Bath and North East Somerset Council

AVON PENSION FUND COMMITTEE

Minutes of the Meeting held

Friday, 10th December, 2021, 2.00 pm

Bath and North East Somerset Councillors: Paul Crossley (Chair) and Chris Dando

Co-opted Voting Members: Councillor Steve Pearce (Bristol City Council), Councillor Toby Savage (South Gloucestershire Council), Charles Gerrish (Academies), William Liew (HFE Employers), Shirley Marsh-Hughes (Independent Member), Pauline Gordon (Independent Member), John Finch (Independent Member) and Wendy Weston (Trade Unions)

Co-opted Non-voting Members: Richard Orton (Trade Unions) and Cllr John Goddard (Parish and Town Councils)

Advisors: Steve Turner (Mercer), Josh Caughey (Mercer) and Paul Middleman (Mercer)

Also in attendance: Tony Bartlett (Service Director - Financial Control and Pensions), Liz Woodyard (Group Manager for Funding, Investment & Risk), Nathan Rollinson (Investments Manager), Geoff Cleak (Pensions Manager), Jason Morel (Communications & Public Relations Manager) and Nick Weaver (Chair of Pension Board)

52 WELCOME & INTRODUCTIONS

The Chairman welcomed everyone to the meeting.

53 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Councillor Bruce Shearn, Councillor Paul May, Councillor Shaun Stephenson-McGall, Councillor John Cato and Mike Rumph had all sent their apologies to the Committee.

54 DECLARATIONS OF INTEREST

There were none.

55 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

56 ITEMS FROM THE PUBLIC - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS

Tony Jones addressed the Committee, a copy of his statement is attached as an online appendix to these minutes, a summary is set out below.

I wish to express my concern and disappointment that, following the recent COP 26 meeting in Glasgow, the pension partnership update report does not include specific recommendations for action by the committee that reflect the seriousness of the situation we face following COP 26.

According to the Climate Change Committee (CCC) in its recent report, ("COP 26, Key Outcomes and Next Steps for the UK, 2/12/21"), the Glasgow Climate Pact rightly puts the focus on the 2020s as the critical decade for accelerating climate action. The CCC goes on to say that, in explicitly recognising the severity of climate impacts above 1.5C of warming, the Pact provides the strongest acknowledgement yet of the importance of meeting the 1.5C target.

As individuals we all have a part to play in the action needed for the rapid reduction in greenhouse gas emissions. Financial institutions, such as the Avon Pension Fund, can bring enormous leverage to bear and, following COP 26, have to step up to ensure that they are leading the way out of investment in fossil fuels, not by 2050 but by the end of this critical decade.

COP 26 signalled the start of this process, eg by launching the Beyond Oil and Gas Alliance (BOGA) which is a coalition of countries committing to end new licensing rounds for oil and gas production, with an associate level for countries aiming to phase out oil and gas production, as well as the Glasgow Financial Alliance for Net Zero, a global grouping of 450 financial institutions committed to directing investment away from fossil fuel use.

Why, in this first update report following COP 26, has none of this information, and the need for urgent action been placed before our elected representatives?

The Chairman thanked him for his statement and said that a written response on behalf of the Committee would be issued in due course.

Jackie Walkden addressed the Committee, a copy of her statement is attached as an online appendix to these minutes, a summary is set out below.

Brunel's documentation frequently refers to the Paris Agreement having the goal of limiting global temperature increase to well below 2 degrees Celsius. While this is a goal, the documentation omits the end of the sentence it is part of: ie 'while pursuing efforts to limit the increase to 1.5 degrees'. 'Limit to' should, in reality, mean 'aim for below'. This is important. Scientists believe we are already at over one degree of heating. As global emissions have not been falling in line with the Paris target, we are actually heading for higher than 2 degrees and if all the fossil fuel reserves we have today are used we will be looking at over 8 degrees.

Currently, at one degree C, UN scientists say we are experiencing climate events that they didn't expect at this stage of warming; the models are wrong. In fact, we are already dangerously close to hitting irriversible, catastrophic climage change. In light of this Brunel and its associate funds appear rather complacent in their current approach.

This complacency is also shown in initiatives used to demonstrate care for the environment. For example the ambiguously named mixed-fuel facility in Slough. This is an incinerator and as such is not a solution to the problem. It is green washing it.

The pension funds need genuinely green solutions - not waste to heat, or biomas burning. They also need to heed the warning of the International Energy Agency's report Net Zero by 2050 – Analysis - IEA, which says there should be no new fossil fuel projects after 2021. Accepting weak long-term goals from oil companies (Shell 65% by 2050) is not enough. To help ensure new projects do not go ahead, local government funds need to be divested from fossil fuels without delay.

So what will the fund now do to up its commitment and when will we know it's really protecting the climate from breakdown?

