

# Pension Fund Investment Sub-Committee

Monday 11 December 2023

## Minutes

### Attendance

#### Committee Members

Councillor Christopher Kettle (Chair)  
Councillor Bill Gifford (Vice Chair)  
Councillor Brian Hammersley  
Councillor Mandy Tromans

#### Officers

John Cole, Senior Democratic Services Officer  
Jan Cumming, Senior Solicitor and Team Leader, Commercial and Contracts  
Andy Felton, Director of Finance  
Martin Griffiths, Technical Specialist – Pension Fund Policy and Governance  
Victoria Moffett, Lead Commissioner – Pensions and Investment  
Chris Norton, Head of Investments, Audit and Risk  
Rob Powell, Executive Director for Resources

#### Others Present

Rob Bilton, Hymans Robertson  
Anthony Fletcher, Independent Advisor  
James Glasgow, Hymans Robertson  
Anthony Kerr, Independent Advisor  
Philip Pearson, Hymans Robertson

### 1. General

The Chair welcomed Stephen Curry, Stephen Norrie, Janet Palmer and Hazel Underwood of Warwickshire Climate Alliance (WCA) to the meeting. Prior to the meeting, the Sub-Committee had met informally with WCA. This had provided an opportunity to listen to the points raised by WCA relating to divestment from carbon or fossil fuel-related concerns.

On behalf of the Sub-Committee, the Chair expressed thanks to Andy Felton (Director of Finance) and Victoria Moffett (Lead Commissioner – Pensions and Investment) who would leave the Council before the next meeting. He praised the dedication shown by both officers and the high-quality support they had each provided to the Sub-Committee.

### **(1) Apologies**

Apologies were received from Councillor Sarah Millar.

### **(2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests**

Councillor Gifford advised that he had received a request for investment advice from his brother who was employed by GB Bank. He had declined the request.

Councillor Gifford was advised that the matter had been handled properly and there was no potential conflict of interest.

### **(3) Minutes of the Previous Meeting**

#### **Resolved:**

That the minutes of the meeting held on 11 September 2023 be approved as an accurate record and signed by the Chair.

There were no matters arising.

## **2. Review of the Minutes of the Warwickshire Local Pension Board Meeting of 18 July 2023**

#### **Resolved:**

That the Pension Fund Investment Sub-Committee notes the minutes of the Local Pension Board meeting of 18 July 2023.

## **3. Pension Fund Governance Report**

Martin Griffiths (Technical Specialist – Pension Fund Policy and Governance) introduced the report which provided updated governance information including details of Warwickshire Pension Fund's Forward Plan, risk monitoring, policies, and training. He directed the Sub-Committee's attention to the three 'red' risks of climate change, long term market risk, and cyber security. Several updates had been made to the commentary in the Risk Register, including work to progress the Good Governance Review. However, no changes had been made to the risk scores. He requested that the Sub-Committee note the Border to Coast Pensions Partnership (BCPP) Climate Change Policy, Responsible Investment Policy, and Governance and Voting Guidelines which were appended to the report and would shortly be published on the BCPP website. He thanked members for their contributions to the Knowledge and Skills Assessment.

The Chair highlighted the Net Risk chart on page 18 of the agenda pack which listed climate change as the highest risk to the Pension Fund. He emphasised that the Sub-Committee recognised the risks associated with climate change which were treated with seriousness.

Councillor Gifford stated that climate change was regularly discussed and had become a dominant theme of meetings. He stated that the Sub-Committee examined climate change risks closely taking an evidence-based approach. He highlighted the advantages of engagement with companies and asset managers as an effective means to reduce emissions.

Councillor Hammersley stated that BCPP's Climate Change Strategy recognised that "there are financially material investment risks and opportunities associated with climate change which we need to manage across our investment portfolios." BCPP had "committed to a net zero carbon emissions target by 2050 at the latest for our assets under management, in order to align with efforts to limit temperature increases to under 1.5°C." He highlighted BCPP's approach to engagement, stating that it would "hold companies and asset managers to account regarding environmental, social and governance issues, including climate change factors, that have the potential to impact corporate value." He stated that BCPP supported engagement over divestment as it was held that constructive dialogue with companies was "more effective than excluding companies from the investment universe, particularly with regard to promoting decarbonisation in the real world." If it was found that engagement had not resulted in an improvement, BCPP had an escalation process, outlined within the Responsible Investment Policy.

The Chair highlighted that reporting on companies' performance against climate change objectives was more regularly undertaken than had once been the case. This had led to a growing evidence base to inform decision making.

Councillor Gifford stated that climate change was an integral element of BCPP's Responsible Investment Policy. He highlighted that 'Diversity of Thought' was a key engagement theme. He emphasised the importance of work in this area, stating that positive change could be achieved by challenging existing practices.

Councillor Hammersley highlighted that BCPP's Responsible Investment Policy included details of the key investment criteria which underpinned decision making. These included an assessment of the likelihood of success to influence company strategy and behaviour. Where it was considered that engagement would not be effective, BCPP would choose not to invest.

#### **Resolved:**

That the Pension Fund Investment Sub-Committee:

1. Notes the items contained within the report; and
2. Notes the Border to Coast Policies contained within the report.

#### **4. Carbon Transition Update**

Victoria Moffett (Lead Commissioner – Pensions and Investment) introduced the report, stating that it had been included to provide high-level details of the actions and decisions made by the Sub-Committee relating to the global de-carbonisation agenda.

Councillor Gifford stated that the inclusion of the Carbon Transition Update as a regular item at meetings of the Sub-Committee was a positive step. As much of the Sub-Committee's work related to specific investment decisions which needed to be covered during confidential session, there was limited public visibility of progress made to address climate change. The Carbon Transition Update provided public assurance that the Sub-Committee treated climate risks with seriousness.

The Chair highlighted commentary within the report of the Sub-Committee's decision in September 2023 to allocate 4.5% of the Fund's assets to a low carbon transition fund. This demonstrated the importance the Sub-Committee placed on the transition to low carbon.

**Resolved:**

That the Pension Fund Investment Sub-Committee notes the report.

**5. Reports Containing Exempt or Confidential Information**

The Chair thanked Stephen Curry, Stephen Norrie, Janet Palmer and Hazel Underwood of Warwickshire Climate Alliance (WCA) for attending the public part of the meeting. He expressed his hope that the meeting had provided assurance that the Sub-Committee was focused on climate risks which were key to investment decision making.

Councillor Gifford stated that members of the Sub-Committee could be contacted by email to respond to any comments or queries.

WCA attendees left the meeting at 10:40.

**Resolved:**

That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

**6. Quarterly Investment Monitoring Report**

The Sub-Committee held a confidential discussion.

**7. Warwickshire Pension Fund Cashflow Management**

The Sub-Committee held a confidential discussion.

**8. Potential Investment in Border to Coast Climate Opportunities Fund II and UK Opportunities Fund**

The Sub-Committee held a confidential discussion.

**9. Warwickshire Pension Fund Funding Update**

The Sub-Committee held a confidential discussion.

**10. General Activity Update**

The Sub-Committee held a confidential discussion.

## 11. Exempt Minutes of the Previous Meeting

### Resolved:

That the exempt minutes of the meeting held on 11 September 2023 be approved as an accurate record and signed by the Chair.

There were no matters arising.

The meeting rose at 13:02.

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Chair

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