Pension Fund Committee agenda

Date: Thursday 24 November 2022

Time: 2.00 pm

Venue: Paralympic Room, The Gateway, Aylesbury

Membership:

R Bagge (Vice-Chairman), Mr M Barber (Thames Valley Police), T Butcher (Chairman), A Collingwood, E Gemmell, I Macpherson, P Marland (Milton Keynes Council) and M Walsh

financial or business affairs of any particular person (including the authority holding that information)

8	**Confidential minutes of the last meeting** To agree the confidential minutes of the Pension Fund Committee held 29 September 2022.	**23 - 26**
9	**Buckinghamshire Pension Fund Board Confidential Draft Minutes** To note the confidential draft minutes of the last Pension Fund Board meeting held 19 October 2022.	**To Follow**
10	**Pension Fund Performance** To be presented by Julie Edwards, Head of Pensions, Buckinghamshire Council.	**27 - 74**
11	**Actuarial Valuation as at 31 March 2022** To be presented by representatives from Barnett-Waddingham.	**75 - 126**
12	**Date of the next meeting** 21 March 2023 at 2pm	

If you would like to attend a meeting, but need extra help to do so, for example because of a disability, please contact us as early as possible, so that we can try to put the right support in place.

For further information please contact: Elly Cook / Clare Gray on 01895 837319 / 01895 837529, email democracy@buckinghamshire.gov.uk.

Pension Fund Committee minutes

Minutes of the meeting of the Pension Fund Committee held on Thursday 29 September 2022 in Paralympic Room, The Gateway, Aylesbury, commencing at 2.00 pm and concluding at 4.25 pm.

Members present

R Bagge, T Butcher, E Gemmell, I Macpherson, P Marland and M Walsh

Others in attendance

C Dobson, R Ellis, T English, M Passey and M Preston

Agenda Item

1 Apologies for Absence
There were no apologies for absence.

2 Declarations of Interest
There were no declarations of interest.

3 Minutes of the last meeting
Resolved: That the Minutes of the Meeting of the Pension Fund Committee held on 7 July 2022 were agreed as a correct record.

4 Buckinghamshire Pension Fund Board Draft Minutes
Resolved: That the Minutes of the Buckinghamshire Pension Fund Board meeting held on 27 July 2022 be noted.

5 Pension Fund Annual Report 2021/22
Each year the Pension Fund Committee was required to approve the Pension Fund Annual Report, including the Pension Fund Statement of Accounts. The Annual Report included pensions administration and investment performance, in addition to the annual accounts. The approval of the Annual Report was subject to the accounts being approved by the Buckinghamshire Council Audit and Governance Committee. The Chairman reported that he had received an update from the Section 151 officer regarding the accounts in that all figures had been sent to the auditors by the end of this week and were waiting for sign off. However, this could not be undertaken until a Statutory Instrument had been passed by Parliament and the earliest possible date for this was November 2022. The provisional Annual Report and Accounts for 2021/22 would be published on 30 November 2022 without an

audit opinion if the audit for Buckinghamshire Council and the pension fund accounts had not been completed by that date.

The Assistant Director of Finance particularly referred Members to Note 20 regarding Additional Voluntary Contributions and that information on AVC's had been delayed by Prudential but they were addressing this and would have the information in time for the final accounts publication.

Members discussed the Annual Report. The Brunel Pension Partnership who looked after approximately 90% of the Fund received fees of £18 million and a Member queried whether any further information was available on the fees. Fees were calculated on the value of the Fund. A further Member then suggested it would be helpful to have information on whether the Fund Manager provided good value for money and whether the fee was justified. The Chairman reported that as a result of the investment pooling agenda, the Buckinghamshire Fund had joined with nine other LGPS administering authorities to set up the Brunel Pension Partnership and the business case had been agreed in 2017 based on an estimated potential fee saving of £550 million over a 20 year period across the ten funds. The expected costs and savings were set out on page 62 of the agenda pack. Members agreed that a breakdown of the management fees would not necessarily be helpful to the Committee but that Brunel should demonstrate why they were good value for money and also to demonstrate the savings they had currently made. It was noted that Brunel was a not-for-profit organisation.

