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NOTICE OF MEETING

Meeting	Hampshire Pension Fund Panel and Board
Date and Time	Friday, 29th September, 2023 at 11.30 am
Place	Chute Room, Ell Court South, Winchester
Enquiries to	members.services@hants.gov.uk

Carolyn Williamson FCPFA
Chief Executive
The Castle, Winchester SO23 8UJ

FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast live on the County Council's website and available for repeat viewing, it may also be recorded and filmed by the press and public. Filming or recording is only permitted in the meeting room whilst the meeting is taking place so must stop when the meeting is either adjourned or closed. Filming is not permitted elsewhere in the building at any time. Please see the Filming Protocol available on the County Council's website.

AGENDA

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore all Members with a Personal Interest in a matter being considered at the meeting should consider, having regard to Part 5, Paragraph 4 of the Code, whether such interest should be declared, and having regard to Part 5, Paragraph 5 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

3. CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING (PUBLIC) (Pages 5 - 10)

To confirm the public Minutes of the meeting held on 28 July 2023.

4. DEPUTATIONS

To receive any deputations notified under Standing Order 12.

5. CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

6. GOVERNANCE: RESPONSIBLE INVESTMENT SUB-COMMITTEE APPOINTMENTS (Pages 11 - 14)

To consider a report from the Director of Corporate Operations asking the Panel and Board to agree appointments of members and deputies to the Responsible Investment sub-committee.

7. DRAFT MINUTES OF THE RESPONSIBLE INVESTMENT SUB-COMMITTEE - 12 SEPTEMBER 2023 (Pages 15 - 22)

To receive the draft minutes of the Responsible Investment Sub-Committee held on 12 September 2023.

8. MINUTES OF THE ACCESS JOINT COMMITTEE (PUBLIC) – 5 JUNE 2023 (Pages 23 - 30)

To receive the public minutes of the ACCESS Joint Committee held on 5 June 2023.

9. GOVERNANCE: PENSION FUND PANEL AND BOARD TRAINING PLAN 2023/24 (Pages 31 - 72)

To consider a report of the Director of Corporate Operations setting out proposals for the training arrangements for members of the Panel and Board in 2023/24.

10. INVESTMENTS: SUSTAINABLE INVESTMENT (Pages 73 - 84)

To consider a report of the Director of Corporate Operations confirming the Pension Fund's current sustainable investments in its alternative investment portfolios and proposing targets for the investment managers to increase these allocations, as recommended by the Panel and Board's Responsible Investment Sub-Committee.

11. EXCLUSION OF THE PRESS AND PUBLIC

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

12. CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING (EXEMPT) (Pages 85 - 90)

To confirm the exempt minutes of the meeting held on 28 July 2023.

13. MINUTES OF THE ACCESS JOINT COMMITTEE 5 JUNE 2023 (EXEMPT) (Pages 91 - 100)

To receive the exempt minutes of the ACCESS Joint Committee held on 5 June 2023.

14. GOVERNANCE: POOLING CONSULTATION (Pages 101 - 164)

To receive an exempt report from the Director of Corporate Operations outlining the Government's last policy consultation on LGPS investment pooling, and the draft responses to the consultation from the ACCESS and Hampshire Pension Fund.

15. INVESTMENTS - INVESTMENT UPDATE (Pages 165 - 182)

To consider the exempt report of the Director of Corporate Operations updating the Panel and Board on the Pension Fund's investments since the last meeting of the Pension Fund Panel and Board.

16. INVESTMENTS - ALTERNATIVE INVESTMENTS PORTFOLIO UPDATE (Pages 183 - 198)

To consider the exempt report of the Director of Corporate Resources - Corporate Services updating the Pension Fund Panel and Board on the progress of the alternative investments portfolio.

ABOUT THIS AGENDA:

On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING:

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact members.services@hants.gov.uk for assistance.

County Councillors attending as appointed members of this Committee or by virtue of Standing Order 18.5; or with the concurrence of the Chairman in connection with their duties as members of the Council or as a local County Councillor qualify for travelling expenses.

Agenda Item 3

AT A MEETING of the Hampshire Pension Fund Panel and Board of
HAMPSHIRE COUNTY COUNCIL held at the castle, Winchester on Friday, 28th
July, 2023

Chairman:

* Councillor M. Kemp-Gee

Vice-Chairman:

* Councillor T. Thacker

Elected members of the Administering Authority (Councillors):

* M. Cooper	* A. Crawford
* T. Davies	J. Glen
* D. Hiscock	* A. Joy
* R. Mocatta	* D. Drew

Employer Representatives (Co-opted members):

Councillor S. Leggett (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):

* Dr C. Allen (pensioners' representative)
* Mr N. Wood (scheme members representative)
* Ms L. Gowland (deferred members' representative)

Independent Adviser:

* C. Dobson

*Present

Also present with the agreement of the Chairman: Councillor Davies as an
observer

130. **APOLOGIES FOR ABSENCE**

Councillors Glen and Leggett and Ms Hnatow sent their apologies.

131. **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.

No declarations were made.

132. CONFIRMATION OF MINUTES OF PREVIOUS MEETING (PUBLIC)

The minutes of the Pension Fund Panel and Board held on 24 March 2023 were confirmed as a correct record and signed by the Chairman.

133. DEPUTATIONS

No deputations were received by the Panel and Board on this occasion.

134. CHAIRMAN'S ANNOUNCEMENTS

The Chairman and the committee thanked and congratulated Dr Cliff Allen for his service to the Pension Fund at the last meeting of his term as the pensioner representative on the Panel and Board. An advertisement has now been published for a new representative and the Director of Corporate Operations will hold interviews in September 2023.

The Chairman confirmed for the committee that the unitary representative has transferred from Portsmouth to Southampton City Council for the new municipal year, with Cllr Leggett being the current representative and Cllr Smyth the deputy employer representative.

Cllr Kemp-Gee highlighted to the committee that the Government is consulting on 'Next steps on investment' including proposals on investment pooling and local investment. The consultation was shared with Members by the Director. The consultation closes on 2 October 2023. It is expected that draft consultation responses will be on the Panel and Board's agenda for the next meeting on 29 September 2023.

135. 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 Cllrs Kemp-Gee, Thacker, Davies, and Hiscock, Ms Gowland were appointed to the Responsible Investment Sub-Committee with the employer representative to be confirmed later.

136. **ACCESS JOINT COMMITTEE MINUTES - 6 MARCH 2023 (PUBLIC)**

The Panel and Board received the (non-exempt) minutes of the ACCESS Joint Committee on 6 March 2023.

137. **GOVERNANCE: INTERNAL AUDIT OPINION 2022/23**

The Panel and Board received and noted a report of the Director of Corporate Operations (item 8 in the Minute Book) providing the Pension Fund Panel and Board with the Chief Internal Auditor's opinion on the adequacy and effectiveness of internal control of the Pension Fund. 'Substantial Assurance' can be placed on the Pension Fund's framework of governance, risk management and management control and audit testing has demonstrated controls to be working in practice.

138. **GOVERNANCE: PENSION ADMINISTRATION AND FUND ACTUARY INTRODUCTION**

The Panel and Board received and noted a report from the Director of Corporate Operations (Item 9 in the Minute Book) on the administration of the Pension Fund in 2022/23. Pension Services have performed well against the four key measures for good administration in 2022/23. The 2022/23 administration cost per member was £13.83 (£12.82 in 2021/22). The increase in cost from the previous year was due to the work on the McCloud remedy for which the Fund's share was £104,000 (51p per member). There will be further costs in relation to Pension Services current key projects the McCloud remedy, Guaranteed Minimum Pensions (GMP) rectification and Pension Dashboards over the next two years.

The Director provided an update on key business as usual work and planned projects:

- Over 87,500 members have now registered for the Member Portal.
- The Government has recently closed its consultation on draft regulations for McCloud. Legislation is expected before the effective date of 1 October 2023 but there remains a number of issues to be resolved.
- Work to prepare data for the Pension Dashboards programme has continued despite the Government announcing a delay to the overall project.
- The rectification stage of the GMP reconciliation project has started with the aim of correcting any under or over paid pension payments over the next six months.
- Employers have provided their annual returns which provided information on active members and is used to produce annual benefit statements and valuation data. All these returns have been uploaded onto the pension administration system, although there has continued to be a decline in timeliness and quality this year due in part to employers experiencing resourcing pressures.

Representatives of Hymans Robertson – the Pension Fund's new actuary attended the meeting to introduce themselves to the committee.

139. **INVESTMENT: CASH OUTTURN REPORT**

The Panel and Board received a report from the Director of Corporate Operations (Item 10 in the Minute Book) on the management of the Pension Fund's cash balances in 2022/23. The Pension Fund receives cash each month from contributions made by employees and employers, and from investment income. The Pension Fund requires a cash balance to be able to pay pensions and other costs. There are rigorous procedures in place to ensure the security of all cash deposits which are managed by the County Council in separate investment accounts for the Pension Fund. These include criteria for the quality of counterparties and limits on the amount that can be placed with any one counterparty as set out in the Pension Fund's Annual Investment Strategy for 2022/23 for cash, which was approved by the Pension Fund Panel and Board on 16 December 2022 and has been complied with.

The Pension Fund can confirm its net position from dealing with members at the end of 2022/23, the end of the three-year triennial valuation period which shows net additions of £53.9m over 3 years. As reported to the Panel and Board in March 2023 as part of the consideration of the revised investment strategy, the Fund is forecast to move into a cashflow deficit in the new triennial period as the inflationary increase to benefits paid outstrips contributions. The forecast shortfall from dealing with members is £28m p.a. The revised investment strategy agreed in March 2023 included changes to take income from more of the Fund's portfolios to help mitigate this shortfall.

RESOLVED:

That the outturn report on the Pension Fund's cash management in 2022/23 was approved.

140. **GOVERNANCE: RISK MANAGEMENT**

The Panel and Board received a report from the Director of Corporate Operations (Item 11 in the Minute Book) introducing the Pension Fund's Risk Register. The Risk Register continues to use Hampshire County Council's risk scoring methodology, with the exception that the financial values have been revised to reflect the size of the Pension Fund. Further consideration will be given to how the respective categories are mapped to the Pension Fund.

Since it was last reported to the Panel and Board in the Fund's Business Plan in December 2022, one risk has been amended. The scope of investment pooling risk has been widened to include the risk of an unfavourable outcome as a result of further regulation. The likelihood of this risk has also been increased following the consultation published after the Chancellor's Mansion House speech in July 2023.

RESOLVED:

That the amended Risk Register was approved.

141. **GOVERNANCE: ANNUAL REPORT**

The Panel and Board received a report from the Director of Corporate Operations (Item 12 in the Minute Book) introducing the 2022/23 draft Pension Fund Annual Report. The Pension Fund's accounts are included in the Annual Report. The accounts are subject to audit and it may therefore be necessary to make minor changes to the Annual Report at the conclusion of the audit. As the Pension Fund accounts are part of the County Council's accounts, the Pension Fund's accounts cannot be signed off until the audit of the County Council's accounts is complete. As the 2021/22 audit of the Council's accounts has not yet been completed the Pension Fund Annual Report and Accounts 2021/22 remain in draft.

The Annual Report includes details of the Fund's governance, administration, and investments, as well as the Fund's accounts. The annual report also includes additional information on pooling, including:

- details of the ACCESS pool's annual report
- an update on progress with investment pooling.

The Director reported the total cost of managing the Pension Fund in 2022/23 which was presented based on CIPFA's guidance, which includes additional requirements for the Fund's Annual Report to report on investment management costs for pooled and non-pooled investments. The investment management costs of pooled investments are disproportionately lower than the non-pooled investments because of the different assets in each category. During 2022/23, Hampshire's net cumulative saving from pooling with ACCESS increased to £4.8m.

RESOLVED:

- That the contents of the draft Annual Report for 2022/23 was noted and approved for publication.
- That authority was delegated to the Director of Corporate Operations to make any necessary minor amendments to the Annual Report prior to publication. Any significant changes will be reported back to the Panel and Board at a future meeting.
- That the remainder of the report, including the total cost of managing the Fund, was noted.

