

**MINUTES** of a meeting of the **PENSIONS AND INVESTMENT COMMITTEE**  
held at County Hall, Matlock on 2 August 2017

**PRESENT**

Councillor N Atkins (in the Chair)

**Derbyshire County Council**

Councillors R Ashton, T King, P Makin, S Marshall-Clarke, R Mihaly, J Perkins and B Ridgway

Members of the Pensions Board were also in attendance.

Apologies for absence were received from Councillor M Carr and Mr M Wilson

**37/17**      **MINUTES**    **RESOLVED** that the Minutes of the meeting held on 14 June 2017 be confirmed and signed by the Chairman.

**38/17**      **CLIMATE CHANGE**      Darryl Cowley gave a presentation to the Committee on behalf of Divest Derbyshire who had submitted a petition to the last Committee. The organisation was calling for the Pension Fund to divest from fossil fuels and, as a member of the Pension Fund himself, he was concerned about the way his pension was being invested. He spoke about the risk of catastrophic climate change and alternative investments which the organisation considered to be less risky than fossil fuels and suggested could provide equal or better value.

The Director of Finance & ICT presented a report, which addressed the concerns raised in the petition. The report also explained that Derbyshire County Council, as administering authority for Derbyshire Pension Fund, had a responsibility to accumulate sufficient assets to meet members' benefit payments and also had fiduciary duties to invest in a wide variety of suitable investments to achieve the best financial position for the fund, balancing risk and return.

Responsible investment was an approach to investment that aimed to incorporate environmental, social and governance (ESG) factors in to investment decisions, to better manage risk and generate sustainable, long term returns. The investment team sought to understand relevant ESG factors alongside conventional financial considerations within the investment process. Non-financial factors might be considered to the extent that they were not detrimental to the investment return.

The report set out the potential markets risks and opportunities associated with climate change and examined the continued use of fossil fuels as the world's dominant source of energy.

With regards to the Derbyshire Pension Fund, the report explained that material climate change risks and opportunities could be experienced across the whole pension fund portfolio. Officers would continue to evaluate the risks on a case by case basis as part of the investment process alongside other risk factors, whilst continuing to keep up to date with research on the financial materiality of climate change. From April 2018, the Fund would also have access to a dedicated Responsible Investment officer increasing the ability of the Fund to participate in collaborative initiatives with respect to climate change. The widest possible investment opportunity set would help to ensure that the Fund was invested in a wide variety of assets preventing overconcentration in any one area, given inherent risk to markets, policy, technology and geo-politics, and balancing risk and potential returns in line with the fiduciary duties of the Council as the administering authority.

The Chairman indicated that he would welcome continued engagement by Divest Derbyshire on climate change with the Committee.

**RESOLVED** (1) that the approach of the Derbyshire Pension Fund, as outlined in the report of the Director of Finance & ICT, to incorporating the implications of climate change into its investment approach be noted; and

(2) that the Director of Finance & ICT prepare a response to the petition from Divest Derbyshire on the basis of the information contained in the report.

**39/17      DERBYSHIRE PENSION FUND SERVICE PLAN** The Derbyshire Pension Fund Service Plan set out how both the Investment Section and the Pensions Administration Section would contribute to the priorities of the Derbyshire Pensions Fund in 2017 – 18 and how these priorities would be delivered and how success would be measured.

**RESOLVED** that the Derbyshire Pensions Fund Service Plan 2017 – 18 be approved.

**40/17      DERBYSHIRE PENSION FUND TRAINING POLICY** Good governance had always been an important part of the Local Government Pension Scheme but the extension of the jurisdiction of the Pensions Regulator in relation to public service pension schemes had increased the emphasis on governance and introduced legal requirements for the knowledge and understanding of Pension Board Members. Scheme managers were also expected to take account of the Pension Regulator's guidance and Members of the Committee had responsibility for exercising the

responsibilities of the administering authority in respect of Derbyshire Pension Fund.

A draft Derbyshire Pension Fund Training Policy had been prepared, which set out the training strategy to ensure that the Fund was managed by individuals who had the appropriate levels of knowledge and skills.

It was proposed that Members of the Committee, the Local Pensions Board and senior officers involved in the management of the Fund would be required to complete knowledge and skills self-evaluation forms on an annual basis which would identify the key areas in which training was required. A training plan would be developed based on the identified training needs and training would be delivered through a combination of internal and external sessions. A training log would be maintained to record attendance at training in order to identify whether the objectives of the Policy were being met.

The importance of all Members of the Committee having access to the same training in order to properly understand the responsibilities of the administering authority was acknowledged.

**RESOLVED** that the draft Training Policy attached to the report of the Director of Finance & ICT be approved.

**41/17      EXCLUSION OF THE PUBLIC RESOLVED** that the public be excluded from the meeting during the Committee's consideration of the remaining items on the agenda to avoid the disclosure of the kind of information detailed in the following summary of proceedings:-

**SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC HAD BEEN EXCLUDED FROM THE MEETING**

1. To receive the exempt minutes of the meeting held on 14 June 2017
2. To consider the exempt reports of the Director of Finance & ICT on:-
  - a) Quarterly Pensions Administration Performance Report April 1 to June 30 2017 (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information))
  - b) Request by RM Education Ltd for Admission Body Status (contains information relating to the financial or business affairs of any particular person (including the Authority holding the information))

- c) Request by OfficeCare Ltd for Admission Body Status (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information))
- d) Request by Caterlink Ltd for Admission Body Status (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information))
- e) Request by KCLS Ltd Trading as Insight Services for Admission Body Status (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information))
- f) Request by Alliance Environmental Services Ltd for Admission Body Status (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information))
- g) Stage 2 Appeal under the LGPS Application for Adjudication of Disagreement Procedure – JME (contains information relating to any individual)

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