A further query was made under note 13 regarding additional financial risk management disclosures which included information on market risk and market price risk and why this did not include any information on climate change. The Chairman referred the Member to page 153 of the agenda pack which referred to climate change under the social, environmental and corporate governance policy.

Under that same area, a Member referred to Brunel being committed to industry and corporate engagement, decarbonising its listed investment portfolios, and being transparent about their carbon intensity. Members noted that the Committee would work with Brunel to ensure that these were implemented over time. On an annual basis Brunel produced data so that the Fund's progress could be monitored.

RESOLVED

That the Annual Report 2021/22 be approved, subject to the statement of accounts element being signed off by Audit and Governance Committee.

6 Funding Strategy Statement

The Local Government Pension Scheme Regulations required all LGPS Administering Authorities to prepare a Funding Strategy Statement. The current Statement needed to be updated to reflect pass-through arrangements for new admission bodies approved by the Pension Fund Committee in March 2022. Under a pass-through arrangement, the letting Authority retained the pension risk and also additional costs as set out in each admission agreement eg redundancy and early retirement costs.

The Assistant Director of Finance particularly made reference to page 171 of the agenda pack relating to a paragraph on payment of contributions. Primary contributions were certified as a percentage of payroll and payments received which would fluctuate in line with the payroll each month. Secondary rate adjustments could also be certified as a percentage of payroll or as a monetary amount. From 1 April 2023 no discount would be offered in exchange for prepayment of either primary or secondary contributions.

During discussion reference was made to cessation valuations particularly relating to town and parish councils. A Member commented it was helpful for smaller organisations to be given an indication of whether there was any surplus or deficit in the Fund and assessing the value of the liabilities attributable to the exiting employer earlier in the year. Obtaining a valuation could be very expensive so for smaller organisations valuations were undertaken at the end of March.

Another query was raised in relation to page 186 of the agenda pack in terms of financial risks and what happened if organisations went bankrupt. A representative from Mercer reported that employer risks were detailed on page 190 of the pack. In addition it was noted that Parish Councils would not go bankrupt and could raise their precept if they were in financial difficulty.

RESOLVED

That the revised Funding Strategy Statement be approved.

7 Breaches of the Law

The Committee received the Procedure for Reporting Breaches of Law and also the Breach Log which detailed the administration breaches recorded along with details of the percentage of annual benefit statements issued for 2021/22. The Assistant Director of Finance reported that the Procedure complied with the requirements of the Pension Act 2002 and the Pensions Regulator's Code of Practice. He also commented that the breaches were minor in nature with some breaches relating to refunds of employee contributions being paid in excess of 5 years since their date of leaving and pensions being paid after age 75 (9 in total). Members had been written to after leaving and had been informed that they had a refund due and a reminder was sent to them six months prior to the 5 year expiry date. With regard to pensions paid after age 75 Members were written to at leaving notifying them of their pension benefits and the date they must be claimed by. If still not claimed three month prior to normal pension age a notification was issued to the Member confirming benefits could be claimed or payment deferred until the day before age 75 was attained and a further reminder was issued three months prior to age 75. A Member commented that it was good to write to people in advance particularly at key birthdays. The Chairman reported that most breaches were outside of the Administering Authority's control.

The Assistant Director of Finance reported that another breach was that 100% of annual benefit statements were not issued by the statutory deadline, with 99.89% issued. In 2020/21 98.14% of ABS were issued by the deadline. This was still a high percentage therefore a green breach. The final breach related to employees/ employer's contributions not being received by 19th of the month following the month in which they were deducted. This was an amber breach and there had been some improvement. Monthly debt days were scheduled into the finance teams' diaries to ensure this was addressed every month. The Chairman reported that it was important to monitor these closely and Members noted that processes had been made more robust to ensure payments were made on time.