142. **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 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.

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

The exempt minutes of the Pension Fund Panel and Board held on 24 March 2023 were confirmed as a correct record and signed by the Chairman.

144. ACCESS JOINT COMMITTEE MINUTES (EXEMPT) 6 MARCH 2023

The Panel and Board received the (exempt) minutes of the ACCESS Joint Committee on 6 March 2023.

145. GOVERNANCE: ANNUAL REPORT - EXEMPT APPENDIX

The Panel and Board considered and noted the exempt appendix from the Director of Corporate Operations (Item 16 in the Minute Book) containing details of the Pension Fund's investment management costs.

146. GOVERNANCE: CYBERSECURITY UPDATE

The Panel and Board considered the exempt report from the Director of Corporate Operations (Item 17 in the Minute Book) updating the Panel and Board on the cybersecurity of the Pension Fund.

(Summary of an exempt minute)

147. INVESTMENTS: CUSTODIAN UPDATE

The Panel and Board considered the exempt report from the Director of Corporate Operations (Item 18 in the Minute Book) updating the Panel and Board on the performance of the Pension Fund's custodian.

(Summary of an exempt minute)

148. INVESTMENTS: INVESTMENT UPDATE

The Panel and Board considered the exempt report from the Director of Corporate Operations (Item 19 in the Minute Book) updating the Panel and Board on the performance of the Pension Fund's investments.

(Summary of an exempt minute)

Chairman, 29 Septmeber 2023

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Panel and Board
Date:	29 September 2023
Title:	Governance: Responsible Investment Sub-Committee Appointments
Report From:	<i>Director of Corporate Operations</i>

Contact name: Andrew Bouflower

Tel: 0370 779 6896

Email: andrew.bouflower@hants.gov.uk

Purpose of this Report

1. To ask the Panel and Board to agree appointments of members and deputies to the Responsible Investment sub-committee.

Recommendation

2. That the committee appoints an employer representative member and deputies for all roles on the Responsible Investment sub-committee, noting that for the four politically proportionate Hampshire County Council members this should currently be on the basis of three Conservatives and one Liberal Democrat.

Responsible Investment sub-committee

3. 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'. In agreeing that deputies are appointed to the RI sub-committee the Panel and Board hoped that they would be drawn where possible from previous members of the RI sub-committee. Furthermore the terms of reference specify that the committee is to be made up as follows:

- four County Council members,
- one scheme member representatives,
- one employer representative.

4. At its last meeting the Panel and Board made the following appointments:

Members

- Cllr Kemp-Gee
- Cllr Thacker
- Cllr Davies
- Cllr Hiscock
- Mr Wood
- Employer representative - vacant

Deputies

- none

5. It remains for the Panel and Board to appoint an employer representative and all the deputies roles on the RI sub-committee.

Climate Change impact assessments

6. 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.
7. 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.
8. 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 \(hants.gov.uk\)](#). The policy established the RI sub-committee, which is considered in this report. The sub-committee gives the Panel and Board greater capacity to consider the ESG factors associated with the Fund's investments, including climate change.

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.

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Hampshire Pension Fund Panel and Board
Date:	29 September 2023
Title:	Draft Minutes of the Hampshire Pension Fund Responsible Investment Sub-Committee – 12 September 2023
Report From:	Director of Corporate Operations

Contact name: Andrew Boutflower

Tel: 0370 779 6896

Email: andrew.boutflower@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to present the draft minutes from the meeting of the Minutes of the Hampshire Pension Fund Responsible Investment Sub-Committee which took place on 12 September 2023

Recommendation

2. That the Pension Fund Panel and Board receives and notes the draft minutes as attached to this report.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
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

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.)

Document

Location

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:

This report requests that the Audit Committee receive and note the minutes of the Hampshire Pension Fund Panel and therefore the recommended action will not impact on groups with protected characteristics in any way.

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AT A MEETING of the Hampshire Pension Fund Responsible Investment Sub-Committee of HAMPSHIRE COUNTY COUNCIL held at the Castle, Winchester on Tuesday, 12th September, 2023

Chairman:
*Councillor M. Kemp-Gee

Vice-Chairman:
*Councillor T. Thacker

Elected members of the Administering Authority (Councillors)
*D. Hiscock *T. Davies

Employer Representatives (Co-opted members):

Scheme Member Representatives (Co-opted members):
Ms. L. Gowland

Observing
* Cllr A. Crawford

*present

45. **APOLOGIES**

Ms Gowland sent her apologies.

46. **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 5 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.

47. **ELECTION OF CHAIRMAN**

Mr Hodgson opened the meeting and asked for nominations for Chairman.

RESOLVED:

That Cllr Kemp-Gee was confirmed as Chairman.

48. **ELECTION OF VICE-CHAIRMAN**

The Chairman proposed Cllr Thacker as Vice-Chairman.

RESOLVED:

That Cllr Thacker was confirmed as Vice-Chairman.

49. **MINUTES**

The minutes of the Responsible Investment (RI) Sub-Committee held on 2 March 2023 were confirmed.

50. **CHAIRMAN'S ANNOUNCEMENTS**

Cllr Kemp-Gee welcomed Cllr Crawford to the meeting as an Observer.

The Chairman confirmed that the Pension Fund Panel and Board still needed to appoint an Employer Representative and substitute Members to the sub-committee, which would be addressed at the Panel and Board's September meeting.

51. **DEPUTATIONS**

No deputations were received.

52. **SCHEME MEMBER COMMUNICATIONS**

The RI Sub-Committee received and noted the report from the Director of Corporate Operations (Item 8 in the Minute Book) updating the sub-committee on communication from scheme members since the last meeting of the sub-committee. The Director highlighted to the sub-committee that its terms of reference include the action to engage directly and indirectly with scheme members and employers to hear representations concerning ESG issues.

Since the sub-committees last meeting a County Councillor (not a member of the Pension Fund Panel and Board) received an email from a resident advocating that the Pension Fund disinvests from fossil fuels. A response was provided that reiterated the Fund's RI policy of why it believes it is better to remain invested and engaged with fossil fuel companies where investment managers have selected them in the Fund's investment portfolios.

The Assistant Director received an email from a scheme member highlighting recent research published by The Carbon Tracker Initiative. The research warned that pension funds are risking their investments by under-estimating the impact of global warming in scenario analysis commissioned from investment consultants and actuaries. The Director reported that this will be raised with the Pension Fund's actuaries and consultants, the next time that scenario analysis is commissioned.

53. STEWARDSHIP HIGHLIGHT REPORT

The RI Sub-Committee received and noted the report from the Director of Corporate Operations (Item 9 in the Minute Book) providing a summary of how the Pension Fund's investment managers have voted on behalf of the Fund for the equities that they are invested in and engaged with company management. The Pension Fund is a signatory to the UN Principles for Responsible Investment and the UK Stewardship Code and as such recognises its role of promoting best practice in stewardship, which is considered to be consistent with seeking long term investment returns.

The analysis showed that the majority of votes cast against companies' management were for the following reasons:

- nominees for company directors being not sufficiently independent,
- remuneration policies where the level of pay was felt to be excessive
- to improve the empowerment of investors, and
- the appointment of auditors where the incumbent audit firm has been in place too long or the disclosure of non-audit fees to the company was not clear.

It was noted that the full details of how votes have been cast for the Pension Fund was published on its RI webpage: <https://www.hants.gov.uk/hampshire-services/pensions/responsible-investment>

The Director's report also included a number of examples of the company engagement activities that the Pension Fund's equity and multi-asset credit investment managers had undertaken. The examples deliberately focused on investments that had been highlighted as an Environmental, Social or Governance (ESG) risk by the Fund's RI consultants.

54. SUSTAINABLE INVESTMENTS

The RI Sub-Committee received a report from 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 has been difficult to quantify the Pension Fund's alternative investments (private equity, private debt and infrastructure) contribution to managing climate change because the availability of carbon data for these types of investments is lagging listed investments, although this is 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 have 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 have confirmed that they could grow the sustainable investments in their portfolios to a combined 7% of the total Pension Fund by 2026. This is an initial step for the Fund for the first time establishing a target for sustainable alternative investments.

Beyond 2026 the target can be revisited with the investment managers in the expectation of further increases.

RESOLVED:

To recommend to the Pension Fund Panel and Board that it agrees the aims set out in this report for the Fund's three alternative investment portfolios to increase their allocations to sustainable investments as follows by 2026:

- Private Equity - 20%
- Infrastructure – 50%
- Private Debt – 10%.

Chairman, 1 March 2024

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Hampshire Pension Fund Panel and Board
Date:	29 September 2023
Title:	Minutes of the ACCESS Joint Committee (Public) – 5 June 2023
Report From:	Director of Corporate Operations

Contact name: Andrew Boutflower

Tel: 0370 779 6896

Email: andrew.boutflower@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to present the public minutes from the meeting of the ACCESS Joint Committee which took place on 5 June 2023.

Recommendation

2. That the Pension Fund Panel and Board receives and notes the minutes as attached to this report.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
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

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.)

Document

Location

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:

This report requests that the Audit Committee receive and note the minutes of the Hampshire Pension Fund Panel and therefore the recommended action will not impact on groups with protected characteristics in any way.

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ACCESS JOINT COMMITTEE

MINUTES of a meeting of the ACCESS Joint Committee held at Bevin Hall, LGA Building, 18 Smith Square, London, SW1P 3HZ on Monday, 5th June, 2023.

PRESENT: Chair: Cllr Mark Kemp-Gee (Hampshire CC), Vice-Chair: Cllr Susan Barker (Essex CC), Cllr Gerrard Fox (East Sussex CC) Cllr Charlie Simkins (Kent CC), Mr Jeremy Hunt (West Sussex CC), Cllr Judy Oliver (Norfolk CC), Cllr Andrew Williams (Hertfordshire CC), Cllr Vanessa Churchman (Isle of Wight Council), Cllr Colin Kreidewolf (Suffolk CC)

UNRESTRICTED ITEMS

94. Apologies/Substitutes.
(Item. 1)

1. Apologies were received from Cllr Longley, Cllr Whelan and Cllr Soons who was substituted by Cllr Kreidewolf.

RESOLVED that the apologies be noted.

95. Declaration of interests in items on the agenda.
(Item. 2)

None were received.

96. Election of Chair.
(Item. 3)

1. Mr Simkins proposed and Cllr Fox seconded that Cllr Kemp-Gee be elected Chair of the ACCESS Joint Committee.
2. No other nominations were received.

RESOLVED that Cllr Kemp-Gee be elected Chair of the ACCESS Joint Committee.

97. Election of Vice-Chair.
(Item. 4)

1. Cllr Kemp-Gee proposed and Cllr Churchman seconded that Cllr Barker be elected Vice-Chair of the ACCESS Joint Committee.
2. No other nominations were received.

RESOLVED that Cllr Barker be elected Vice Chair of the ACCESS Joint Committee.

98. Minutes of the meeting held on 6 March 2023.

(Item. 5)

RESOLVED that the minutes from the meeting held on 6 March 2023 be signed as a true and accurate record.

99. Chair's remarks.

(Item. 6)

1. The Chair thanked the Joint Committee for his re-election and the ASU for their support throughout his time as Chair. He reflected on RI; communication; and governance & political cooperation as the three themes of his first term. He committed to continue to lead ACCESS in bearing down on investment management costs and noted that cross fertilisation of funds would accelerate progress.
2. The Chair formally welcomed Local Pension Board observers from Cambridgeshire, West Northamptonshire and West Sussex.

RESOLVED that the Chair's remarks be noted.

100. Business Plan, Budget & Risk Management.

(Item. 7)

1. Mr McDonald provided an overview of the 2022/23 Business Plan, financial outturn and 2023/24 Business Plan. He explained that whilst a number of milestones had been met in 2022/23 many were longer term and ongoing into 2023/24. It was noted that the Department for Levelling Up, Housing and Communities' consultation on pooling was anticipated ahead of the summer parliamentary recess, which would enable a draft consultation response to be brought to the September meeting. He informed Members that, in view of current priorities, the outcome of the planned Communications re-procurement would be brought to the December meeting.
2. Members discussed ACCESS's resourcing and audit arrangements.

