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AT A MEETING of the Hampshire Pension Fund Panel and Board of
HAMPSHIRE COUNTY COUNCIL held at the castle, Winchester on Friday, 29th
September, 2023

Chairman:
Councillor M. Kemp-Gee

Vice-Chairman:
* Councillor T. Thacker

Elected members of the Administering Authority (Councillors):

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

Employer Representatives (Co-opted members):

- * Councillor S. Letts (Southampton City Council)
- Councillor P. Taylor (District Councils - Rushmoor Borough Council)
- * Ms F. Hnatow (University of Portsmouth)
- Councillor J. Smyth (Portsmouth City Council)

Scheme Member Representatives (Co-opted members):

- * Mr P. Reynolds (pensioners' representative)
- * Mr N. Wood (scheme members representative)
- * Ms L. Gowland (deferred members' representative)

Independent Adviser:

- * C. Dobson

*present

149. **APOLOGIES FOR ABSENCE**

Cllrs Glen, Harrison and Kemp-Gee sent their apologies.

150. **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.

151. **CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING (PUBLIC)**

The minutes of the Pension Fund Panel and Board held on 28 July 2023 were confirmed.

152. **DEPUTATIONS**

The Chairman welcomed two deputations from Christine Holloway and David Lee, and Jude Wilkinson who spoke on item 14 of the agenda.

153. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman congratulated Mr Phillip Reynolds on being appointed as the Pensioner Representative on the Panel and Board and informed the committee that Mr Paul Barber, who unfortunately couldn't attend the meeting, had been appointed as the new deputy.

The Chairman informed the committee that Cllr Cooper had been replaced on the committee by Cllr Harrison. And the Chairman welcomed back Cllr Letts as the new representative of Southampton City Council.

154. **GOVERNANCE: RESPONSIBLE INVESTMENT SUB-COMMITTEE APPOINTMENTS**

The Panel and Board considered a report of the Director of Corporate Operations (item 6 in the Minute Book) for appointments to be made to the Pension Fund's Responsible Investment Sub-Committee. The terms of reference for a Responsible Investment (RI) sub-committee specify that the Sub-Committee's membership will be reviewed annually by the Panel and Board 'following the principle that appointments will rotate annually where practical and taking proportionality requirements into account'.

RESOLVED:

That Ms Hnatow was appointed to the Responsible Investment Sub-Committee and Mr Reynolds, Cllr Letts, Cllr Harrison and Cllr Mocatta were appointed as deputies.

155. **DRAFT MINUTES OF THE RESPONSIBLE INVESTMENT SUB-COMMITTEE - 12 SEPTEMBER 2023**

The Panel and Board received the (non-exempt) minutes of the RI Sub-committee on 12 September 2023.

156. **MINUTES OF THE ACCESS JOINT COMMITTEE (PUBLIC) – 5 JUNE 2023**

The Panel and Board received the (non-exempt) minutes of the ACCESS Joint Committee on 5 June 2023.

157. **GOVERNANCE: PENSION FUND PANEL AND BOARD TRAINING PLAN 2023/24**

The Panel and Board considered a report of the Director of Corporate Operations (item 9 in the Minute Book) setting out the proposed training arrangements for Members of the Pension Fund Panel and Board in 2023/24. The Director underlined the importance of training for Panel and Board members in their role in the governance of the Pension Fund and their regulatory responsibilities as Pension Committee and Board members.

The Director clarified that the training policy now included a minimum training requirement for Panel and Board consisting of:

- For new Members; the LGA Fundamentals course which provides background on LGPS legislation and governance, and for all Members;
- The Hymans Aspire modules – to be completed in the next 12 months; and
- Internal briefing sessions designed to cover areas highlighted from Members TNAs and matters arising from the Pension Fund's Business Plan.

The Director recommended that the Panel and Board complete Hymans Robertson's LGPS Knowledge Assessment, an online independent assessment that would provide an additional layer of assurance to evidence the Panel and Board's sound approach to training. The Director stressed that the requirement for training as a Panel and Board is strong and only increasing through the SAB's Good Governance agenda, and the Knowledge Assessment would be an appropriate further step for the governance of the Pension Fund.

Members had completed a training needs analysis which had been used by the Pension Fund's officers to identify relevant previous training that can be recirculated to Members, as well as proposing a new programme of internal training for 2023/24. Following the positive feedback on the recent LGC conference, Members expressed their support that the training budget continues to fund three places at the 2023 conference.