RESOLVED

That the report be noted including the comments made on the breaches log.

8 Investment Strategy Statement

All LGPS Administering Authorities were required to issue an Investment Strategy Statement (ISS). The ISS was reviewed every three years following the triennial actuarial valuation, although ad hoc revisions could be made where required. The representative from Mercer reported that the current ISS needed to be updated for revisions in asset allocations (section 3) and the Fund's social, environmental and corporate governance policy (section 7). In Section 3 Mercer had taken the opportunity to update the overview of the role each asset class played and changes were set out in the table at page 199 of the agenda pack including private debt, infrastructure and bonds. Members noted the additional information provided on rebalancing policy. Due to their illiquid nature, rebalancing ranges were not set for individual private market asset classes (specifically private equity, private debt and infrastructure). However, the Committee regularly conducted commitment planning exercises to seek to achieve and broadly maintain the strategic allocations to each asset class.

In relation to the social, environmental and corporate governance policy, Brunel had published its Responsible Investment Policy Statement and had identified seven priority themes as part of its integrated Responsible Investment process. These themes spanned a wide range of ESG issues and were informed by Brunel's investment beliefs, its clients' policies and priorities, together with stakeholder views, regulatory and statutory guidance and alignment with best practice. The themes were set out below:-

- Climate change
- UK policy framework
- Diversity and Inclusion
- Human capital
- Cost and tax transparency
- Cyber
- Supply chain management

The Committee was supportive of Brunel's Responsible Investment Policy, as well as their priority themes for Responsible Investment and stewardship activities. During 2021, Brunel engaged with a number of investee companies on a wide variety of ESG-related themes, including corporate conduct, culture and ethics, human capital measurement, respect of human rights, board effectiveness and executive remuneration.

Cllr Marland referred to the Notice of Motion which was passed at his Council declaring a Climate Emergency and its commitment to becoming carbon neutral by 2030 and carbon negative by 2050. He asked the Committee to note that the Investment Strategy was against the policy set by Milton Keynes Council who contributed to one third of the pension fund.

Members noted that Brunel's intention was to align its investments with the targets set under the Paris Agreement in relation to greenhouse gas emissions and carbon neutrality. Brunel had committed to a 50% reduction in emissions by 2030 and to net zero by 2050 which the Committee supported. It was reported that there were not enough investment opportunities in renewables yet to have a diverse enough portfolio. The Committee would continue to develop its beliefs and approach to ESG integration and climate change, and its strategy for decarbonising the Fund's investment portfolio. The Climate Change Policy was being reviewed by Brunel in 2022, ahead of publishing an updated policy in 2023.

One area of Brunel's focus would be on driving real and substantial change in how investment managers invest and if they were not able to robustly explain their investment strategies and how they had integrated climate risk, Brunel would look to replace them with investment managers that did. On an annual basis, Brunel produced carbon footprint analysis to monitor the Fund's progress in reducing carbon emissions and key carbon metrics, such as the weighted average carbon intensity of the aggregate portfolio were measured and monitored against a custom benchmark. By 31 December 2021 the Fund was c.32% less carbon intensive than the benchmark.

The Committee did not consider a top-down approach to disinvestment to be an appropriate strategy for reducing climate and carbon risk and contributing towards reducing carbon emissions. The Committee believed that decarbonising the Fund's portfolio over time by reducing its exposure to carbon intensive companies and assets, and seeking to influence the behaviour of companies through engagement, would have a more beneficial impact.

RESOLVED

That the updated Investment Strategy Statement be approved.

9 Forward Plan

The Assistant Director of Finance reported that the external auditors would be attending the next meeting which would also include the Actuarial Valuation as at 31 March 2022. The Investment Strategy would be reviewed in March 2023.