RESOLVED to:

1. note the 2022/23 Business Plan summary, 2022/23 financial outturn, 2023/24 Business Plan update and matters highlighted on risk management; and
2. agree to extend the existing arrangements with MHP Mischief as Communication Partner until 31 December 2023.

Motion to exclude public and press

RESOLVED that under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 & 5 of part 1 of Schedule 12A of the Act.

101. Exempt Minutes of the meeting held on 6 March 2023.

(Item. 8)

RESOLVED that the exempt minutes from the meeting held on 6 March 2023 be signed as a true and accurate record.

102. BAU Evaluation.
(Item. 9)

1. Mr McDonald provided an update on the Business As Usual Evaluation. He addressed the procurement timetable and operator arrangements.

RESOLVED to note the report and maintain plans for the original BAU procurement timetable.

103. Link Presentation.
(Item. 10)

Karl Midl, Richard Thornton and Colin Jones from Link Fund Solutions were present for this item.

1. Mr Midl provided an update on Link's corporate activity and future changes, as well as current progress on key workstreams.

RESOLVED that the presentation be noted.

104. Alternative Assets.
(Item. 11)

1. Andrew Bouflower (Hampshire) provided an update on pool aligned alternative investments, including existing pooled assets and opportunities for future integration.

RESOLVED to note:

1. the legal advice provided to the ACCESS pool on how pooling Alternative Investments is provided for in ACCESS Inter-Authority Agreement (IAA) and the provision of regulated financial advice; and
2. the basis that existing infrastructure investments have been identified for becoming potential Pool-Aligned investments, and that work will be commissioned to support this with a report to the Joint Committee's next meeting for a decision.

105. Implementation Advisor.
(Item. 12)

1. Mr McDonald provided an overview of the report which updated the Joint Committee on Implementation Adviser developments as well as a proposal that Apex be asked to complete the outstanding actions in relation to the property model.

RESOLVED to:

1. note the content of the report; and
2. agreed the report's recommendations.

106. Performance update.
(Item. 13)

1. Sharon Tan (Suffolk) provided an overview of ACCESS Pool performance, including reference to the Investment Performance Report, which showed that pooled assets of all ACCESS Authorities amounted to £34.417 billion at the end of March 2023 (an increase of £1.675 billion from the September quarter). It was noted that total Pool aligned assets had increased by £540 million and represented 59% of total assets.

RESOLVED that the report be noted.

107. Sub-fund implementation.

(Item. 14)

1. Alistair Coyle (ASU) provided an update on the progress with sub-funds.

RESOLVED that the Committee notes the matters highlighted within the report.

108. Contract Management.

(Item. 15)

1. Mark Paget (ASU) provided an update on Contract and Supplier Relationship Management activity.

RESOLVED to note the matters highlighted within the report, the activity that has taken place and forthcoming plans.

109. Internal Audit of the ASU.

(Item. 16)

1. Mr McDonald summarised the contents of the report which set out Essex County Council's internal audit investigation of ACCESS and its assurance opinion that there continues to be a sound system of internal controls in place. It was noted that consultation on the next audit's Terms of Reference would include ACCESS Authority Section 151 Officers.

RESOLVED to note the matters highlighted within the report.

110. Risk Management.

(Item. 17)

1. Mr Paget provided an update on the risk register summary, highlighting those risks which had changed, been added, or removed.

RESOLVED to note the matters highlighted within the report.

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Panel and Board
Date:	29 September 2023
Title:	Governance: Pension Fund Panel and Board Training in 2023/24
Report From:	Director of Corporate Operations

Contact name: Daniel O'Rourke

Tel: 0370 779 6597

Email: Daniel.O'Rourke@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to set out proposals for the training arrangements for members of the Pension Fund Panel and Board in 2022/23.

Recommendations

2. It is recommended that the Panel and Board:
 - i. Note its obligation in regulation for knowledge and understanding as an LGPS Panel Board and the increasing scrutiny of this area.
 - ii. Agree to commit to completing the Minimum Training Requirements set out in the report including completing the Hymans Aspire modules in the next 12 months.
 - iii. Agree to sign up to the Hymans Robertson LGPS National Knowledge Assessment.
 - iv. Approve the remainder of the Training Policy and Plan for 2023/24 and make any additional suggestions for further training.

Executive Summary

3. This report sets out proposals for the training arrangements for members of the Pension Fund Panel and Board in 2023/24.

4. The report considers the Training Needs Analyses (TNAs) completed by Panel and Board members in 2023. The report also includes proposals for the Panel and Board's training sessions in 2023/24 and 2024/25.
5. This report includes the proposed Training Policy and Plan for 2023/24 (attached at Appendix 1) for approval which is based on the Public Service Pension Act 2013 requirement for Pension Board members to have the knowledge and understanding that is appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the Pension Board.

Background

6. Members of the Pension Fund Panel and Board are asked to complete a TNA, which was designed around the CIPFA Pensions Finance Knowledge and Skills Framework for Elected Representatives and Non-Executives in the Public Sector, and the CIPFA Technical Knowledge and Skills Framework for Local Pension Boards, in order to ensure the Panel and Board meet the requirements set out in the guidance referenced in the regulations.
7. The aim of completing the TNAs is to identify members' individual training needs and enable the Training Policy and Plan for 2022/23 to be prepared, setting out how these training needs would be met and to give priority to any needs that are shared by a number of the Panel and Board Members.
8. It is a legal requirement, as set out under section 248A of the Pensions Act 2004, that every individual who is a member of a Local Pension Board must:
be conversant with:
 - the rules of the scheme, in other words the Regulations and other regulations governing the LGPS (including the Transitional Regulations, earlier regulations and the Investment Regulations); and
 - any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme; andhave knowledge and understanding of:
 - the law relating to pensions; and
 - such other matters as may be prescribed.
9. As one of only two combined Pension Committees and Boards, it is an almost unique commitment in the LGPS that all Hampshire Panel and Board Members must demonstrate the above. This is not yet a requirement of other LGPS pension committees, however expectations for those charged with the

governance of the LGPS are rising. The Scheme Advisory Board's (SABs) Good Governance review (which it is still expected that the Government will write into regulation), recommended the 'requirement for key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively' and for 'a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements'.

10. The Pension Fund is confident that it already meets the requirements of good governance through the publication of its Training Policy and reporting on the completing of Member and officer training in the Fund's Annual Report. However the ongoing compliance with good governance standards and Hampshire's permission for a combined Panel and Board is reliant on the continued completion of training, in particular the minimum training requirements for Members set out below which evidences Hampshire's approach to training.

Minimum training requirement

11. In addition to their own independent training and learning, which can include the attendance at external online or in-person training events provided by third parties such as investment managers and conference providers, the Panel and Board are recommended to complete the following:
 - For new Members; the **LGA Fundamentals** course which provides background on LGPS legislation and governance, and for all Members;
 - **The Hymans Aspire modules** – described in more detail below, and
 - **Internal briefing sessions** designed to cover areas highlighted from Members TNAs and matters arising from the Pension Fund's Business Plan.
12. **Hymans Aspire modules** - Two years ago the Panel and Board agreed to subscribe to Hyman's Robertson's Aspire online learning for the LGPS. At the time it was outlined to Members that this was a new offering from Hymans, with an initial sign-up period of 2 years, following which time Hymans would refresh the content of the modules. This has now taken place and the number of modules has expanded from six to eight as follows:
 1. Committee role and pensions legislation
 2. Pensions governance
 3. Pensions administration
 4. Pensions accounting and audit

5. Procurement and relationship management
 6. Investment performance and risk
 7. Financial markets and product knowledge
 8. Actuarial methods standards and practices
13. The training remains specifically designed for those involved in the governance of the LGPS and therefore is considered an essential foundation for all Panel and Board members, to be repeated biennially to ensure that all Panel and Board members have the same core level of understanding. The modules remain about an hour in length and have a short assessment at the end of each module to enable users to check their understanding. The scores of each assessment will not form part of the Pension Fund's reporting.
14. It is recommended that the Panel and Board recommit to the completion of the Hymans Aspire modules in the next 12 months. To guarantee progress as a minimum Members are asked to complete two modules a quarter, by the month prior to the following Panel and Board meeting e.g. the first two modules should be completed by the end of November prior to the December Panel and Board meeting to allow reporting. Any instances where Members are not meeting this minimum completion rate will be followed up by the Director, Monitoring Officer and the respective Group Leader (for County Councillors). The following is available or Members to assist in their completion of the modules if they wish to request it:
- Support from the Director's team for Members in accessing the system either individually or as a group.
 - Pre-arranged on-line meetings to go through the modules as a group.
15. **Internal training programme** – Setout in Table 1 below is the current plan for the Panel and Board's internal training. Training will be based on areas suggested from the Members TNAs and matters arising from the Pension Fund's Business Plan. Topics will be led by the Pension Fund's officers and external experts as appropriate and will be a combination of online and in person sessions.
- Timberland investment (Stafford Capital)
 - Pension investment pooling and the current consultation (Andrew Boutflower)
 - Cyber security (Andy Lowe and Lois Downer)
 - Investment cost benchmarking (CEM)
 - Pension investment pooling for illiquid investments (Andrew Boutflower)

16. In addition to the proposals outlined any suggestions for training would be welcomed.

Knowledge Assessment

17. Last year Members considered commissioning Hymans Robertson's LGPS National Knowledge Assessment. This is an online independent assessment that will analyse the knowledge and skills of Panel and Board members with a particular focus on technical knowledge, roles and responsibilities, and decision making. This involves Members taking a 20-minute multiple choice assessment. The output of this assessment will be a report collectively detailing an analysis of results, a bespoke training plan, and suggested next steps. The report reflects the shared results of the assessment and suggested actions, it does not report on individuals.
18. The Director is again recommending that the Panel and Board signs up for the Knowledge Assessment as this would provide an additional layer of assurance to evidence the Panel and Board's sound approach to training as a whole. The cost for this service of £3,000 is included in the proposed training budget shown later in this report. As detailed above the requirement for training as a Panel and Board is strong and only increasing through the SABs Good Governance agenda, and the Knowledge Assessment would be an appropriate further step for the governance of the Pension Fund.
19. The current DLUHC consultation: Next Steps on Investments proposes that each administering authority sets a training policy for committee members and that each administering authority should report regularly on the training undertaken by committee members and whether this is in line with their training policy – further consideration of the consultation is included later on this agenda. Hampshire can already comply with these proposals, but this inclusion in the consultation is another indicator of the greater emphasis on pension committee training, and commissioning the Knowledge Assessment further reinforces Hampshire's approach in this area.

Training needs analysis

20. The remainder of this report sets out how other requirements identified in the Members TNAs can be met and how training will be administered for the Panel and Board, including the training budget.
21. The TNAs forms have been provided to members for their completion, and the majority of responses (11/22) have now been received. It is important that all Members return a completed form, and the template form is attached as Appendix 2.

22. The following summary is based on the completed TNAs. The training areas for which the largest numbers of Panel and Board members requested training are listed in Table 1.

Table 1 – Categories of training identified by the Training Need Analyses

	Number of Panel and Board members
Pensions legislative and governance context	4
Pensions accounting and auditing standards	2
Financial services procurement and relationship management	7
Investment performance and risk management	7
Financial markets and products knowledge	8
Actuarial methods, standards and practices	5
Pensions Administration	7

23. As well as assessing themselves against the topics included in CIPFA’s Knowledge and Skills Framework, Panel and Board members were also invited to propose additional ideas for training which they think could benefit the Panel and Board.

Proposals

24. The following paragraphs include suggestions for ways in which training can be provided to meet the needs identified in Table 1.

Pensions legislative and governance context

25. Panel and Board members are required to have a general awareness of the pensions legislative framework in the UK as well as Local Government Pension Scheme (LGPS) specific legislation and the main features relating to benefits, administration, and investment. Panel and Board members are also required to have full detailed knowledge of the constitutional framework, including an awareness of the role and statutory responsibilities of the treasurer and monitoring officer, and knowledge of the stakeholders of the Fund and the nature of their interests.