The Chairman thanked her for her statement and said that a written response on behalf of the Committee would be issued in due course. He said that he believed that Avon was at the forefront of the LGPS on this issue.

57 ITEMS FROM COUNCILLORS AND CO-OPTED AND ADDED MEMBERS

There were none.

58 MINUTES: 24TH SEPTEMBER 2021 (INFORMAL) & 4TH OCTOBER 2021 (PUBLIC & EXEMPT)

The members of the Committee were minded to advise that the minutes be approved as a correct record.

59 PENSION BOARD DRAFT MINUTES: 30TH NOVEMBER 2021

The Committee were minded to note the draft minutes of the Pension Board from their meeting that took place on 30th November 2021.

60 INTERIM ACTUARIAL VALUATION 2021

The Group Manager for Funding, Investment & Risk introduced this report to the Committee. She said that the interim valuation provides an update to the current funding plan. She added that conversations have been held with the main employers and that current employer contribution rates and deficit payments are not revised as a result of this update.

She stated that the Actuary presented the interim valuation report at a Committee workshop on 01 December 2021.

Paul Middleman, Mercer addressed the Committee and highlighted the following points from the report.

- The interim valuation outcome shows the funding level has risen to c.101% on a consistent basis to 2019 valuation; it falls to 99% on the proposed 2022 basis. The Risk Management Strategy has helped significantly.

- Inflation has risen since 2019 with market derived CPI increasing from 2.4% to 2.9% currently – increasing liabilities.

- The objective of the Fund is to keep contributions as stable and affordable as possible. Therefore, the aim in 2022 will be to maintain the 2019 overall contribution levels and depending on the actual outcome, allow reductions in contributions where they are supported by the employer covenant assessment and deficit recovery periods.

- A Committee workshop will be held in June 2022 prior to the June Committee meeting to review the Funding Strategy Statement (FSS) and initial valuation outcome, updated only for financial assumptions. The draft FSS which sets the parameters for the valuation including the actuarial assumptions and the deficit recovery policy will be agreed at the June Committee meeting. The draft FSS will then be circulated to employers for consultation (as required in the regulations).

- The final Funding Strategy Statement will be agreed at the September 2022 Committee meeting following which the individual employer results will be calculated by the actuary and disseminated to employers. d) 2022 valuation report to be presented at March 2023 committee meeting.

William Liew commented that he found it really helpful to have the report at this stage to assist with the budget setting process.

Shirley Marsh-Hughes asked if the assumptions made in the report take into the potential McCloud Judgement outcome.

Paul Middleman replied that although there has not been a final outcome yet, this is expected in the Summer of 2022, they have a good idea of the direction of travel. He added that no material shift was expected and that the assumptions were in the right region. He stated that primary legislation on this issue was needed to be in place by March 2022.

Shirley Marsh-Hughes acknowledged that discussions had been held with larger employers, but asked if all employers were aware that contributions may change.

Group Manager for Funding, Investment & Risk replied that this would not normally happen as the rates can be different for the types of employer and therefore could be misleading at this stage.

Pauline Gordon asked how the assumption of low salary growth would be monitored.

Paul Middleman replied that the assumptions would be adjusted if required and said that the interim review showed pay grades were higher than expected.

The members of the Committee were minded to advise that the following resolution should be made on Friday 17th December.

The Avon Pension Fund Committee notes the outcome of the 2021 interim valuation and 2022 valuation timetable.

61 ANNUAL RESPONSIBLE INVESTMENT REPORT

The Investments Manager introduced the report to the Committee. He explained that this year the report covers periods to September 2021 as significant RI work was undertaken in 3Q21, including the equity allocation review which saw the Fund adopt two new interim decarbonisation targets as well as a number of strategic asset allocation changes.

He said that the Fund’s RI priorities for 2021/22 have been updated to ensure consistency with Brunel’s seven priority themes as all these topics remain relevant from a strategic perspective to the Fund.

The Committee are asked to agree these priorities:

a) Climate change including pollution, waste and plastics
b) Human capital
c) Diversity and inclusion
d) Cyber security
e) Cost and tax transparency
f) UK policy frameworks
g) Supply chain management

Charles Gerrish said that he had noted the emphasis within the report on the new multifuel facility located in Slough which uses waste as an energy source. He referred to page 106 and asked for continuity on the use of the company names Hermes and EOS between the cover report and the appendices.

The Investments Manager replied that he would make sure that when the Taskforce on Climate-related Financial Disclosures (TCFD) report is published that there is continuity when referring to these companies. He added that the facility in Slough is a Bio-Energy asset and that he would need to refer back to previous documentation to see how has been invested in it.

Shirley Marsh-Hughes commented that the report was comprehensive and easy to read. She suggested whether in future reports the Committee will need to refer to COP 26 more directly.