Reference was also made to the Government launching a consultation proposing more effective governance, strategy, risk management and targets for the assessment and management of climate related risks and opportunities for the Local Government Pension Scheme. It also invited responses on proposals to disclose these in line with the recommendations of the international industry-led Taskforce on Climate-related Financial Disclosures (TCFD). The proposals included a requirement for LGPS authorities to calculate their carbon footprint, and to assess how different temperature rises could affect their assets and liabilities. The consultation closed on 24 November 2022. Members discussed the best way to approach the consultation and agreed that discussions should be held before the Committee on 24 November as the response needed to be finalised on that day. A draft response would be circulated beforehand. **ACTION: J Edwards**

RESOLVED: That the Forward Plan be noted

9A Question Time

The following question was asked by Councillor Ed Gemmell under section 2.17 of the Committee Procedure Rules

(a) Overall viability of the fund in relation to the Climate and Ecological Emergency: Is the Committee aware that pension funds themselves have the power to determine their own strategy and policy position in relation to sector-wide divestments? If so, why is the Committee currently retaining investments in fossil fuels? On what basis do they consider that the benefit to the fund is greater by staying with fossil fuel investments rather than disinvesting from them? This question entails:

*** financial benefits or risks, concerning stranded assets and volatility, including in conventional terms within existing financial markets and activities**

*** risks to future beneficiaries, associated with a possible contribution to societal breakdown, breakdown of the financial system including the pension industry, loss of nature and increase in extreme weather;**

*** the ethical imperative that is part of the committee's responsibility, to consider stewardship of the earth that is our home and thus to stop investing in fossil fuels which are causing damage to our planet which will only repair on a timescale of millennia**

The Committee has a fiduciary duty to act in the best financial interests of the Fund's members and employers and seek to obtain the best financial return that it can for members and employers against a suitable degree of risk, given that any shortfall in returns will have a direct impact on employer contribution rates and therefore Council Tax payers. This is a fundamental principle; however, the Fund is also mindful of its responsibilities as a long term shareholder.

The Committee believes that environmental, social, and corporate governance (ESG) factors, including climate change, will have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Committee recognises that long term sustainability issues present risks and opportunities that increasingly require explicit consideration when investing the Fund's assets.

The majority of the Committee does not consider a top-down approach to disinvestment to be an appropriate strategy for reducing climate and carbon risk and contributing towards reducing carbon emissions. Instead, the Committee believes that decarbonising the Fund's portfolio over time by reducing its exposure to carbon intensive companies and assets, and seeking to influence the behaviour of companies through engagement, will have a more beneficial impact.

In order to target net zero the objective is to decarbonise investments by 2050 in line with Bucks Council strategic objective, with the Committee broadly supportive of Brunel's interim objective for a 50% carbon emission intensity reduction by 2030. The Committee will be carrying out further work to develop its net zero pathway in the coming months, including climate scenario analysis. The Buckinghamshire Pension Fund reported 22% carbon efficiency in December 2020. At the end of December 2020 the Fund had 22% fewer carbon emissions than similar companies in the investable universe.

The Pension Fund is due to undertake a review of its Investment Strategy in light of the triennial revaluation results that are due by the end of this calendar year.

10 Exclusion of the Press and Public

RESOLVED

That the press and public be excluded for the following items as they were exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because they contained information relating to the financial or business affairs of any particular person (including the authority holding that information).

11 Confidential minutes of the last meeting

Resolved: That the confidential minutes of the Buckinghamshire Pension Fund Committee held on 7 July 2022, be approved as a correct record.

12 Buckinghamshire Pension Fund Board Confidential Draft Minutes

Resolved: That the confidential minutes of the Buckinghamshire Pension Fund Board meeting held on 27 July 2022, be noted.

13 AVC Review

RESOLVED that the AVC Review report be noted.

14 Pension Fund Risk Register

RESOLVED that the Risk Register for the Pension Fund be noted.