26. In 2017/18 a summarised version of the Fundamentals Training was presented to the Panel and Board which heavily features these training requirements. These slides are available from officers for Panel and Board members to refresh themselves on these areas if required. Governance documentation for the Panel and Board and Responsible Investment Sub-Committee and the Terms of Reference can be circulated to Members where necessary, as a refresher on the key functions of these bodies.
27. As background to the current Government Consultation on investment pooling (covered later on this agenda) a overview of the regulatory history and context for investment pooling has been provided as training for the Panel and Board.

Pensions accounting and auditing standards

28. Both the full and summarised version from 2017/18 of the Fundamentals Training heavily features these training requirements, as does the Hymans Aspire module on Pensions Accounting and Audit.

Financial services procurement and relationship management

29. The requirements of the Public Procurement regulations, which apply to all Local Government procurement, including that associated with pension funds. Also, understanding the nature and scope of risks for the Pension Fund and their importance when selecting third parties. The requirement for procurement for the Pension Fund has diminished now that investments are pooled, and much of Hampshire's investments will be available via ACCESS. However, procurement will potentially be required for advisers and non-pooled investments in the future. Training on procurement was provided in 2014 and the slides remain available on the Training Library, which officers will circulate as required. If there are significant procurement regulation or legislative changes, updated training will be provided.

Investment performance and risk management

30. A key role of the Panel and Board is the evaluation of the Pension Fund's investments, including the setting of appropriate return targets and the use of benchmarks. The requirements of the 2016 LGPS Investment Regulations include seeking appropriate investment advice. The Pension Fund received training from its advisers and investment managers in 2017 when setting the revised investment strategy and considering investments in new asset classes. The investment strategy was reviewed again in 2020, with the advice of Hymans Robertson, who attended Panel and Board meetings as an extension of their advice, providing guidance and understanding. These

reports will be circulated by officers as required. Further training is proposed on the Pension Fund's investment strategy in 2024.

31. The Risk Management report is published as part of the Pension Fund's Annual Report, and highlights identified and emerging areas of risk to the Pension Fund and how those can be managed and mitigated.

Financial markets and products knowledge

32. These areas include risk and return characteristics of the main asset classes (equities, bonds, property), and the role of these asset classes in long-term pension fund investing. Within investment markets there is a requirement for a broad understanding of the workings of the financial markets and of the investment vehicles available to the Pension Fund and the nature of the associated risks. Panel and Board members also need to have an awareness of the limits placed by regulation on the investment activities of local government pension funds.
33. An understanding of the different asset classes is something that newer Members will gain over time from reading reports to the Panel and Board on investment matters, from investment manager presentations to the Panel and Board or at conferences and seminars, and from asking questions of the investment managers. In addition, Members who wish to improve their knowledge in this area can use the Pension Regulator Trustee Toolkit website, particularly in the module on "An introduction to investment". This module covers investing in a pension scheme, types of assets, risk, reward, economic cycles, active and passive management, diversification and managing investments. The Trustee Toolkit website can be found at:
<https://trusteetoolkit.thepensionsregulator.gov.uk/>
34. The Fund's investment strategy was reviewed during 2022/23 following the triennial actuarial valuations of the Pension Fund, with the advice of Hymans Robertson who attended a Panel and Board meeting as an extension of their advice, providing guidance and training. These reports are available from the officers and provide useful background as a training resource. The Investment Strategy Review is due to be reviewed in 2025/26 in line with the next Actuarial Valuation.
35. In addition, the Hymans Robertson LGPS Online Learning Academy includes a section on 'investment strategy, pooling and responsible investment' which would provide both new and more experienced Panel and Board members with the appropriate level of training in this area.
36. ACCESS's options for pooling illiquid alternative investments (private equity, private debt and infrastructure are still being developed and are not yet to be considered by investing authorities like ACCESS. Further information,

including training, will be provided to Members, to align with any proposals to consider pooling alternative investments.

Actuarial methods, standards and practices

37. The 2022 triennial revaluation of the Pension Fund was completed on 31 March 2023 and a briefing on the valuation provided by the Actuary in 2022/23. The next actuarial valuation is due as at 31 March 2025 and will be completed in 2025/26 by the Pension Fund's new Actuary Hymans Robertson, and further training for the Panel and Board will be provided as part of that process.

Pensions administration and cybersecurity

38. Specific areas of the Fund's administration strategy on the monitoring of early and ill health retirement strain costs, the implications of including new employers into the Fund and of the cessation of existing employers. Also, a general awareness of the relevant considerations in relation to outsourcings and bulk transfers, and the importance of the employer covenant and the relative strengths of the covenant across the fund employers. Panel and Board members also require an understanding of how the Pension Fund interacts with the taxation system in the UK and overseas in relation to benefits administration.
39. The Fund's Administration Strategy details how the Fund deals with each of these areas; this is agreed each year by the Panel and Board and the current version is available in the Annual Report. The training delivered in 2022/23 included a training session by Andy Lowe and Lois Downer on Pensions Administration. This training included an update on cyber-security and this will be a reoccurring topic on the Pension Fund's training plan given the importance of this subject to the Pension Fund.
40. In addition, Pensions Services continue to report twice a year to the Panel and Board on the performance of the administration of the Pension Fund. Furthermore the Hymans Robertson LGPS Online Learning Academy includes a section on "LGPS administration, including policies and procedures, pension fund auditing" which would provide both new and more experienced Panel and Board members with the appropriate level of training in this area.

Training Policy and Plan 2023/24

41. The Panel and Board has fully supported the principle that Panel and Board members and officers should have access to training on Pension Fund matters to be able to fulfil their duties to the appropriate standard. To that

end, a Training Policy and Plan is prepared each year and agreed by the Panel and Board. The proposed Training Policy and Plan for 2023/24 is attached as Appendix 1.

42. The Training Policy and Plan is an important part of demonstrating from a governance perspective that proper training in Pension Fund matters is made available to and undertaken by Panel and Board members.
43. Changes from last year's Training Policy and Plan have been highlighted in Appendix 1. No major changes have been made, although the Training Policy and Plan has been updated for the training sessions in 2022/23 and 2023/24, and the budget for 2023/24.

Training budget

44. Table 3 provides a summary of the training budget and actual expenditure for 2022/23, as well as a proposed budget for 2023/24.
45. The budget for attendance of the LGC Investment & Pensions Summit in Leeds was reduced to two places for 2022/23, and the same is proposed for 2023/24. The budget also includes the provision for four members of the Panel and Board to attend the LGA Fundamentals course.
46. Training costs are met from the governance costs of the Pension Fund. Re-allocation of planned places at courses within the budget is possible, should the Panel and Board feel it would meet training needs better to give priority to different events.

Table 2 – Training budget

	2022/23 Budget £	2022/23 Actuals £	2023/24 Budget £
Attendance at Conferences / Seminars etc.			
LGC Investment & Pensions Summit (Leeds, September)	2,000	3,147	3,000
LGC Investment Seminar	0	620	1,000
LG Employers Fundamentals Course	4,000	0	4,000
Hymans Learning Academy	5,000	5,241	5,500
Hymans Knowledge Assessment	0	0	3,000
Other conferences	0	0	0
	<hr/> 15,000	<hr/> 9,008	<hr/> 15,000
In-house training sessions			
Fees paid to trainers	3,000	0*	3,000
Other costs	200	0	200
	<hr/> 3,200	<hr/> 0	<hr/> 3,200

Total training budget	18,200	9,008	18,200
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*costs for providing Member training were included in the Actuarial Valuation and Investment Strategy Review

Expenses

47. The training request form, a template of which can be found in Annex 1 to Appendix 1 of this report, clarifies the Pension Fund's position on expenses for training. Panel and Board members are asked to provide an estimate of any expenses that a training event may incur. Estimated expenses should include all costs of attendance, i.e. travel, hotel, and any admission fee. Please note that hotel costs cannot be expensed if the event is held in normal office hours and is within reasonable reach of Winchester, which includes London.
48. It will not be possible to claim expenses for an event where there is a fee, or where travel costs are in excess of standard travel costs to London, if there is an equivalent event which is more local and/or complimentary. If Panel and Board members feel that such an event would be beneficial to their training needs, they should contact officers to allow them to help find the best solution to meet those training needs.

Online training library

49. While the internally arranged training sessions are intended to provide training on topics which will benefit the majority of Panel and Board members, individual members may find that they have additional areas on which they may require training or perhaps on which they wish to refresh their knowledge.
50. With this in mind, a collection of training materials has been developed that members can access through officers, selecting the materials on topics they feel would most benefit their own training needs. A list of these training materials will be circulated to Panel and Board members following this meeting, and training materials can be accessed through request from investments@hants.gov.uk.
51. The collection of training materials contains slides and supplementary materials, where appropriate, (and more recently recordings) for all the internal training sessions carried out since 2009, which cover a wide range of topics. There are also other useful documents available to download which can help fill any knowledge gaps, as well as template forms and links to the Pension Fund's annual report, statutory statements, and latest actuarial valuation. There is also information on and a link to the Pensions Regulators Trustee Toolkit – a valuable online learning resource.

Other training resources and information

External training courses

52. If members would like to attend an external training course or conference, please complete the training request form available at Annex 1 to Appendix 1 and return to investments@hants.gov.uk.
53. In the case of appropriate, free of charge webinars, it has been decided that Panel and Board members are not required to complete the training request form but must complete the training evaluation form (available at Annex 2 to Appendix 1 of this report) following the event to enable the recording of training in line with the Pension Fund's policy.

Training logs for 2023/24

54. Training logs are maintained by Director of Corporate Operations' staff for each member of the Panel and Board based upon members' input, in order to record the training undertaken during the year. Training logs for 2023/24 will be circulated to Panel and Board members for review, and include details of all relevant training courses, seminars and events attended by each member. These logs are included in the published draft Annual Report.
55. Panel and Board members are also encouraged to complete a short evaluation form (available at Annex 2 to Appendix 1 of this report) after each training event in order to share feedback about events, and report on whether an event was useful and well delivered. These comments will be used to inform members' decisions regarding attendance at future events. The training logs also include an assessment of whether each training event has fulfilled the need it was intended to meet.

Annual Employers Meeting 2023

56. The Annual Employers Meeting is currently scheduled to be held in Ashburton Hall in Winchester on 11 October 2023 starting at 10:00 am, and Panel and Board members are encouraged to attend.

Climate Change Impact Assessments

57. 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.

58. 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 Responsible Investment (RI) policy [InvestmentStrategyStatementincludingRIpolicy.pdf](#) (hants.gov.uk)
59. The training plan takes account of Panel and Board members' need to keep abreast of ESG issues and regulatory developments to implement the Fund's RI policy.

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.

Hampshire Pension Fund

Pension Fund Panel and Board

Training Policy and Plan 2023/24

Background

1. Hampshire County Council as the administering authority for the Hampshire Pension Fund has delegated responsibility for the management of the Pension Fund to the Pension Fund Panel and Board.
2. The Pension Fund Panel and Board fully supports the principle that Panel and Board members and officers have a duty to undertake all training on pension fund matters that is necessary to be able to fulfil their duties to the appropriate standard. Opportunities are made available to members and officers to attend training courses and seminars when necessary and appropriate.
3. This training policy and plan has been prepared for the Pension Fund Panel and Board for 2023/24. As the Panel and Board's responsibilities include both investment management of the Pension Fund and pensions administration, the training policy and plan also covers both areas.
4. This training policy and plan has been updated to reflect training requirements identified by the completion of the detailed Training Needs Analyses carried out by members of the Panel and Board in 2023.

Training Policy

5. As an administering authority of the Local Government Pension Scheme (LGPS), Hampshire County Council recognises the importance of ensuring that all officers and members charged with financial management and decision making for the Pension Scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.
6. It therefore seeks to appoint individuals who are both capable and experienced and will provide and arrange training for relevant officers and members. The training is designed to enable officers and members to acquire and maintain an appropriate level of expertise, knowledge, and skills.
7. A formal training plan is prepared each year to identify and meet the training needs of the Panel and Board, both as a group and as individuals, and is based upon the recommendations of the CIPFA Pensions Finance Knowledge and Skills Framework.
8. The Director of Corporate Operations of the County Council is responsible for ensuring that policies and strategies are implemented. Pension Fund Panel and Board members training is evaluated, recorded and reported as part of the Fund's Annual Report each year.