The Investments Manager replied that it is referred to in the Executive Summary and that a more direct statement could be made within the report.

The Service Director for Financial Control and Pensions added that a good discussion had taken place at the Brunel Oversight Board with regard to COP 26 and that officers would work with Brunel to provide a statement that can be published.

Josh Caughey, Mercer addressed the Committee and highlighted points from within Appendix 3 – Mercer Responsible Investment Total Evaluation (RITE) Analysis.

RITE produces an objective evaluation that can be monitored over time and can provide a comparison relative to peers. It assesses how well you are currently integrating Environmental, Social and Governance (ESG) considerations into your overall decision making.

The assessment covers the four steps of Mercer's Sustainable Investment Pathway and considers over 75 data points.

<u>RITE Score for Avon</u>

The Fund performed well ahead of similarly sized schemes and other LGPS funds.

- Total Score: A+
- Size average: B+
- LGPS average: B+

Shirley Marsh-Hughes asked if member friendly statements would be required regarding Climate Disclosures.

Josh Caughey replied that they had not seen a need for this yet, but that they will probably develop over time.

The members of the Committee were minded to advise that the following resolutions should be made on Friday 17th December.

i) Approves the Annual Responsible Investment Report for publication.
ii) Approves the Taskforce on Climate-related Financial Disclosures Report for publication.
iii) Agrees the RI priorities for 2022/23.

62 BRUNEL PENSION PARTNERSHIP - UPDATE

The Group Manager for Funding, Investment & Risk introduced the report. She informed the Committee that a meeting of the Brunel Oversight Board had taken place in the previous week.

The Service Director for Financial Control and Pensions added that he had nothing to raise with the Committee and that he intended to circulate some slides from Brunel once they had been received. He said that their budget discussions would take place in January 2022.

The members of the Committee were minded to advise that the following resolution should be made on Friday 17th December.

The Committee notes the information set out in the report and appendices.

63 INVESTMENT PERFORMANCE & STRATEGY MONITORING

The Investments Manager introduced the report to the Committee. He stated that the Investment Strategy Statement (Appendix 4) had been updated to account for the most recent changes to the strategy following the equity allocation review, creation of FRMG and the change to the EPS structure.

Josh Caughey, Mercer addressed the Committee and highlighted points from within Appendix 2.

Funding level and risk

- The funding level is estimated to have improved slightly over Q3 to just over 101%, as asset growth outweighed the rise in the value of the liabilities. It is estimated to have increased by 8% over the year to 30 September 2021.
- The Value-at-Risk rose over the quarter to £1,206m, or 21.4% of liabilities, mainly due to the increase in the absolute value of the assets.
  Risk as a proportion of liabilities has reduced over the year, largely due to the decision to move towards a dynamic equity option strategy.

Performance

- Underperformance relative to the strategic benchmark over the one and three year period to 30 June 2021 is mainly due to the impact of the equity protection strategy and the currency hedge in place.

- Relative performance was mixed at the mandate level, though the Hedge Fund and Core Infrastructure mandates have continued to stand out in outperforming their benchmarks. The Diversified Returns mandate has also done well over the year.

Liability hedging mandate

- BlackRock were in compliance with their investment guidelines over the quarter.
- No triggers were breached over the quarter.
- The inflation hedge ratio was below its target of c. 45% of assets, as the refreshed LBP showed increased inflation sensitivity within the Fund's liabilities. Changes to the inflation hedge ratio target will be considered in more detail by the FRMG in due course.

Collateral position

- Collateral within agreed constraints.
- The BlackRock QIF could sustain a 2.9% p.a. rise in interest rates, an 11% fall in the value of the options, or a 0.4% fall in inflation before the early warning trigger is breached.

The Committee, having been satisfied that the public interest would be better served by not disclosing relevant information, **RESOLVED,** in accordance with the provisions of the Section 100(A)(4) of the Local Government Act 1972 that the public should be excluded from the meeting for this item of business, because of the likely disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act as amended.

The members of the Committee were minded to advise that the following resolutions should be made on Friday 17th December.

The Committee is asked to:

i) Approve the revised Investment Strategy Statement
ii) Note the information set out in the report and appendices.

64 UPDATE ON LEGISLATION

The Pensions Manager introduced this report to the Committee and said that there were no significant changes at this present time. He highlighted a few points from within the report.

Public Sector Exit Payments Cap

A new consultation in relation to the Public Sector Exit Payments Cap is expected to be released in early 2022. However, unlike the previous exit cap, there won't be a single set of regulations from HMT that will apply and there will be different solutions across the Public Sector, including for the LGPS.

McCloud Judgement

The Public Sector Pensions and Judicial Offices Bill got its second reading in the House of Lords in September and moved to the Committee Stage on 11 October 2021, followed by the Report Stage on 29 November.