15 Pension Fund Performance

RESOLVED that the investment performance of the Pension Fund for the second quarter of 2022, ending 30 June 2022 be noted.

16 Brunel Pension Partnership Update

RESOLVED that the Brunel Pension Partnership Update be noted.

17 Secured Income Training

This was deferred to the following meeting on 24 November 2022.

18 Date of the next meeting

24 November 2022 at 2pm.

Report to Pension Fund Committee

Date: 24th November 2022

Title: **Response to LGPS Governance and Reporting of Climate Risk Consultation**

Author and/or contact officer: Julie Edwards

Recommendations: **The Committee APPROVES the response to the consultation on LGPS Governance and Reporting of Climate Risk, attached as Appendix 1 to the report.**

1. Executive summary

1.1 On 1st September 2022, the Department for Levelling Up, Housing and Communities (DLUHC) launched its consultation regarding governance and reporting of climate change risks. The consultation seeks views on proposals to require Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). A response is attached as Appendix 1 to this report, the Committee is asked to approve the response to the consultation.

2. Content of report

2.1 On 1st September 2022, the Department for Levelling Up, Housing and Communities (DLUHC) launched its consultation regarding governance and reporting of climate change risks. The consultation seeks views on proposals to require Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The consultation closes at 11:45pm on 24th November 2022.

2.2 The consultation seeks views on policy proposals to require administering authorities of the LGPS to have effective governance, strategy, risk management and accompanying metrics and targets for the assessment and management of climate risks and opportunities. The full consultation can be found at:

https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks

2.3 The international Taskforce on Climate-related Financial Disclosures (TCFD) published a set of recommendations in 2017 with the aims of improving assessment, management, and disclosure of climate-related financial risks. In November 2020, the government announced the intention to make TCFD-aligned disclosures mandatory in the United Kingdom across the economy by 2025, with a significant portion of mandatory requirements in place by 2023. The Department for Work and Pensions (DWP) has already introduced requirements on climate risk management and reporting for private pension schemes, in regulations which came into force on 1 October 2021. Implementation is staged for private pension schemes. Private schemes with £5 billion or more in assets were immediately in scope, with those with £1 billion or more to follow in October 2022. Schemes with less than £1 billion in assets are not currently covered.

2.4 The proposals in the consultation are broadly similar to the requirements for private pension schemes, and encompass the same four areas of governance, strategy, risk management and metrics and targets. However, a key difference is that the proposed requirements will apply to all LGPS administering authorities from 2023/24 regardless of fund size. The deadline for publishing the Climate Risk Report will be 1 December, as for the administering authority's Annual Report, with the first Climate Risk Report due in December 2024. It is proposed that LGPS administering authorities would calculate the 'carbon footprint' of their assets and assess how the value of each fund's assets or liabilities would be affected by different temperature rise scenarios, including the ambition to limit the global average temperature rise to below 2°C set out in the Paris Agreement. It is proposed that administering authorities should report on this annually, and that these reports will be summarised in an LGPS-wide report, including the overall carbon emissions of the scheme.

2.5 The key proposals are summarised below.

Area	**Proposal**
Overall	Each LGPS administering authority must complete the actions listed below and summarise their work in an annual Climate Risk Report.
Scope and Timing	The proposed regulations will apply to all LGPS administering authorities. The first reporting year will be the financial year 2023/24, and the regulations are expected to be in force by April 2023. The first reports will be required by December 2024.