9. Each individual officer's training needs are assessed annually, and training plans prepared for each section and department within the County Council. The actual training provided is evaluated each year to assess its effectiveness against the aims and objectives identified prior to the training event. In addition, professional finance staff in the Corporate Operations Directorate are required by the accountancy bodies to maintain their levels of Continuing Professional Development.
10. It is a legal requirement, as set out under section 248A of the Pensions Act 2004, that every individual who is a member of a Local Pension Board must:
- be conversant with:
- the rules of the scheme, in other words the Regulations and other regulations governing the LGPS (including the Transitional Regulations, earlier regulations and the Investment Regulations); and
 - any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme; and
- have knowledge and understanding of:
- the law relating to pensions; and
 - such other matters as may be prescribed.
11. The Myners principles codify the best practice in investment decision-making for pension fund management. The principles require pension fund trustees to consider how the principles apply to their own fund and report on a 'comply or explain' basis. Training is a key factor within Principle 1 which covers effective decision-making:
- trustees should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation
 - trustees should have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.
12. The Government also requires LGPS funds to publish a Governance Policy Statement which includes a section on Training. A Governance Compliance Statement is also required which sets out the Pension Fund's compliance with the following principle on Training, Facility, Time, and Expenses:
- that in relation to the way in which the administering authority takes statutory and related decisions, there is a clear policy on training, facility time and reimbursement of expenses for members involved in the decision-making process
 - that where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum

- that the administering authority considers adopting annual training plans for committee members and maintains a log of all such training undertaken.
13. The Chartered Institute of Public Finance and Accountancy (CIPFA) published a guide to the requirements for the Governance Compliance Statements in the context of the CIPFA/SOLACE publication 'Delivering Good Governance in Local Government: Framework (2007)'. The CIPFA guide links the principle in paragraph 11 above to the Framework's principles of:
 - performing effectively in clearly defined functions and roles, and
 - developing the capacity and capability of the governing body to be effective.
 14. The CIPFA guide includes the further comment that the principle in paragraph 11 is aimed at making sure that all those serving on committees, sub-committees and panels receive levels of training that are appropriate to their needs and that suitable arrangements are made to ensure that this is properly resourced in terms of both time and finance.
 15. The Panel and Board fully endorse the importance placed on training in these principles. With this training plan and the training logs maintained by all Panel and Board members, the Hampshire Pension Fund is in full compliance with this principle.
 16. CIPFA have also published a Code of Practice on Public Sector Pensions Finance Knowledge and Skills, which Hampshire Pension Fund has adopted. This requires policies and procedures to be in place for the effective acquisition and retention of the relevant knowledge and skills for those in the organisation responsible for financial administration and decision making.
 17. The policies and procedures will be guided by reference to the CIPFA Pensions Finance Knowledge and Skills Framework, which gives technical guidance for elected representatives and officers on the knowledge required.
 18. The Code of Practice also requires an annual statement on how these policies and procedures have been put into practice, from 2012/13 onwards. A disclosure was included in the Annual Report and Accounts 2012/13 and will continue going forward.

Pension Fund Panel and Board

19. There are 22 members of the Pension Fund Panel and Board, as listed in Table 1. The table shows the experience of Panel and Board members in terms of their length of service on the Pension Fund Panel and Board.

Table 1	Membership of the Pension Fund Panel and Board
County Councillors:	
Mark Kemp-Gee (Chairman)	18 years
Tom Thacker (Vice Chairman)	14 years
Dominic Hiscock	2 years
Jonathan Glen	6 years
Rob Mocatta	2 years
Andrew Joy	10 years
Tim Davies	1 year
Mark Cooper	1 year
Alex Crawford	2 years
County Council deputies:	
David Drew	2 years
Keith House	New Member
Kim Taylor	1 year
Jacky Tustain	1 year
Derek Mellor	New Member
City Councils' representative:	
Steve Leggett	1 year
Judith Smyth	1 year
District councils' representative:	
Paul Taylor	3 years
Other employers' representative:	
Fiona Hnatow	1 year
Pensioners' representative	
Vacant	
Deferred members' representative:	
Lindsay Gowland	3 years
Employees' representative:	
Neil Wood	7 years
Employees' representative deputy:	
Phillip Reynolds	1 year

20. The Panel and Board has a mixture of experienced members, who have served at least one full four-year term as members of the Panel and Board, and more recently appointed members. Panel and Board members also have a range of relevant experience from their working lives which includes, in some cases, the financial services industry and the City of London.

Access to training

21. Training opportunities are made available equally to all members of the Pension Fund Panel and Board, including the co-opted representatives of the city councils, district councils, pensioners and contributors as well as the county councillors. The full cost of attending training is met by the Pension Fund, including course fees, reasonable travel and accommodation costs.
22. The Panel and Board have considered making attendance at training courses compulsory for Pension Fund Panel and Board members. This suggestion reflected the increasing complexity and profile of pension matters and the need for Panel and Board members to keep up to date with current developments at a time of heightened scrutiny. However, whilst it is important that Panel and Board members prepare themselves properly to fulfil their responsibilities, it would not be practical to make attendance at training events a condition of Panel and Board membership. The suitability and fitness of members for their role is best left to the Panel and Board itself to monitor.
23. Each year, in order to ensure compliance with the CIPFA Code of Practice, Panel and Board members complete a detailed individual Training Needs Analysis. The purpose of this exercise is to allow Panel and Board members to consider their current level of knowledge and identify the topics on which they would like to have additional training. The Training Needs Analysis was designed around the CIPFA Pensions Finance Knowledge and Skills Framework for Elected Representatives and Non-Executives in the Public Sector, and the CIPFA Technical Knowledge and Skills Framework for Local Pension Boards, in order to ensure the Panel and Board meet the requirements set out in the guidance referenced in the regulations. The outcome of the Training Needs Analysis for 2023/24 will be discussed by the Panel and Board at this meeting. As a result training sessions have been planned for 2023/24 which directly relate to the training needs identified.
24. The Director of Corporate Operations' staff have developed a collection of training resources, which Panel and Board members will be able to refer to in order to obtain more information about areas where they have a specific training need, in addition to the Panel and Board-wide training proposals outlined above. The collection of training resources contains slides and supplementary materials, where appropriate, (and more recently recordings) for all the internal training sessions carried out since 2009, which cover a wide range of topics. There are also other useful documents available which can help fill any knowledge gaps, as well as template forms and links to the Pension Fund's annual report, statutory statements, and latest actuarial valuation. The collection of training resources will be updated whenever new material is available. At present, materials can be accessed upon request by contacting the Investments & Borrowing team (investments@hants.gov.uk).

Online learning opportunities

25. A number of online training facilities on pension fund matters have been developed by various organisations in recent years. Since 2021/22 Panel and Board members and officers have had access to Hymans Robertson's LGPS Online Learning Academy, and will be expected to complete all eight modules within 12 months. The online platform is designed to support the training needs of Pension Committees, Pension Boards and Fund Officers and consists of a series of short video presentations with supplemental learning materials and quizzes. Further information on the LGPS Online Learning Academy is available at the following website: [LGPS Online Learning Academy - Hymans Robertson](#)
26. In addition, the Trustee Toolkit is available for free from the Pension Regulator at the following website: [Welcome to The Trustee toolkit \(thepensionsregulator.gov.uk\)](#). This toolkit provides an introduction to pension scheme investing, running a pension scheme, the role of the trustee, pension law etc. It was designed to meet the requirements of trustee knowledge and understanding required under the Pensions Act 2004. In early 2015, the Pensions Regulator released an on-line training resource to assist those involved in Public Sector Schemes. This is accessed via the Trustee Toolkit and comprises an additional seven modules covering the key themes in the Code of Practice on governance and administration of public service schemes.

Proposed training in 2023/24

27. This training plan for 2023/24 has been designed to cater for the needs of the recently elected Panel and Board members as well as providing an opportunity to update and refresh the knowledge of the more experienced members of the Panel and Board.
28. The Panel and Board has agreed that the equivalent of at least two in-house training half-days should be arranged for Panel and Board members each year as stand-alone sessions. The programme for 2023/24 has been set out below, which has been formulated based upon key learning points from the Training Needs Analysis, recommendations from Panel and Board members and the Pension fund's Business Plan.
- Timberland investment (Stafford Capital)
 - Pension investment pooling and the current consultation (Andrew Boutflower)
 - Cyber security (Andy Lowe and Lois Downer)
 - Investment cost benchmarking (CEM)
 - Pension investment pooling for illiquid investments (Andrew Boutflower)
29. These training sessions will also be useful for the Audit Committee in carrying out their role to receive and consider audit reports relating to the

Pension Fund Panel and Board, as stated in the Hampshire County Council Constitution.

30. These bespoke training sessions will be complimented by a range of other training opportunities which will be made available to Panel and Board members during the year. These include many webinars, seminars and courses on pension fund matters provided each year by various organisations. Some are specifically tailored for LGPS funds, such as the Local Government Chronicle's annual Investment and Pensions Summit held in September each year. The Pension Fund's investment managers hold annual client conferences and the Fund's actuary Hymans Robertson also provides training events. The Director of Corporate Operations' staff will continue to circulate details of these training opportunities to members.
31. When new members are appointed to the Panel and Board, the training proposed is as follows:
 - Attending the "Fundamentals" course held by the Local Government Association, which specifically covers the basics for the LGPS.
 - Attending the training sessions to be held during 2023/24.
 - Completing the Training Needs Analysis for Panel and Board members, to help identify any additional training requirements.
 - Informing new members of any external conferences and training opportunities in the future, along with the rest of the Panel and Board.
32. Reports to the Panel and Board by the officers on new developments in pension fund matters will continue to include background briefing information and this will provide another means by which Panel and Board members can keep up-to-date and develop their knowledge.
33. Panel and Board members will also be able to undertake background reading on pension fund matters and this too can contribute to meeting their training needs.

Training budget

34. Table 2 shows the training budget for 2022/23, with the actuals for comparison, together with the proposed budget for 2023/24.
35. The budget for 2022/23 included three places at the LGC Investment & Pensions Summit. The budget also included the provision for four members of the Panel and Board to attend the LGA Fundamentals course. This assumption has also been built in to the 2023/24 budget.
36. Training costs are met from the administration costs of the Pension Fund. "Virement" between courses within the budget is possible, should the Panel and Board feel it would meet training needs better to prioritise different events.

Table 2 – Training budget

	2022/23 Budget £	2022/23 Actuals £	2023/24 Budget £
Attendance at Conferences / Seminars etc.			
LGC Investment & Pensions Summit (Leeds, September)	2,000	3,147	3,000
LGC Investment Seminar	0	620	1,000
LG Employers Fundamentals Course	4,000	0	4,000
Hymans Learning Academy	5,000	5,241	5,500
Hymans Knowledge Assessment	0	0	3,000
Other conferences	0	0	0
	<hr/> 15,000	<hr/> 9,008	<hr/> 15,000
In-house training sessions			
Fees paid to trainers	3,000	0*	3,000
Other costs	200	0	200
	<hr/> 3,200	<hr/> 0	<hr/> 3,200
Total training budget	18,200	9,008	18,200

*costs for providing Member training were included in the Actuarial Valuation and Investment Strategy Review

Training logs

37. Training logs are maintained by each member of the Panel and Board to provide evidence of the Panel and Board's commitment to training. They record the actual training undertaken during the year, including details of all relevant training courses, seminars and events attended by each member. The training logs include an assessment of whether each training event has fulfilled the need it was intended to meet.

Evaluation

38. The actual training undertaken by Panel and Board members in 2023/24 will be evaluated using the training logs to assess whether it has fulfilled the training need identified at the outset. In addition, Panel and Board members complete a short evaluation form after each training event in order to share feedback about events, and report on whether an event was useful and well delivered. A template evaluation form is attached as Annex 2 to this Training Plan. This information will be used to design the training plan for the following year.

