approved
- (b) The Investment Strategy Statement was approved
- (c) The Administration Strategy Statement was approved
- (d) The Funding Strategy Statement was approved
- (e) The Employer Policy was approved
- (f) The Risk Register was approved

296. **INVESTMENT: PENSION FUND CASH MONITORING REPORT AND ANNUAL CASH INVESTMENT STRATEGY 2021/22**

The Panel and Board considered a report of the Deputy Chief Executive and Director of Corporate Resources (Item 11 in the Minute Book) on the Pension Fund's cash balances and the Annual Cash Investment Strategy for those balances in 2021/22. The Annual Cash Investment Strategy for has been prepared taking advice from the County Council's treasury management advisors Arlingclose into account.

RESOLVED:

- (a) The Annual Cash Investment Strategy for 2021/22 was approved
- (b) The Annual Cash Investment Strategy for 2021/22 will be implemented from the date of this meeting for the remainder of 2020/21
- (c) The Director of Corporate Resources is authorised to manage the Fund's cash balance in accordance with the policy set out in the report

297. **EXCLUSION OF 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.

298. **MINUTES OF PREVIOUS MEETINGS (EXEMPT)**

The exempt minutes of the Pension Fund Panel and Board held on 20 November 2020 were confirmed.

299. **INVESTMENT: CASH MONITORING AND ANNUAL CASH INVESTMENT STRATEGY 2021/22 – EXEMPT APPENDIX**

The Panel and Board received an exempt appendix from the report of the Deputy Chief Executive and Director of Corporate Resources (Item 14 in the Minute Book) on the Pension Fund's cash monitoring and annual cash investment strategy 2021/22. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]