

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Panel and Board
Date:	25 March 2022
Title:	Pension Fund Panel and Board meetings
Report From:	<i>Director of Corporate Operations</i>

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Purpose of this Report

1. This report follows up on the Pension Fund Panel and Board's request to review their meeting requirements following the first year of changing the calendar of meetings

Recommendations

2. That the current schedule of four quarterly meetings of the Pension Fund Panel and Board and separate investment manager briefings remains in place.
3. That the investment manager briefings remain virtual but the option is available for face-to-face meetings by exception.
4. That the ACCESS Joint Committee arrangements to invite two observers from each of the Councils' Local Pension Boards at least once a year are noted, and that the Scheme Member and Employer representatives on the Panel and Board are asked to agree amongst themselves who will take the first invitation at being Hampshire's observers.

Executive Summary

5. Up to the end of 2020/21 the Pension Fund Panel and Board met seven times a year, with meetings generally scheduled for 3 hours. In most meetings the committee considered papers covering both the governance and investments of the Pension Fund, as well as hearing presentations from the Fund's investment managers, all of which created challenges. As a result, the Panel and Board agreed to change to four quarterly meetings in 2021/22, with

separate virtual investment manager briefings. The Panel and Board agreed they would review this new arrangement at the end of the first year.

2021/22 Panel and Board meetings

6. This is the fourth of the planned scheduled meetings for 2021/22. As planned the Panel and Board have received all the necessary governance and investment papers required for the management of the Pension Fund. There has been no reduction in the number of regular items reported to the Panel and Board with the move to quarterly meetings.
7. In addition, six virtual investment manager briefings have been held this year, allowing Members to hear from all of the Pension Fund's investment managers. These briefings have been well attended with 50-75% attendance, including the Panel and Board substitute members and its independent advisor, and the feedback from Members has been positive. Virtual meetings have reduced the travel requirements for both Members and the Fund's investment managers (a number of which are based overseas) and eased diary scheduling.
8. On the basis that the current arrangements of four quarterly Panel and Board meetings and separate investment manager briefings has been successful, it is recommended that this schedule is maintained. It is recommended that the investment manager briefings remain virtual but that now the option is available, face-to-face meetings are considered if required.

Scheme member interaction

9. At the time the decision was made to change the schedule of Panel and Board meetings a concern was raised that this would reduce the opportunities for interactions with scheme members. There has been a single deputation made to each of the first three meetings of this municipal year. Within the County Council's deputation rules there remains significant further capacity for more deputations, should there be demand, therefore the number of Panel and Board meetings is not a constraint.
10. Unrelated to the number of Panel and Board meetings, it has been reported that 20,000 scheme members (of a total of 183,000) are '*disenfranchised*' because they are not Hampshire residents and therefore cannot make a deputation to the Panel and Board. This is the application of Hampshire's Standing Orders, which apply to all committees of the County Council, including the Pension Fund Panel and Board (and Responsible Investment sub-committee), and can only be amended with Cabinet and County Council approval. Further investigation will take place on the required governance to amend the deputation rules specifically for the Pension Fund Panel and Board.

11. All scheme members are able to write to the committee and/or Pension Fund on any topic, and any correspondence related to responsible investment (RI) is reported to the RI sub-committee. Additionally, the Pension Fund is continuing to look for ways to continue to improve its communication with scheme members, including its third annual RI update for scheme members that will be published shortly.

Local Pension Board observation of ACCESS Joint Committee (JC) meetings

12. At its latest meeting on 7 March 2022 the ACCESS JC agreed to invite observers to Joint Committee meetings on a rotational basis, allowing two observers from each Local Pension Board to be in attendance in person at least once each a year. Observers from Local Pension Boards are intended to further assist ACCESS with the assurance of transparent reporting and to demonstrate the effective implementation of local investment strategies by the JC on behalf of the Councils. In order to establish the formal observation arrangements for Local Pension Boards of Joint Committee meetings, consideration will be given to any changes necessary to the Inter Authority Agreement (IAA).
13. The Panel and Board will be kept up to date on when the arrangements for Local Pension Board observers will begin and when representatives from Hampshire will be invited. In the meantime the Scheme Member and Employer representatives on the Panel and Board are asked to agree amongst themselves who will take the first invitation at being Hampshire's observers.

Climate Change Impact Assessments

14. 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.
15. 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 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).

16. This paper relates to the Pension Fund's own management of Panel and Board meetings and does not directly deal with its role as a responsible investor.

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

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

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

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

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

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

2. Equalities Impact Assessment:

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