Training Request Form

To be completed before the Training Activity

Please return this form electronically for approval prior to booking the training activity to investments@hants.gov.uk

Panel member's name	
Training event / activity (including provider)	
Date	
Location	
Estimated expense of attendance*	
Summary of topics	
Training needs which this event is expected to meet (where relevant, refer to needs identified in your Training Needs Analysis)	
Other comments	

*Estimated expenses should include all costs of attendance, i.e. travel, hotel, and any admission fee. Please note that hotel costs cannot be expensed if the event is held in normal office hours and is within reasonable reach of Winchester, which includes London.

It will not be possible to claim expenses for an event where there is a fee, or where travel costs are in excess of standard travel costs to London, if there is an equivalent event which is more local and/or complimentary. If you feel that such an event would be beneficial to your training needs, please contact officers to allow them to help you find the best solution to meet your training needs.

Training Evaluation – to be completed after the Training Activity

Panel member's name	
Training event / activity (including provider)	
Date	
Were the training needs identified in the Training Request Form met?	
Aspects of the training needs that were not met	
Is further training required to meet the training needs identified in the Training Request Form?	
Comments	
Would you recommend attendance next time/year? Why?	

Please return the completed form electronically, after the Training activity, to investments@hants.gov.uk

Training Needs Analysis - Pensions Knowledge and Skills Framework (2022)

Name:

Date:

Key to rating of whether knowledge is Essential or Desirable

	General awareness of the topic required
	Good understanding but not at the level of Pensions or Investment practitioners
	Full detailed knowledge required

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
Page 56	Pensions legislative and governance context		
	General pensions framework A general awareness of the pensions legislative framework in the UK. <ul style="list-style-type: none"> - brief history of the development of pensions provision in the UK - defined benefit and defined contribution schemes - final salary and career average revalued earnings (CARE) schemes - State pensions and occupational pensions 		Training session provided by Tim Hazelwood on 20 September 2013 and 24 November 2017, and Schroders Trustee Training Fundamentals Training Schroders Trustee Training Hymans Robertson LGPS Learning Academy on 03 November 2021 Training session provided by Tim Hazelwood on 20 September 2013 and 24 November 2017, and
1.2	Scheme-specific legislation An overall understanding of the legislation specific to the LGPS scheme and the main features relating to benefits, administration and investment. <ul style="list-style-type: none"> - the role of central Government , including the Department for Communities and Local Government - how the LGPS has developed, from 1922 - the scheme before April 2008 - the 'New Look' scheme from April 2008 		Training session provided by Tim Hazelwood on 20 September 2013 and 24 November 2017 plus training session on Duties and Responsibilities by Paul Hodgson in September 2018. Fundamentals Training

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
Page 57	<ul style="list-style-type: none"> - the LGPS 2014 scheme from April 2014 - Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 - Local Government Pension Scheme (Administration) Regulations 2008 - councillors' pension scheme - auto enrolment - the Hutton Review of Public Sector Pensions - proposals for cost sharing between employers and employees, under LGPS 2014 - scheme guides for employees, employers, councillors 		<p>Covered in more detail under section 1.3 below</p> <p>Covered in more detail under section 1.4 below</p> <p>Presentation by Andrew Fleming of The Pensions Regulator at the Annual Employers Meeting 31 October 2011 Reports to the Panel in 2010 and 2011</p> <p>Available from Pension Services website</p>
	<p>An awareness of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and their main features.</p> <ul style="list-style-type: none"> - the 'New Look' scheme from April 2008 - employee contribution rates - employer contribution rates - accrual rates - age at which pensions are payable - lump sums - widows and widowers' pensions, dependants' pensions, civil partners, co-habiting partners - ill health retirement - early retirement - death in service and in retirement - part-time staff - early retirement - rule of 85 - opting in to membership, or not 		<p>Training session provided by Tim Hazelwood on 20 September 2013 and 24 November 2017 Fundamentals Training</p>

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
	<ul style="list-style-type: none"> - vesting period, during which employee contributions are repayable if the employee ceases to be a member of the Pension Fund - deferred pensioners - additional voluntary contributions (AVCs) - pensions increases for inflation each April, including the use of CPI instead of RPI - discretionary benefits - other non-LGPS legislation affecting pensions and HR policies 		
1.3 cont Page 58	<p>An awareness of the Local Government Pension Scheme (Administration) Regulations 2008 and their main features.</p> <ul style="list-style-type: none"> - the New Look scheme from April 2008 (as above) - who can be a member, eg, not teachers, police officers, firefighters who have separate pension schemes - employees contributions including additional voluntary contributions (AVCs) - Accounts and audit - Annual Report - Funding Strategy Statement - actuarial valuations and certificates - Pension Administration Strategy - Communication Policy Statement - annual benefit statements - transfers to and from other pension funds - other non-LGPS legislation affecting pensions and HR policies 		<p>Training session provided by Tim Hazelwood on 20 September 2013 and 24 November 2017 Fundamentals Training</p> <p>Published each year Published each year in the Annual Report</p> <p>Published each year in the Annual Report Published each year in the Annual Report</p>
1.3 cont	<p>An awareness of the changes introduced by the LGPS 2014 scheme from April 2014</p> <ul style="list-style-type: none"> - change from a Final Salary scheme to a Career Average Revalued Earnings (CARE) scheme - accrual rate of 1/49th - 50/50 option for employees 		<p>Training session provided by Tim Hazelwood on 20 September 2013 and 24 November 2017 Fundamentals Training Hymans Robertson LGPS Learning Academy on 03 November 2021</p>

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
1.4	<p>An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers. A regularly updated appreciation of the latest changes to the scheme rules.</p> <ul style="list-style-type: none"> - discretions which the Pension Fund can apply - discretions which employers can apply 		<p>Training session provided by Tim Hazelwood on 20 September 2013 and 24 November 2017 Fundamentals Training</p>
1.5	<p>Knowledge of the role of the administering authority in relation to the LGPS.</p> <ul style="list-style-type: none"> - 89 LGPS funds in England and Wales - each with an “administering authority”, such as Hampshire County Council - size of the LGPS nationally - statistics - size of the Hampshire Pension Fund – fund value, number of employers, contributors, pensioners, deferred pensioners - administering authority’s responsibility to maintain, administer and invest the Pension Fund - role of the administering authority in respect of all the employers in the Pension Fund (including the County Council) - administering authority’s powers in the LGPS regulations, and under general ‘vires’ powers of local authorities 		<p>Training session provided by Tim Hazelwood on 20 September 2013 and 24 November 2017 Training session provided by Paul Hodgson on 11 December 2015. Annual Report Pension Services website</p>
1.6	<p>Pensions regulators and advisors An understanding of how the roles and powers of the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.</p> <ul style="list-style-type: none"> - the Pensions Regulator - the Pensions Advisory Service - the Pensions Ombudsman - any other relevant bodies 		<p>Training session provided by Paul Hodgson on 11 December 2015 Hymans Robertson LGPS Learning Academy on 03 November 2021 Scheme Advisory Board and Residential Property Training on 17 December 2021</p>

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
	<ul style="list-style-type: none"> - dispute resolution procedures 		
1.7	<p>General constitutional framework Broad understanding of the role of the Pension Fund Panel and Board in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.</p> <ul style="list-style-type: none"> - Hampshire County Council's constitution in relation to the Pension Fund, and the powers delegated to the Pension Fund Panel and Board - terms of reference of the Pension Fund Panel and Board - membership of the Pension Fund Panel and Board - co-opted representatives of other employers, pensioners and contributors - voting rights of Pension Fund Panel and Board members - the 'informal' sub-group of Panel and Board members - Pension Fund's Business Plan - Pension Board, to be introduced following the Public Service Pensions Act 2013 - role of the Scheme Advisory Board nationally 		<p>Through membership of the Pension Fund Panel and Board, reports to the Panel and Board and the training session provided by Tim Hazelwood on 20 September 2013 and 24 November 2017, Legal Services training session November 2014, and training session provided by Paul Hodgson on 11 December 2015</p> <p>Fundamentals Training Annual Report Pension Services website Scheme Advisory Board and Residential Property on 17 December 2021</p>
1.8	<p>Awareness of the role and statutory responsibilities of the treasurer and monitoring officer.</p> <ul style="list-style-type: none"> - treasurer to the Pension Fund - monitoring officer 		<p>Training session provided by Tim Hazelwood on 20 September 2013 and 24 November 2017</p> <p>Fundamentals Training</p>
1.9	<p>Pension scheme governance An awareness of the LGPS main features.</p> <ul style="list-style-type: none"> - the Governance Policy Statement - the Governance Compliance Statement 		<p>Hymans Robertson LGPS Learning Academy on 03 November 2021</p> <p>Reviewed annually by the Panel and Board</p> <p>Published in the Pension Fund's Annual Report</p>
1.10	<p>Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.</p>		<p>Reflected in the Pension Fund's statutory</p>

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
Page 61	<ul style="list-style-type: none"> - the Myners principles - CIPFA’s guide to the Application of the Myners Principles, published in 2009, including the six principles of: <ul style="list-style-type: none"> - Effective decision making - Clear objectives - Risk and liabilities - Performance assessment - Responsible ownership - Transparency and reporting - CIPFA/SOLACE Code of Corporate Governance in Local Authorities, published in 2007 - CIPFA’s Guide to Delivering Good Governance in Local Government Pension Funds, published in 2009 		documents reviewed by the Panel and Board autumn and published in the Annual Report
	1.11	<p>A detailed knowledge of the duties and responsibilities of Pension Fund Panel and Board members.</p> <ul style="list-style-type: none"> - Pension Fund Panel and Board - representatives on the Panel and Board of other employers - representatives on the Panel and Board of pensioners and contributors - Hampshire County Council’s Members Code of Conduct - declarations of interest - conflicts of interest in the roles of Panel and Board members - role of the Independent Adviser 	
1.12	<p>Knowledge of the stakeholders of the pension fund and the nature of their interests.</p> <ul style="list-style-type: none"> - the employers, including scheduled bodies, admitted bodies, resolution bodies, community admission bodies, transferee admission bodies - Hampshire County Council as the administrative authority - employees 		Training session provided by Tim Hazelwood on 20 September 2013 and 24 November 2017 Fundamentals Training

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
	<ul style="list-style-type: none"> - pensioners - deferred pensioners - council tax payers 		
1.13	<p>Knowledge of consultation, communication and involvement options relevant to the stakeholders.</p> <ul style="list-style-type: none"> - the Pension Fund's Communication Policy Statement - Annual Employers Meeting - Annual Report - Annual leaflet for pensioners and contributors - Employee's guides - Employer manuals - Training for employers - Pension Services website - Annual benefit statements - Pensioners' newsletters 		<p>Reviewed by the Panel and Board annually and published in the Annual Report</p> <p>Available on Pension Services' website</p>
1.14	<p>Knowledge of how pension fund management risk is monitored and managed</p> <ul style="list-style-type: none"> - Risk Management Report 		<p>The Risk Management Report is published in the Pension Fund's annual report Hymans Robertson LGPS Learning Academy on 03 November 2021</p>
1.15	<p>Understanding how conflicts of interest are identified and monitored</p>		<p>Training session provided by Paul Hodgson on 11 December 2015</p>
1.16	<p>Understanding how breaches in law are reported</p>		<p>Training session provided by Paul Hodgson on 11 December 2015 Module on breaches in the Trustee Toolkit online learning resource</p>

