



Pension Fund Committee

Date: Tuesday, 26 November 2024
Time: 1.30 pm
Venue: Committee Room 2, County Hall, Dorchester, DT1 1XJ

Membership: (Quorum 3)

Andy Canning (Chair), Andy Todd (Vice-Chair), John Beesley, David Brown, Will Chakawhata, Adrian Felgate, Felicity Rice, Andy Skeats and Gary Suttle

Chief Executive: Matt Prosser, County Hall, Dorchester, Dorset, DT1 1XJ

For more information about this agenda please contact Democratic Services Meeting Contact joshua.kennedy@dorsetcouncil.gov.uk

Members of the public are welcome to attend this meeting, apart from any items listed in the exempt part of this agenda.

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4. PUBLIC PARTICIPATION

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Representatives of town or parish councils and members of the public who live, work, or represent an organisation within the Dorset Council area are welcome to submit either 1 question or 1 statement for each meeting. You are welcome to attend the meeting in person or via MS Teams to read out your question and to receive the response. If you submit a statement for the committee this will be circulated to all members of the committee in advance of the meeting as a supplement to the agenda and appended to the minutes for the formal record but will not be read out at the meeting. **The first 8 questions and the first 8 statements received from members of the public or organisations for each meeting will be accepted on a first come first served basis in accordance with the deadline set out below.**

Further information read [Public Participation - Dorset Council](#)

All submissions must be emailed in full to Joshua.kennedy@dorsetcouncil.gov.uk by 08:00am on Friday 22

November 2024.

When submitting your question(s) and/or statement(s) please note that:

- You can submit 1 question or 1 statement.
- A question may include a short pre-ambule to set the context.
- It must be a single question and any sub-divided questions will not be permitted.
- Each question will consist of no more than 450 words, and you will be given up to 3 minutes to present your question.
- When submitting a question please indicate who the question is for (e.g., the name of the committee or Portfolio Holder).
- Include your name, address, and contact details. Only your name will be published but we may need your other details to contact you about your question or statement in advance of the meeting.
- Questions and statements received in line with the council's rules for public participation will be published as a supplement to the agenda.
- All questions, statements and responses will be published in full within the minutes of the meeting.

Question from Julie-Ann Booker

The draft Dorset Pension Fund Annual Report 2023/2024 (page 10) states: “The Fund investment managers, acting in the best financial interests of the Fund, are expected to consider, amongst other factors, the effects of social, environmental and ethical issues on the performance of a company when undertaking the acquisition, retention or realisation of investments for the Fund”.

A BBC report on 15 October 2024 came to the conclusion that burning waste produces the same amount of greenhouse gases for each unit on energy as coal power, which was abandoned by the UK earlier this year. The BBC had examined five years of data from across the country. They concluded that burning household rubbish in giant incinerators to make electricity is now the dirtiest way the UK generates power.

<https://www.bbc.co.uk/news/articles/cp3wxqje5pwo>

Whilst this in itself is good social, environmental and ethical reason to question asset investment in such facilities, one of the UK’s biggest pension funds, Aviva, has now reported losing more than £350m on a series of calamitous investments in incinerator power plants that are expected to go bust in the very near future.

A report in The Guardian, 20 November 2024, stated that “(we) understand that Aviva Investors will put three incinerators into administration this week after pouring millions of pounds into what has been described as the country’s “dirtiest form of power generation. Aviva’s own accounts show that the three incinerator plants – in Hull in East Yorkshire, Boston in Lincolnshire and Barry in south Wales – accumulated loans totalling £480m from its investors between 2015 and 2023”. Whilst traditional asset risk management theory looks backwards to assess risk and up until now has not taken into account existential factors, this example demonstrates that the writing is on the wall for new strategic asset management thinking in strategic asset allocations.

<https://www.bbc.co.uk/news/articles/cp3wxqje5pwo>

Dorset Council refused planning permission for Powerfuel’s waste to energy plant at Portland Port. Following a public planning inquiry the government overturned the planning refusal. On 24th October 2024 Cllr Nick Ireland was reported in the Dorset Echo expressing his ‘deep disappointment’ over the government’s decision to grant planning permission for the plant, suggesting that it ‘knee-caps’ the authority’s own net zero ambitions.

<https://www.dorsetecho.co.uk/news/24672750.dorset-council-writes-letter-deputy-pm-incinerator/>

Do any of the Dorset Pension Fund asset portfolios invest in companies that have, or are investing in, waste incinerators? If so, when will the Dorset Pension Fund Committee be instructing Brunel Pension Partnership to exclude such companies from their investment portfolio and move the invested assets elsewhere?

Question from Caz Dennett

Last week the Chancellor Rachel Reaves announced planned changes to Local Government Pension Schemes structures and governance, aiming to create a unified governance framework like the model used in Canadian pensions schemes.

The strategy is very detailed and quite complex, however, South West Action on Pensions understand the following summarised key takeouts affecting Administrating Authorities:

1. AAs will be required to fully delegate the implementation of investment strategy to the pool, and to take their principal advice on their investment strategy from the pool (regulated by the Financial Conduct Authority).
2. AAs must have an independent advisor who can challenge advice from the pool
3. All assets currently managed by AAs must be transferred to their pool
4. The AA's responsibility in respect of investments is to set the investment strategy
5. AAs must set out their approach to local investment in their investment strategy including a target range for the allocation, and having regard to local growth plans and priorities.
6. AAs will define Environmental Social and Governance matters and Responsible Investment policy for their assets
7. The new model will be in place by 1st March 2026
8. AAs and Pools need to propose how they will operate under the new proposals by 1st March 2025
9. The consultation runs to the 16th January 2025
10. The Ministry of Housing, Communities and Local Government (MHCLG) consultation requests views on how "scheme members' views and interests are properly understood and taken into account by the pools" and is open until 16th January 2025 <https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future>

The proposed changes would appear to impact the role of Pension Fund Committees.

Some commentators express concerns with regards:

- periodic reviews of investments and exclusions
- the flexibility to align pension fund investments with, for example, Dorset's transition planning
- the Pension Fund's decarbonisation goals
- diminishes local democratic decision making and scheme member / public engagement
- robust discussions on the financial risks associated with climate change and pension fund investments will be lost

How does the Dorset Pension Fund Committee view the proposed governance changes, how comfortable are you to transfer decision making on mass to Brunel?

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