

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Panel and Board
Date:	27 July 2020
Title:	Governance – Responsible Investment Communications Review
Report From:	Director of Corporate Operations

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Purpose of this Report

1. The purpose of this paper is to provide an update on improvements to the Pension Fund's communications with its members.

Recommendations

2. That the Panel and Board notes the changes that have been made to the Pension Fund's website for scheme members and improvements to communications on the Fund's Responsible Investment (RI) activities.

Executive Summary

3. The Pension Fund Panel and Board and RI Sub-Committee have previously identified the potential for the Pension Fund to improve its communication on RI, and in December 2020 the Panel and Board agreed an additional budget of £20,000 to fund any necessary improvements.

Communication Developments

RI Annual update

4. Following the feedback and reflection on the Pension Fund's first RI update leaflet, published in April 2020 the following improvements were made for 2021:
 - expanding the leaflet from one to two sides of A4 to increase the content and enable more detail to be provided,

- printing in colour,
 - review by the County Council's Communication team to ensure the leaflet met Plain English standards and was easily readable by scheme members, and
 - engagement of the County Council's Marketing team in the design and layout of the leaflet
5. Full details of the feedback on the RI update and other communication received on RI will be reported to the RI sub-committee, but a number of positive comments were received on this year's RI update following the changes that were made.
6. As reported in an earlier item on this agenda, when the Pension Fund moves to publishing pensioners' annual payslips on their Portal accounts the 2022 RI update will also be published on the Portal, and will be available to all scheme members, including pensioners logging on to access their payslips. Members are emailed annually to draw attention to the latest P60 or annual benefit statement and this email can be used to draw additional attention to the RI update.

RI website

7. The Pension Fund's main communication channel for its RI activities is its RI website, which was launched in April 2019 with the then draft updated RI policy, and has been updated and expanded since then. The website includes links to the Pension Fund's RI policy and latest annual update, plus the details of the reporting standards that the Fund has committed to, such as the UK Stewardship Code and Taskforce on Climate Change Related Financial Disclosure (TCFD) and the shareholder voting reports of its investment managers. The RI webpage also includes contact details for the Pension Fund for any scheme member that has a question or wants to share a comment on RI.
8. A larger review of the Hampshire Pension Fund and Pension Services' webpages is underway, which includes the RI webpage. As part of this review the County Council's Communication team have been engaged and provided recommendations for making the RI webpage more readable and user friendly. As a result of the review the structure of the website is being changed which will make RI webpage more prominent, elevating it to be a tile on the landing-page for the Hampshire Pension Fund, rather than being a further two clicks from the current landing page. The current draft design of the Hampshire Pension Fund's new landing page is shown below.

Hampshire Pension Services

Administering the Local Government Pension Scheme,
Police and Fire schemes



Local Government Pension Scheme



Firefighters' Pension Scheme



Police Pension Scheme



Hampshire Pension Fund Panel and
Board - Updates and governance



Hampshire Pension Fund -
Responsible investment



View your pension details and annual
benefit statements

Responsible Investment Standards

- At its meeting in September 2019 the Panel and Board agreed that the Pension Fund should become a signatory of the Principles of Responsible Investment (PRI) and UK Stewardship Code. As a signatory of PRI the Pension Fund is required to report annually on its investments and responsible investment activity, and its first year's report was submitted as required in April 2020. In the last year an updated Stewardship Code 2020 was published, and investors wishing to remain signatories were required to resubmit their statements confirming how they met a longer and more ambitious set of principles. Hampshire Pension Fund's new statement was submitted by the deadline of 30 April 2021, is published on the Pension Fund's RI website and included in Annex 1 to this report for information.

All Party Parliamentary Inquiry Consultation

- At the meeting of the RI sub-committee March 2021 the Chairman announced to Members that an All-Party Parliamentary Group for Local Authority Pensions was carrying out an inquiry into Responsible Investment for a *Just Transition* from fossil fuels and had published a consultation on the topic. The Pension Fund's officers discussed the inquiry with the Fund's investments managers and a response to the consultation was agreed by the Director of Corporate Resources in consultation with the Chairman of the Panel and Board. The Pension Fund's response is included in Annex 2 to this report for information.

Climate Change Impact Assessments

11. 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.
12. 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. This is explained further in the Pension Fund's RI policy [InvestmentStrategyStatementincludingRIpolicy.pdf](#) (hants.gov.uk).
13. This report explains how the Pension Funds communicates its RI policy and activities, including the carbon footprint of its investments and the actions taken to reduce this figure.

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

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