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
2.	Pensions accounting and auditing standards		
2.1	<p>Awareness of the Accounts and Audit Regulations and legislative requirements relating to the role of the committee (ie, the Pension Fund Panel and Board) and individual members in considering and signing off the accounts and annual report.</p> <ul style="list-style-type: none"> - Accounts and Audit Regulations - CIPFA/LASAAC Code of Practice on Local authority Accounting in the UK - CIPFA's Example Accounts and Disclosure Checklist for LGPS Fund Accounts 2011/12 - role of the Audit Committee - role of the Pension Fund Panel and Board - role of the Director of Corporate Operations 		<p>Reflected in the Pension Fund's Statement of Accounts published each year</p> <p>Southern Internal Audit Partnership session in February 2021</p> <p>Neil Pitman session 28 February 2014 and Southern Internal Audit Partnership session in February 2021</p>
2.2	<p>Awareness of the role of both internal and external audit in the governance and assurance process.</p> <ul style="list-style-type: none"> - Internal Audit - external Independent Audit, currently provided by Ernst & Young 		<p>Neil Pitman session 28 February 2014 and Southern Internal Audit Partnership session in February 2021</p> <p>Reports to the Panel and Board by the Chief Internal Auditor.</p> <p>Independent Auditor's report included in the Statement of Accounts.</p>
2.3	An understanding of the role played by third party assurance providers		<p>Training session for the Panel and Board provided by Nick Weaver in November 2016 and Southern Internal Audit Partnership session in February 2021</p>

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
3.	Financial services procurement and relationship management		
3.1	Understanding public procurement Understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision makers and organisations. <ul style="list-style-type: none"> - CIPFA guide to procuring efficiency in public sector pensions administration, published in 2011 		As incorporated in the procurement processes over the years for investment managers and other service providers, and Procurement training session July 2014.
3.2	A general understanding of the main public procurement requirements of UK and EU legislation. <ul style="list-style-type: none"> - EU procurement procedures and thresholds - the County Council's procurement policies and procedures - the roles of officers and Panel and Board members in procurement decisions - applying those procurement procedures to the Pension Fund's contracts - use of framework contracts and other techniques to reduce the cost of externally-sourced services - the terms of appointment of the Pension Fund's investment managers and other external providers 		As above
3.3	Supplier risk management Understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties. <ul style="list-style-type: none"> - procurement procedures - risk assessments in connection with using consultants and external fund managers - investment performance cannot be guaranteed - what to look for when selecting an investment manager 		Procurement training session July 2014 Hymans Robertson LGPS Learning Academy on 03 November 2021
3.4	An understanding of how the pension fund monitors and manages the performance of their outsourced providers.		Training session for the Panel and Board provided by Nick Weaver in November 2016

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
	<ul style="list-style-type: none"> - external printing - tracing agency - external legal advisers - software providers 		Reports to the Panel and Board on pension administration
4.	Investment performance and risk management		
4.1	<p>Total fund Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.</p> <ul style="list-style-type: none"> - the LGPS Management and Investment of Funds Regulations - triennial actuarial valuations of the Pension Fund’s liabilities - regular reviews of the Pension Fund’s investment strategy taking account of liabilities, in conjunction with the Fund actuary, eg following the triennial actuarial valuations - reviewing the Pension Fund’s asset allocation on a tactical or medium-term basis - monitoring investment returns of individual managers and the Pension Fund as a whole 		<p>Reflected in the regular reports considered by the Panel and Board on investment matters.</p> <p>Training session provided by Steve Lee on 20 September 2013</p>
4.2	<p>Performance of advisors Awareness of the Myners principles of performance management and the approach adopted by the committee (ie, the Pension Fund Panel and Board).</p> <ul style="list-style-type: none"> - the Myners principle - performance of investment managers - how to assess the performance of fund managers, including what questions to ask - performance benchmarks, including market indices such as FTSE and MSCI, and ‘absolute’ measures such as RPI or LIBOR - outperformance targets - basis for fees, including ad valorem fees and performance fees - transaction costs 		<p>Reflected in the regular reports considered by the Panel and Board on investment matters</p> <p>Schroders training session July 2014 and Schroders Trustee Training</p>

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
4.3	<p>Performance of the Pension Fund Panel and Board Awareness of the Myners principles and the need to set targets for the Pension Fund Panel and Board and to report against them.</p>		The Investment Strategy Statement is reviewed annually (at the Panel and Board meeting in December) and published in the Pension Fund's Annual Report
	<ul style="list-style-type: none"> - compliance with the Myners Principles is set out in the Pension Fund's Statement of Investment Principles 		
	<ul style="list-style-type: none"> - Panel and Board members' self-assessment of their performance, in accordance with Good Practice Guidance on Trustees' Self-assessment published by the National Association of Pension Funds in 2006 		
4.4 Page 66	<p>Performance of support services Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.</p> <p>Support services</p> <ul style="list-style-type: none"> - in-house staff - Director of Corporate Operations - Finance staff – Investments - Finance staff – Pensions Services - Chief Internal Auditor - Legal Services - Monitoring officer - Business Advice and Members Support - Human Resources <p>External providers</p> <ul style="list-style-type: none"> - investment managers and advisers - custodian - investment performance measurement services - transition manager, if appointed to implement changes of investment managers - banker - actuary - independent adviser 		Regular reports to the Pension Fund Panel and Board on investment performance, administration and on internal audit

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
	<ul style="list-style-type: none"> - investment consultants, such as Inalytics - specialist lawyers - Axise - Pensions Services' software provider - independent property valuer <p>Assessment of Third Party Providers</p> <ul style="list-style-type: none"> - Good Practice Guidance on Assessment of Third Party Providers published by the National Association of Pension Funds in 2006 		
5.	Financial markets and products knowledge		
5.1 Page 67	<p>Investment strategy Awareness of the risk and return characteristics of the main asset classes (equities, bonds, property). Understanding of the role of these asset classes in long-term pension fund investing.</p> <ul style="list-style-type: none"> - asset allocation - shorter term or tactical asset allocation - risks and returns - diversification - correlations - asset classes, including: <ol style="list-style-type: none"> 1. equities, both UK and overseas 2. bonds, both Government and corporate 3. index linked bonds 		<p>Training sessions for the Panel and Board on investment strategies etc provided by Aon Hewitt in November 2009 and July 2014, and regular reports to the Panel and Board by investment managers. Training sessions on Alternative Beta/Factoring investments from UBS and Acadian in September and December 2018</p> <p>Training session for the Panel and Board on growth investing provided by Baillie Gifford in March 2021, as well as regular presentations by the Pension Fund's investment managers at Panel and Board meetings</p> <p>Training session for the Panel and Board on multi asset credit provided by Western in October 2017, and by Alcentra in November 2018</p> <p>Training session for the Panel and Board on Index Linked Gilts provided by Royal London Asset Management in December 2020.</p>

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
Page 68	<ul style="list-style-type: none"> 4. property, direct and indirect funds 5. alternative investments, including private equity, hedge funds and other categories 6. exchange traded funds (ETFs) 7. cash 8. currencies, and whether or not to hedge currency exposure back to Sterling 		<p>Training session for the Panel and Board on UK property investing provided by Aberdeen in July 2015</p> <p>Training session for the Panel and Board on infrastructure investing provided by GCM in November 2016 and private debt provided by Aberdeen in October 2017, and by JP Morgan in September 2018</p> <p>Training sessions provided annually in November by Arlingclose</p>
	5.2	<p>Financial markets Understanding of the primary importance of the investment strategy decision.</p> <ul style="list-style-type: none"> - formulating the investment strategy, in conjunction with the Fund actuary - asset/liability studies - reviewing the Pension Fund's investment strategy, as in 2011 - tactical asset allocation - liability driven investment (LDI) 	
5.3	<p>A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.</p> <ul style="list-style-type: none"> - the asset classes listed in section 5.1 above - segregated or pooled investments - active or passive (index tracking) management - shareholdings, partnerships, direct investments 		<p>Pension Fund Panel and Board custodian and investment update reports</p> <p>Training session provided by Kevin McDonald giving a Pooling Update in March 2021</p>

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
	<ul style="list-style-type: none"> - tax and Pension Fund investments - investment styles, including “growth” and “value” managers etc - risk assessment in investment decisions - stock lending 		<p>Growth: Training session provided by Baillie Gifford on 22 March 2021 on Growth investing</p> <p>Value: presentations by Dodge & Cox at Panel and Board meetings</p> <p>Low volatility: presentations by Acadian at Panel and Board meetings</p>
5.4 Page 69	<p>An awareness of the limits placed by regulation on the investment activities of local government pension funds.</p> <ul style="list-style-type: none"> - limits on investment matters in the LGPS Management and Investment of Funds Regulations - discretions permitted by the LGPS Management and Investment of Funds Regulations - cases where the Pension Fund has exercised these discretions - fiduciary duty of administering authorities and Pension Fund Panel and Board members - social, environmental and ethical considerations - exercising the rights attached to investments 		<p>Training session for the Panel by Legal Services November 2014</p> <p>Training sessions delivered by MJ Hudson Spring and UN PRI in January 2020</p> <p>Training session for the Panel on social, environmental and ethical investment provided by Newton in November 2011</p> <p>Responsible Investment Sub-Committee reports</p> <p>Hymans Robertson LGPS Learning Academy on 03 November 2021</p>
5.5	<p>LGPS Management and Investment of Funds Regulations</p> <ul style="list-style-type: none"> - categories of investments permitted by the Regulations - restrictions on the engagement of investment managers - investment managers’ terms of appointment - reporting arrangements for investment managers - reviews of investment managers’ performance and appointments - powers to borrow 		<p>Regular Pension Fund Panel and Board reports</p>

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
	<ul style="list-style-type: none"> - separate bank accounts - Investment Strategy Statement 		
5.6	<p>An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments</p> <ul style="list-style-type: none"> - Pension Fund's tax status - Tax reclaims 		Updates on tax reclaims are reported annually in Panel and Board papers
6.	Actuarial methods, standards and practices		
6.1	An understanding of the role of the fund actuary		<p>Reports to the Panel and Board on the actuarial valuation</p> <p>Training sessions for the Panel provided by Aon Hewitt in November 2009, and in July 2014</p> <p>Presentation from Aon Hewitt at the 2015 AEM</p>
6.2	<p>Valuations</p> <p>Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and intervaluation monitoring.</p> <ul style="list-style-type: none"> - actuarial valuation process - arrangements for the grouping of employers in the Hampshire Pension Fund for valuation and other purposes – the Group Funding Framework - Funding Strategy Statement - how employer contribution rates are calculated for future service – as a percentage of pensionable pay - how employer contribution rates are calculated for the past service deficit – as a cash lump sum - arrangements for employers' contribution rates for past service and for future service - recovery of the deficit over an appropriate period, eg 25 years - monitoring the position between the triennial valuations 		<p>See 6.1</p> <p>The Funding Strategy Statement is reviewed each year by the Pension Fund Panel and Board and published in the Annual Report</p> <p>Hymans Robertson LGPS Learning Academy on 03 November 2021</p>

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
	<ul style="list-style-type: none"> - impact of increasing longevity - FRS17 / IAS19 information for employers' statements of accounts (Financial Reporting Standard 17 and International Accounting Standard 19) 		
6.3	<p>Awareness of the importance of monitoring early and ill health retirement strain costs.</p> <ul style="list-style-type: none"> - the Pension Fund's policy for the relevant employers to meet the cost to the Fund of strain costs 		Training session for the Panel and Board provided by Nick Weaver in July 2015
6.4	<p>A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.</p> <ul style="list-style-type: none"> - new admission bodies, including transferee admission bodies - cessation of employers, including the recovery of any deficits - Hampshire Pension Fund's Group Funding Framework - Hampshire Pension Fund's Policy on Cessation Contributions 		Training session for the Panel and Board provided by Nick Weaver in July 2015 Hymans Robertson LGPS Learning Academy on 03 November 2021
6.5	<p>Outsourcing</p> <p>A general awareness of the relevant considerations in relation to outsourcings and bulk transfers.</p> <ul style="list-style-type: none"> - Hampshire Pension Fund's policy on Outsourcing and Pass-Through Arrangements for small admission bodies 		Training session for the Panel and Board provided by Nick Weaver in July 2015
6.6	A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers		Report to the Panel and Board on the draft employer policy in December 2015
7.	Pensions Administration		
7.1	<p>An understanding of best practice in pensions administration</p> <ul style="list-style-type: none"> - Performance - Cost measures 		Training session for the Panel and Board provided by Nick Weaver in November 2016

Key	Training need	Training required? Yes/No	Possible sources of information, including training provided previously
7.2	Understanding of the required and adopted scheme policies and procedures relating to: <ul style="list-style-type: none"> - Member data maintenance and record-keeping processes - Internal dispute resolution - Contributions collection - Scheme communications and materials 		Training session for the Panel and Board provided by Nick Weaver in November 2016 The communication policy statement is published each year in the Pension Fund annual report
7.3	Knowledge of how discretionary powers operate		Training session for the Panel and Board provided by Nick Weaver in November 2016
7.4	Knowledge of the pensions administration strategy and delivery <ul style="list-style-type: none"> - Use of third party supplies - Selection of third party suppliers - Performance management and assurance processes 		Training session for the Panel and Board provided by Nick Weaver in November 2016 The administration strategy is reviewed annually by the Panel and Board and published each year in the Pension Fund annual report
7.5	An understanding of how the Pension Fund interacts with the taxation system in the UK and overseas in relation to benefits administration		Pension Fund Panel and Board annual custodian reports
7.6	An understanding of what additional voluntary contribution arrangements exist and the principles relating to the operation of those arrangements <ul style="list-style-type: none"> - Choice of investments to be offered to members - The provider's investment and fund performance report - The payment schedule for such arrangements 		Pension Fund Panel and Board administration update reports

Please add list below any additional topics on which training would be helpful:

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Panel and Board
Date:	29 September 2023
Title:	Investments: Sustainable and Impact Investments
Report From:	Director of Corporate Operations

Contact name: Andrew Boutflower

Tel: 0370 779 6896

Email: andrew.boutflower@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to confirm the Pension Fund's current sustainable investments in its alternative investment portfolios and agree targets for the investment managers to increase these allocations which have been recommended by the Panel and Board's RI Sub-Committee.

