



Pension Fund Committee minutes

Minutes of the meeting of the Pension Fund Committee held on Thursday 24 November 2022 in Paralympic Room, The Gateway, Aylesbury, commencing at 2.00 pm and concluding at 4.40 pm.

Members present

R Bagge, T Butcher, E Gemmell and M Walsh

Others in attendance

J Edwards, R Ellis, C Gray, M Passey - Mercer, M Preston, Kieran O'Connor – Mercer, Roisin McGuire - Barnett-Waddingham, Ellie Murray - Barnett-Waddingham

Agenda Item

1 **Apologies for Absence**

Apologies were received from Cllrs Collingwood, Macpherson and Marland

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 29 September 2022 were agreed as a correct record.

4 **Buckinghamshire Pension Fund Board Draft Minutes**

Copies of the Pension Fund Board minutes were circulated previously.

Resolved: That the Minutes of the Buckinghamshire Pension Fund Board meeting held on 19 October 2022 be noted.

5 **Response to LGPS Governance and Reporting of Climate Risk Consultation**

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 sought 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 was attached as Appendix 1 to the report.

The consultation sought 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 could be found at: <https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks/localgovernment-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks>

During discussion the following points were noted:-

- The proposed requirements would apply to all LGPS administering authorities from 2023/24 regardless of fund size.
- The consultation 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. A Member commented that the Paris Agreement should be corrected in the Government consultation as it should say well below 2, preferably to 1.5 degrees Celsius. However, as the deadline for responses was today there would not be time for this to be changed.
- Question 3 Response – the draft response supported the triennial use of at least two scenario analyses regarding the Council's overall investment and funding strategies with one scenario 'below 2°C temperature rise'. A Member asked that it be noted that he thought this should be undertaken annually due to the speed of climate change. The Chairman made reference to the LGA's response which stated that scenarios other than the Paris aligned one should be required to illustrate the effect of global temperature rises above 2°. A small set of plausible scenarios should be agreed and included in the statutory guidance, together with a presumption that pools should provide this expertise. Concerns had also been expressed about incurring costs in collecting the necessary data for scenario analysis. C Dobson reported that it was important to measure carbon emissions from the Fund's portfolio rather than globally and in the short term there was not enough data relating to equity portfolios and private markets.
- Question 5 – clarification was sought on scope 3 emissions related to the fact that the draft response stated that they should be presented separately. C Dobson reported that scope 3 emissions were difficult to measure and a huge amount of data was not available. The Chairman referred to the draft LGA response which urged caution and suggested that scopes 1-3 should be reported separately. The draft response suggested allowing for a range of methodologies to be used and for an evaluation of these to be done once they had been properly tested. The response referred to the fact that they did not believe a single methodology had emerged which could be deemed the most appropriate.

The Chairman referred to the Local Government's Association response to the consultation attached as a link below.

[221012_DLUHCClimateRiskReportingconsultation_SABresponse.pdf \(lgpsboard.org\)](https://www.lgpa.org.uk/media/221012/221012_DLUHCClimateRiskReportingconsultation_SABresponse.pdf)

On a vote being taken it was:-

RESOLVED that the response to the consultation on LGPS Governance and Reporting of Climate Risk, attached as Appendix 1 to the report be approved.

6 Forward Plan

The Assistant Director of Finance reported that the external auditors would be attending the next meeting in March 2023. Work was ongoing on the Council's accounts and it was noted that the Pension Fund accounts could not be fully reviewed until the Council accounts had been completed so that they could be signed off together.

RESOLVED that the Forward Plan be noted.

7 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).

8 Confidential minutes of the last meeting

Resolved: That the confidential minutes of the Buckinghamshire Pension Fund Committee held on 29 September 2022, be approved as a correct record.

9 Buckinghamshire Pension Fund Board Confidential Draft Minutes

Copies of the Confidential Pension Fund Board minutes were circulated previously.

Resolved: That the Confidential Minutes of the Buckinghamshire Pension Fund Board meeting held on 19 October 2022 be noted.

10 Pension Fund Performance

RESOLVED that the investment performance of the Pension Fund for the third quarter of 2022, ending 30th September 2022 be noted.

11 Actuarial Valuation as at 31 March 2022

RESOLVED that the actuarial valuation as at 31 March 2022 be noted.

12 Date of the next meeting

21 March 2023 at 2pm.

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