Governance	Administering authorities will be expected to establish and maintain, on an ongoing basis, oversight of climate related risks and opportunities. They must also maintain a process or processes by which they can satisfy themselves that officers and advisors are assessing and managing climate-related risks and opportunities.
Strategy	Administering authorities will be expected to identify climate-related risks and opportunities on an ongoing basis and assess their impact on their funding and investment strategies.
Scenario Analysis	Administering authorities will be required to carry out two sets of scenario analysis. This must involve an assessment of their investment and funding strategies. One scenario must be Paris-aligned (meaning it assumes a 1.5 to 2°C temperature rise above pre-industrial levels) and one scenario will be at the choice of the administering authority. Scenario analysis must be conducted at least once in each valuation period.
Risk Management	Administering authorities will be expected to establish and maintain a process to identify and manage climate-related risks and opportunities related to their assets. They will have to integrate this process into their overall risk management process.
Metrics	Administering authorities will be expected to report on metrics as defined in supporting guidance. The proposed metrics are set out below. **Metric 1** will be an absolute emissions metric. Under this metric, Administering authorities must, as far as able, report Scope 1, 2 and 3 greenhouse gas (GHG) emissions. **Metric 2** will be an emissions intensity metric. We propose that all administering authorities should report the Carbon Footprint of their assets as far as they are able to. Selecting an alternative emissions intensity metric such as Weighted Average Carbon Intensity (WACI) will be permitted but administering authorities will be asked to explain their reasoning for doing so in their Climate Risk Report. **Metric 3** will be the Data Quality metric. Under the Data Quality metric, administering authorities will report the proportion the value of its assets for which its total reported emissions were Verified*, Reported**, Estimated or Unavailable. **Metric 4** will be the Paris Alignment Metric. Under the Paris Alignment Metric, administering authorities will report the percentage of the value of their assets for which there is a public net zero commitment by 2050 or sooner.

	Metrics must be measured and disclosed annually.
Targets	Administering authorities will be expected to set a target in relation to one metric, chosen by the administering authority. The target will not be binding. Progress against the target must be assessed once a year, and the target revised if appropriate. The chosen metric may be one of the four mandatory metrics listed above, or any other climate related metric recommended by the TCFD.
Disclosure	Administering authorities will be expected to publish an annual Climate Risk Report. This may be a standalone report, or a section in the administering authority's annual report The deadline for publishing the Climate Risk Report will be 1 December, as for the administering authority's Annual Report, with the first Climate Risk Report due in December 2024. We propose that scheme members must be informed that the Climate Risk Report is available in an appropriate way.
Scheme Climate Report	We propose that the Scheme Advisory Board (SAB) should prepare an annual Scheme Climate Report including a link to each individual administering authority's Climate Risk Report (or a note that none has been published) and aggregate figures for the four mandatory metrics. We also propose that a list of the targets which have been adopted by administering authorities. We are open to views as to whether any other information should be included in the Scheme Climate Report.
Proper advice	We propose to require that each administering authority take proper advice when making decisions relating to climate-related risks and opportunities and when receiving metrics and scenario analysis.

*This refers to reported emissions calculated in line with the GHG Protocol and verified by a third-party.
**This refers to reported emissions calculated in line with the GHG Protocol without verification by a third-party.

3. Other options considered

3.1 Not applicable.

4. Legal and financial implications

4.1 The proposed regulations will apply to all LGPS administering authorities. The first reporting year will be the financial year 2023/24, and the regulations are expected to be in force by April 2023. The first reports will be required by December 2024.

Buckinghamshire Council
Buckinghamshire Pension Fund

Directorate for Resources
Pensions & Investments Team
Buckinghamshire Council
Walton Street Offices
Aylesbury, HP20 1UD
Julie.edwards@buckinghamshire.gov.uk
01296 383910
www.buckinghamshire.gov.uk/pensions

LGF Pensions Team
Department for Levelling Up, Housing and Communities
2nd Floor, Fry Building, 2 Marsham Street
London
SW1P 4DF
LGPensions@levellingup.gov.uk

Date: 24th November 2022

Dear Sir

Response to LGPS Governance and Reporting of Climate Risk Consultation

Thank you for the Department's Consultation seeking views on LGPS Governance and Reporting of Climate Risk Consultation. I am responding on behalf of Buckinghamshire Council in its capacity as administering authority of the Buckinghamshire Pension Fund.