Recommendations

2. 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.
3. 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%.

4. That if the Panel and Board agree to the recommended targets for sustainable investments in the Fund's alternative investment portfolios, that they also agree to join the group Pensions for Purpose.

Investment Strategy

5. In the review of its investment strategy that the Pension Fund commissioned from the investment consultants Hymans Robertson, Hymans commented that:

'Within listed equities and bonds, there is limited scope to have genuine impact as they typically fail to meet the additionality criteria. Even if funded by the issue of new shares or bonds, it is difficult to isolate the specific use of that capital for impact...Within alternatives, private market assets offer new capital to invest in areas that can have an environmental or social impact and therefore there is more potential for these assets to be classified as impact investments.

The integration of impact solutions within some of the Fund's alternative asset classes could be viewed as a core and satellite (impact) approach. The existing mandates can provide the traditional / core exposure to the asset class, whilst the impact solutions provide exposure to more niche areas of the asset class.

We [Hymans] would recommend focussing on the alternatives allocation as the most effective way of allocating capital to solutions that are likely to be consistent with the Fund's SDG priorities as well as having real social impact.'

6. The Pension Fund's focus for Responsible Investment (RI) to date has been on climate change, which reflects the consultation response it received from scheme members – 55% of scheme members identified environmental factors as the most important Environmental, Social and Governance (ESG) factor for investments. However, addressing climate change is only one of the 17 UN Sustainability Goals.
7. To date it has been difficult to quantify the Pension Fund's alternative investments (private equity, private debt and infrastructure) contribution to managing climate change because the availability of carbon data for these types of investments is lagging listed investments, although this is 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. This is particularly true for the Pension Fund's infrastructure portfolio, but Private Equity and Debt are making a contribution which can be increased over time.

Sustainable and Impact Investments

8. The United Nations (UNs) sustainable development goals were born at the Conference on Sustainable Development in Rio de Janeiro in 2012. They were intended as a set of universal goals to meet the world's urgent environmental, political and economic challenges. By 2015 there was agreement on the 17 individual goals that were aimed to end extreme poverty, reduce inequality and protect the planet by 2030.

SUSTAINABLE DEVELOPMENT GOALS



9. Investment can help to achieve the sustainable development goals and a number of standards have been brought in to help investors identify if their investments are meeting sustainable goals. The most established standards are from the European Commission and are summarised as follows:
- Article 6: funds without a sustainability scope
 - Article 8: funds that promote environmental or social characteristics
 - Article 9: funds that have sustainable investment as their objective
10. The Financial Reporting Council (FRC) is also developing its own standards, which follow the same 3 level framework, which is outlined below. These standards are not yet finalised, which demonstrates that while regulators are keen to ensure that investment managers are transparent and honest on the sustainability of investments (they are not *greenwashing*) the regulation in this area is still in its infancy.



- The Pension Fund is interpreting that investments classified as either Article 8 or 9, or Sustainable Improvers or Impact, will be reported as sustainable (which includes impact investments).

Hampshire's current sustainable alternative investments

- The Pension Fund's alternative investment managers (Aberdeen - private equity, JP Morgan - private debt and GCM Grosvenor - infrastructure) have been asked 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. It should be noted the three investment managers have different levels of scope to increase sustainable investments depending on the overall amount of new commitments they are due to make. GCM and Aberdeen have greater scope as their portfolios are still below their strategic allocations and/or have mature investments that are returning higher levels of capital that can be reinvested in new investments. JP Morgan have less scope as their portfolio is less mature and will be making less new commitments in the coming years.
- The investment managers have been asked to identify the investments that would meet the criteria for Article 8 or 9 or equivalent. It should be noted that not all of these investments will have this accreditation as sustainable investments. In particular, investments that were established and raised capital prior to the finalisation of these sustainable investment standards, are unlikely to go back and seek the accreditation.

14. **Private Equity** – Aberdeen have reported that 7.0% of the current portfolio is invested in sustainable investments (based on commitment score). Aberdeen report that the portfolio could reach a 20% sustainable target by 2026, whilst still targeting returns within the Hampshire performance objective.

Case study – Too Good to Go (co-investment)

The world's largest e-commerce marketplace for surplus food, which abrdn see as a highly credible sustainability-focused investment opportunity. Aldi UK have recently started working with Too Good to Go (following the successful collaboration with Aldi Germany).

15. **Infrastructure** – GCM Grosvenor have reported that 33.4% of the current portfolio is invested in sustainable investments (based on commitment values). GCM report that the portfolio could reach a 50% sustainable target by 2026, whilst still targeting returns within the Hampshire performance objective.

Case study – Pioneer Point Partners (primary fund)

Pioneer Infrastructure Partners I is a €575 million fund seeking control equity transactions in lower middle market infrastructure in Western Europe. The Fund's primary investment focus is on investments that seek to decarbonise and modernise the energy sector as well as promote the efficient utilisation and re-use of various resources in the economy. Investments to date have included: a diversified renewables platform in Spain, an experienced developer and operator of biogas plants in Northern Ireland and the Republic of Ireland, and a processor of fish waste to produce high value, sustainable end-products for the bioenergy in Norway.

16. **Private Debt** – JP Morgan have reported that 5% of the current portfolio is invested in sustainable investments (based on commitment values). JP Morgan report that the portfolio could reach a 10% sustainable target by 2026, whilst still targeting returns within the Hampshire performance objective.

Case study – CVI Clean Energy Fund, (primary fund)

The fund's objective is climate risk mitigation through positive net green-house gas emissions. These, along many other ESG KPIs are tracked and monitored on a regular basis, and then reported to our investors.

Levelling-Up and Local Investment

17. In a Levelling-Up White Paper (LUWP) published in February 2022 the Government set out its ambitions that LGPS funds have 5% of their assets invested in projects that support the local area. Recently this has been followed-up by a policy consultation on the Next Steps on Investment published on 11 July 2023, which included confirmation of ‘an ambition in the LUWP for LGPS funds to invest up to 5% of their assets under management in projects which support local areas’.
18. The consultation further confirms Levelling-Up has ‘12 medium-term levelling up missions (living standards, research and development, transport, digital connectivity, education, skills, health, well-being, pride in place, housing, crime and local leadership)’ and an investment would meet the levelling up requirement if:
 - it makes a measurable contribution to one of the levelling up missions set out in the LUWP; and
 - it supports any local area within the United Kingdom.
19. Of the amounts identified as sustainable investments in each alternative investment portfolio above, the following amounts are invested in the UK and would also count towards the Levelling-Up agenda:
 - Private Equity 0.4%
 - Infrastructure 6.7%
 - Private Debt 0.3%
20. In addition there are £40m of investments in the Pension Fund’s UK property portfolio, which is not the subject of this paper, in affordable housing and assisted living housing that fits well with the objectives of Levelling Up.

Case studies

Private Equity - Eagle Genomics based in Cambridge is revolutionising how scientists conduct life sciences research and is bridging the gap between data and new insights in a rapid, systematic and traceable way. It puts data science at the fingertips of biologists and scientists to drastically reduce time and cost of research, enabling customers to achieve radical productivity improvements and true data driven discovery. Eagle is working with global leading ‘fast-moving consumer goods’ (FMCG) and agriculture businesses to support them in identifying positive attributes from bacteria and other ingredients, which can then support product development to give important health benefits both to end customers and also to livestock. Eagle has entered into a partnership with International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) to

accelerate microbiome-based solutions to drive global climate resilience, sustainable food systems and improved nutrition.

Private Debt – loan to a U.K. based energy company offering residential solar and battery storage solutions along with Artificial Intelligence capabilities to optimise self-consumption together with exporting and importing to and from the grid in the U.K.

Infrastructure - Viridor Energy is the largest Energy from Waste portfolio in the UK with 11 operational facilities across England, Scotland and Wales. The company accepts waste from local municipalities and incinerates it to create renewable power and heat. This enables diversion of waste away from landfills thereby lowering carbon emissions by more than 30%. Viridor's ESG strategy is to achieve Net Zero greenhouse gas emissions by 2040. Viridor's strategy includes rolling out plastic extraction concept in order to reduce anthropogenic emissions (Materials derived from production involving fossil fuel, most commonly plastics) and removal of at least 1.6 mt of CO₂e per annum by 2040 (equivalent to removing ~800 thousand cars from UK roads).

Pensions for Purpose

21. Pensions for Purpose is a certified B corporation that aims to be a bridge between asset managers, pension funds and their professional advisors to encourage the flow of capital towards impact investment. They offer education and training, networking and knowledge sharing for their asset owner, and investment manager and advisor members. They have over 300 members including:

- 7 of the Pension Fund's eleven investment managers (abrdrn, Acadian, Baillie Gifford, Barings, CBRE, GCM Grosvenor and Insight).
- 2 of Hampshire's 10 other partners in ACCESS (East and West Sussex) plus a number of other LGPS funds and pools.
- Hampshire's actuary Hymans Robertson.

22. Membership is free for LGPS funds and it is recommended that if the Panel and Board agree to the recommended targets for sustainable investments in the Fund's alternative investment portfolios, that they also agree to join Pensions for Purpose.

Conclusion and Recommendation

23. The Pension Fund's investment strategy is to invest in well diversified portfolios of global alternative investments. By being diversified these portfolios will never fully invest in sustainable investments, but the Pension Fund's investment managers have already identified that sustainable

investments can be part of a diversified portfolio that meets the Pension Fund's objectives.

24. Of the Pension Fund's combined 22.5% allocation to alternative investments 16.9% is currently invested in sustainable investments (3.5% of the total Fund or £313m as at 31 March 2023). This figure could be further increased through the allocation to timber that was provisionally added to the Pension Fund's Investment Strategy.
25. The Fund's sustainable investments include 2.8% (0.6% of the whole Fund or £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.
26. 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% of the total Pension Fund) by 2026. This is an initial step for the Fund for the first time establishing a target for sustainable alternative investments. Beyond 2026 the target can be revisited with the investment managers in the expectation of further increases and potential specific targets for sustainable and impact investments.
27. It is recommended that the RI sub-committee recommends to the Pension Fund Panel and Board that it agrees the aims set out in this report for the Fund's three alternative investment portfolios to increase their allocations to sustainable investments.

Climate Change Impact Assessments

28. 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.
29. 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 [Responsible Investment | Hampshire County Council \(hants.gov.uk\)](https://www.hants.gov.uk/responsible-investment).

30. This paper provides analysis of the Pension Fund's alternative investments allocated to sustainable investments, which includes investments contributing to tackling climate change, and proposals for increasing this allocation.

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 report 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 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.

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of the Local Government Act 1972.

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