

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?