Please see below responses to specific questions:

Question 1: Do you agree with our proposed requirements in relation to governance?
The Buckinghamshire Pension Fund agrees with the proposed guidance in relation to governance. We believe that our pool, Brunel, will be critical to our ability to produce our reports in a consistent and comparable way.

Question 2: Do you agree with our proposed requirements in relation to strategy?
The Buckinghamshire Pension Fund agrees the proposal to identify, on an ongoing basis, climate-related risks and opportunities that will impact the investment and funding strategy of the Fund, over the short, medium and long term – including carbon pricing, new technology adoption and extreme weather events.

Question 3: Do you agree with our suggested requirements in relation to scenario analysis?
We agree and support the triennial use of at least two scenario analyses regarding our overall investment and funding strategies with one scenario 'below 2°C temperature rise'. There are challenges associated with scenario analysis. Brunel, our pool, has incurred considerable costs in collecting the necessary data for scenario analysis on listed markets, additional costs will be incurred to conduct the scenario analysis itself. Brunel anticipates the cost to collate and utilise the necessary data to produce decision-useful scenario analysis on private markets to be considerably higher.

Financial costs notwithstanding, the outcomes of scenario analyses are very subjective and subject to methodological flaws and gaps in aggregating and applying data. We believe that scenario analysis should be concentrated in the investment areas where the data is most robust, for example listed markets; therefore, we recommend that requirements provide flexibility in scope.

Question 4: Do you agree with our proposed requirements in relation to risk management?
The Buckinghamshire Pension Fund agrees with the proposed requirements in relation to risk management.

Question 5: Do you agree with our proposed requirements in relation to metrics?
The Buckinghamshire Pension Fund agrees with the approach of calculating absolute carbon emissions, carbon footprint, emissions intensity (Weighted Average Carbon Intensity) and data quality metrics. We are supportive of the ambition to include scope 3 emissions; however, we raise the methodological challenges involved in calculating the proposed metrics for scope 3 emissions. We recommend scope 3 emissions are presented separately.

Question 6: Do you agree with our proposed requirements in relation to targets?
The Buckinghamshire Pension Fund agrees with the requirement to set targets against metrics. However, we strongly suggest that further consideration is taken to the language of the guidance and requirements regarding annual monitoring of performance against the targets.
We believe that requiring annual consideration to changing targets may encourage behaviours that promote short-term climate-related performance that may not achieve the overarching goals of net-zero by 2050. For example, targets to decarbonise a portfolio in the span of a year may involve a strategy of divestiture in industries, markets and sectors that will be essential in transforming the UK economy to net-zero by 2050.

Question 7: Do you agree with our approach to reporting?
The Buckinghamshire Pension Fund agrees with the overall approach to producing an annual climate risk report, either alongside or with the Fund's annual report.

Question 8: Do you agree with our proposals on the Scheme Climate Risk Report?
The Buckinghamshire Pension Fund does not support some of the proposed requirements around a Scheme level report, we believe that current methodologies are not sophisticated and developed enough to produce meaningful data at a Scheme level. As such we do not believe that the resources and time required to produce such a report would constitute prudent allocation, as the aggregated figures would not be accurate enough to produce meaningful and decision-useful information.

Question 9: Do you have any comments on the role of the LGPS asset pools in delivering the requirements?
We believe that our pool, Brunel, will have a very important role to play in facilitating the production of our climate reports. We support the production of a report with narrative alongside metrics which is accessible for non-specialist readers and contains enough detail for industry experts.

Question 10: Do you agree with our proposed approach to guidance?
The Buckinghamshire Pension Fund agrees with the proposal for DLUHC to produce statutory guidance. We agree that a template would be useful, and that common metrics are required, but we would suggest that some degree of flexibility is required for individual Funds to report on their activities in a way that is meaningful for their fund members.

Question 11: Do you agree with our proposed approach to knowledge, skills and advice?