RESOLVED:

The Panel and Board:

- a) Noted its obligation in regulation for knowledge and understanding as an LGPS Panel Board and the increasing scrutiny of this area.
- b) Agreed to commit to completing the Minimum Training Requirements set out in the report including completing the Hymans Aspire modules in the next 12 months.
- c) Agreed to sign up to the Hymans Robertson LGPS National Knowledge Assessment.
- d) Approved the remainder of the Training Policy and Plan for 2023/24.

158. INVESTMENTS: SUSTAINABLE INVESTMENT

The Panel and Board considered a report of the Director of Corporate Operations (item 10 in the Minute Book) reporting on the Pension Fund's sustainable investments in its alternative investment portfolios (private equity, private debt and infrastructure). To date it had been difficult to quantify the Pension Fund's alternative investments contribution to managing climate change because the availability of carbon data for these types of investments was lagging listed investments, although this was slowly improving. However due to their ability to invest in early stage and smaller enterprises, as well as real assets, alternative investments are ideally suited to make sustainable investments.

The Pension Fund's officers had asked the Fund's alternative investment managers to identify the investments in their current portfolios that would meet sustainability objectives. The investment managers were then asked what proportion of sustainable investments they could get to in their portfolios by 2025/26 without compromising their ability to meet Hampshire investment targets. Of the Pension Fund's combined 22.5% allocation to alternative investments 3.5% of the total Pension Fund is currently invested in sustainable investments (£313m as at 31 March 2023).

The Director reported that the Fund's sustainable investments include 0.6% (£52m as at 31 March 2023) of investments in the UK, which would count as investment in the Levelling-Up agenda, plus a further £40m in the Fund's UK property portfolio. The Pension Fund's alternative investment managers confirmed that they could grow the sustainable investments in their portfolios to a combined 7% of the total Pension Fund by 2026. This was considered an initial step for the Fund for the first time establishing a target for sustainable alternative investments. Beyond 2026 the target could be revisited with the investment managers in the expectation of further increases.

RESOLVED:

- a) That the Panel and Board notes that:
 - Of the Pension Fund's combined 22.5% allocation to alternative investments, 16.9% is currently invested in sustainable investments (3.5% of the whole Fund or nearly £313m as at 31 March 2023).
 - Of this 2.8% (0.6% of the whole Fund or £52m as at 31 March 2023) are investments in the UK, which would count as investment in the Levelling-Up agenda.
 - The Pension Fund's alternative investment managers have confirmed that they could grow the sustainable investments in their portfolios to a combined 31.1% (7.0% of the total Pension Fund) by 2026.

- b) That the Panel and Board agrees the aims set out in this report for the Fund's three alternative investment portfolio to increase their allocations to sustainable investments as follows by 2026:
 - Private Equity - 20%
 - Infrastructure – 50%
 - Private Debt – 10%.

- c) That having agreed initial aims for sustainable investments the Panel and Board agreed to join the group Pensions for Purpose.

159. 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.

160. CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING (EXEMPT)

The exempt minutes of the Pension Fund Panel and Board held on 28 July 2023 were confirmed.

161. MINUTES OF THE ACCESS JOINT COMMITTEE 5 JUNE 2023 (EXEMPT)

The Panel and Board received the exempt minutes of the ACCESS Joint Committee on 5 June 2023.

162. GOVERNANCE: POOLING CONSULTATION

The Panel and Board received a report from the Director of Corporate Operations (Item 14 in the Minute Book) to share a draft response to the Government consultation: Next steps on investments. [SUMMARY OF AN EXEMPT MINUTE]

163. INVESTMENTS - INVESTMENT UPDATE

The Panel and Board received a report from the Director of Corporate Operations (Item 15 in the Minute Book) updating the Panel and Board on the Fund's investments. [SUMMARY OF AN EXEMPT MINUTE]

164. INVESTMENTS - ALTERNATIVE INVESTMENTS PORTFOLIO UPDATE

The Panel and Board received a report from the Director of Corporate Operations (Item 16 in the Minute Book) updating the Panel and Board on the Fund's alternative investments. [SUMMARY OF AN EXEMPT MINUTE]

Chairman, 12 December 2023

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