

COUNCIL – 14 NOVEMBER 2023

QUESTIONS FROM COUNCILLORS

QUESTION FROM COUNCILLOR T EYNON TO COUNCILLOR N RUSHTON

Local Government Pension Scheme

“I am interested in understanding whether the Leicestershire Local Government Pension Scheme has any milestones and timelines set to monitor the progress of their engagement with fossil fuel companies to ensure that they reduce their fossil fuel production by at least half by 2030.

What criteria (if any) has this authority set to assess achievement of these milestones?”

REPOSENSE FROM COUNCILLOR N RUSHTON TO COUNCILLOR T EYNON

“Leicestershire County Council Pension Fund (the Fund) agreed a Net Zero Climate Strategy in March 2023 following extensive consultation with over 1700 scheme members and employers. The Strategy outlines the Fund’s approach to climate risk and opportunities. It also details it’s four-step engagement plan to engage with and challenge underlying companies and the Fund’s investment managers to achieve net zero by 2050, with an ambition for sooner.

The Fund doesn’t have specific targets for fossil fuel companies. However, it has nine targets which will aim to support real-world emissions reduction and alignment of companies towards net zero. One of these targets is to have 90% of assets in material sectors (such as fossil fuels, mining, and cement) classified as achieving net zero, aligned or aligning by 2030. Every year the Fund will report against progress towards the targets set in the Net Zero Climate Strategy. The next report is due in December and will highlight progress towards the targets as agreed by the Local Pension Committee.

The Fund is also a part-owner of LGPS Central, the asset pool of which the Fund is a participating member. Central have a clear Net Zero Strategy which is based on emission-reduction and engagement targets from 2025 to 2050. As part of the strategy Central are committed to engage with the highest emitters within the portfolio that have not set credible net zero target, this includes sectors such as agriculture, electricity, and gas sectors.

LGPS Central has set out a number of milestones within its Net Zero Strategy including engagement targets. At individual engagement level they will also set up key performance indicators for each direct engagement on how companies holistically transition to net zero, this will likely involve changing production patterns.

The Fund considers engagement activity of partners such as LGPS Central, the Local Authority Pension Fund Forum and investment managers every quarter, like with Central these partners often lead and participate in engagement with fossil fuel companies, to support a just transition to net zero by 2050.

The Leicestershire Local Pension Committee has the responsibility for the management of the Leicestershire Pension Fund. This fund covers staff of District Councils, Leicester City Council, Loughborough and De Montfort Universities as well as the County Council. Membership consists of 5 County Councillors, 2 City Councillors, 2 District Councillor, 1 university representative, and 3 employee representatives. NWL does not have representation on the committee.

The County Council has established joint arrangements with eight Midlands-based Local Government Pension Funds (Leicestershire, Cheshire, Shropshire, Staffordshire, West Midlands, Derbyshire, Nottinghamshire and Worcestershire) to form the Local Government Pension Scheme Central Investment Pool. A joint committee has been established in accordance with section 102 of the Local Government Act 1972 to enable representatives from the eight authorities to meet, ask questions of the operator of the Investment Pool and challenge the performance of investments and investment managers.”