We support the proposal that administering authorities must take proper advice regarding assessing and managing climate risks and the proposal that our pool, Brunel, could jointly procure expert advice on behalf of its partners Funds.

Question 12: Do you have any comments on the impact of our proposals on protected groups and on how any negative impacts may be mitigated?
We support the principle that reports should be provided in accessible formats.

Yours faithfully

Cllr Timothy Butcher
Timothy.butcher@buckinghamshire.gov.uk
Chairman of the Buckinghamshire Pension Fund Committee

This page is intentionally left blank

Pension Fund Committee Forward Plan

24 November 2022

Agenda Item	Author	Cyclical Item?
Apologies	--	Every meeting
Declarations of interest	--	Every meeting
Minutes	--	Every meeting
Buckinghamshire Pension Board Draft Minutes		Every 3 months
Response to LGPS Governance and Reporting of Climate Change Risk Consultation	Julie Edwards	Ad hoc
Forward Plan	Julie Edwards	Every meeting
Exclusion of Press and Public		
Confidential Minutes		
Buckinghamshire Pension Board Confidential Minutes		Every 3 months
Pension Fund Performance	Julie Edwards	Quarterly
Actuarial Valuation as at 31 March 2022	Barnett-Waddingham	Triennial
Date of next meeting / AOB	--	

Page 19

21 March 2023

Agenda Item	Author	Cyclical Item?
Apologies	--	Every meeting
Declarations of interest	--	Every meeting
Minutes	--	Every meeting
Buckinghamshire Pension Board Draft Minutes		Every 3 months
External Audit Plan	Grant Thornton	Annual
Statement of Accounts Audit 2021/22	Grant Thornton	Annual
Governance Compliance Statement	Claire Lewis-Smith	Annual
Treasury Management Service Level Agreement		Annual
Forward Plan	Julie Edwards	Every meeting
Exclusion of Press and Public		
Confidential Minutes		
Buckinghamshire Pension Board Confidential Minutes		Every 3 months

Agenda Item 6

Pension Fund Risk Register	Julie Edwards	6 monthly
Pension Fund Performance	Julie Edwards	Quarterly
Investment Strategy Review	Mercer	Triennial
Brunel Pension Partnership Update		Ad hoc
Date of next meeting / AOB	--	

July 2023

Agenda Item	**Author**	**Cyclical Item?**
Appointment of Vice-Chairman		
Apologies	--	Every meeting
Declarations of interest	--	Every meeting
Buckinghamshire Pension Board Draft Minutes		Every 3 months
External Audit Plan	Grant Thornton	Annual
Draft Pension Fund Accounts		Annual
Forward Plan	Julie Edwards	Every meeting
Exclusion of Press and Public		
Confidential Minutes		
Buckinghamshire Pension Board Confidential Minutes		Every 3 months
Pension Fund Performance	Julie Edwards	Quarterly
	Mercer	Ad hoc
Brunel Pension Partnership Update	Brunel Pension Partnership	Ad hoc
Date of next meeting / AOB	--	

September 2023

Agenda Item	**Author**	**Cyclical Item?**
Apologies	--	Every meeting
Declarations of interest	--	Every meeting
Minutes	--	Every meeting
Buckinghamshire Pension Board Draft Minutes		Every 3 months
Statement of Accounts Audit 2021/22	Grant Thornton	Annual
Pension Fund Annual Report 2022/23	Julie Edwards	Annual

Pension Fund Committee Forward Plan

Breaches of the Law	Claire Lewis-Smith	Annual
Forward Plan	Julie Edwards	Every meeting
Exclusion of Press and Public		
Confidential Minutes		
Buckinghamshire Pension Board Confidential Minutes		Every 3 months
Pension Fund Risk Register	Julie Edwards	6 monthly
Pension Fund Performance	Julie Edwards	Quarterly
Brunel Pension Partnership Update	Brunel Pension Partnership	Ad hoc
	Mercer	Ad hoc
Date of next meeting / AOB	--	

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank