

PENSIONS INVESTMENT SUB-COMMITTEE MEETING 3RD DECEMBER 2019

QUESTIONS TO THE PENSIONS INVESTMENT SUB-COMMITTEE FOR WRITTEN REPLY

From Gill Slater

Item 6 Pension Fund Performance

1. Since BlackRock's fossil fuels have damaged the planet and their profits, the pension fund sale of these assets is welcomed, however, given the Climate Crisis, resulting in the Council's 2029 commitment, and in order to avoid the stranded fossil fuel asset risk, will the Council commit to divest from such investments?

Reply

The Authority's primary responsibility is to secure the best returns for the fund in the interests of our council taxpayers and scheme members. The council has decided to take no action at the present time which would result in any commitment to divest from such investments.

The fund managers we use are required to look at sustainability of returns as well as capital values of investments and we would not wish to restrict investment decisions that could impact on maximising returns. This would not be in the best interests of our members or council taxpayers. All of the managers we use have significant resources dedicated to ESG research and adopt a proactive engagement approach on these issues with the companies they invest in.

We focus on long term investments and continue to deliver superior investment returns as evidenced by the strong performance of the fund over all timeframes (from 1 to 30 years) and recognition through National Awards. Our strong performance has also recently been highlighted in a professional press article.

Item 8 Pension Fund Annual Report 18/19

2. Risk should be considered under the fiduciary duty, however, no reference is made to the devastating climate crisis or the trend to divest from fossil fuels (resulting in stranded assets). Can details / timetable of the asset allocation review, agreed by this committee (28.08.19) in response to divestment concerns be provided with confirmation of open consultation?

Reply

An initial draft strategy review will be considered by the Sub-Committee on 3rd December 2019. The intention is for the Sub-Committee to consider strategic

allocation rather than implementation at this stage. A special meeting has been arranged for 17th December to reflect any follow up matters, should this be required.

We are aware of the work being undertaken by the Scheme Advisory Board and a future consultation from Government of new Statutory Guidance which may impact on the fund's Investment Strategy Statement (ISS) is awaited. The current ISS is available as part of the pension fund annual report and is published in the council's website. This provides opportunity for comments on all aspects of the report, including the ISS.