Fund to continue work on collating/analysing data from employers in relation to implementing the remedy.

Outside of the LGPS, a framework set out by the FBU and LGA in relation to the McCloud Judgment in the Firefighter Schemes requires "Immediate Detriment" cases to be processed in the coming weeks.

Cost Control Mechanism

HMT has published both a response to its consultation on the cost management process, and also directions for the 2016 valuation cost controls.

Progress of new Judicial Review by FBU (and BMA) to be followed given there may be implications for LGPS at a later stage.

The members of the Committee were minded to advise that the following resolution should be made on Friday 17th December.

The Committee note the current position regarding the developments that could affect the administration of the fund.

65 PENSION FUND ADMINISTRATION

The Pensions Manager introduced this report to the Committee and highlighted the following points to them.

Resource Recruitment & Training

Recruitment and retention remain a key factor impacting business operations. With a further 2 resignations in the past quarter the administration team is currently carrying 9 vacancies across both employer and member services teams in addition the

Technical & Compliance post remains un-filled and posts identified to support service transformation are still in development. The team is also carrying four maternity leave absences across the service at this time.

As such the agreed phased recruitment plan is behind schedule as staff movement continues to impact progress. Recruitment continues to backfill vacant posts, maternity cover and secondment to projects and overstaffing is being considered at Assistant Pensions Officer level to mitigate the impact of further staff movement.

Annual Summary of Fund Membership Data Quality

This report shows the movement in the Fund's data from when it was first reported on in 2017 against this year's interim valuation data as at 31 March 2021. There has been continuous growth in the Fund over the last 12 months and a significant increase of 62 new employers since the last valuation in 2019.

The Liability Impact table shows the financial impact of missing or incorrect data and the direct cost to scheme employers. Since 2017, the Fund has managed to achieve a reduction in the overall pension liabilities for employers of over £30 million. The Employer Services team will be using the data from the 2021 report to target data areas that are causing a significant impact on liability and smaller employers with poor data.

Address Tracing

The members that have been previously written to but no response received have been sent a reminder letter in October 2021 and replies are starting to be received. The members that have not been found by the first 2 levels of tracing will shortly be sent to the tracing agency (via Mercer) for a third and final “premium batch” trace service.

After this 3rd level of tracing a process will be agreed in place to deal with untraced members and to review cases again at Normal Pension Age. Tracing pension members and keeping member addresses up to date is a key requirement of the TPR and data cleansing must continue to form part of our BAU processes.

Workload

There has been an increase in new monthly tasks over the previous 18 months from circa 1,800 to 2,200 tasks per month with the current outstanding cases totalling 4,980 (an increase of 87% since March 2020). The main volume of work is with member refunds, active member retirements and retirements from deferred status. Member estimate requests have increased by 40% over the same period. General enquiries also remain high in volume and a number of these identified as duplicate chasers.

As outlined in the previous quarterly report a project has now been set up to manage the outstanding workload. The project will run for a period of 6 months from October to March with the aim being to clear down all ‘backlog’ cases. Some degree has been cleared already, around 40%.

Charles Gerrish wished to applaud all staff for their continued hard work. He asked if there would be any impact on the team whilst the five identified officers undertake service delivery of the IDF (Immediate Detriment Framework).

The Pensions Manager replied that it will have a degree of impact, but said that until it begins they were unsure as to how much. He added that the Fire Authority have been advised that there might be recharge implications.

Charles Gerrish commented that the figures relating to Transfers In were a little disappointing and asked if payment was backdated to members.

The Pensions Manager replied that payment is generally guaranteed and calculations are based on the members relevant date being the date joined the fund if applications are made within twelve months of joining.

Richard Orton asked why had performance deteriorated.

The Pensions Manager replied that the Pensions Regulator was clear at the start of the pandemic that the payment of benefits was the priority. He added that staff turnover has had an impact on performance in this area but this was now being picked up as part of the backlog project.

Shirley Marsh-Hughes said that it was good to see the progress being made on the backlog process and asked what staffing options there were in relation to the dashboard, as that had potential to also use a significant amount of resources.

The Pensions Manager replied that it was still early days on the project and that a member of staff had been appointed to oversee it. He said that before release testing will need to take place to make sure that it is fit for purpose and that when it goes live staff will need to be available to field calls / enquiries.

The Communications & Marketing Manager addressed the Committee and gave a presentation, a copy of which will be available as an online appendix to these minutes and a summary is set out below.

Climate Emergency ESG communications

- Member newsletters distributed in Spring / Summer 2020 and Spring / Summer 2021
- Climate change targets / equity review press release

Climate Emergency animation

- Climate Emergency animation - accessible explanation of our actions and future strategy for responsible investment
- Over 500 views so far - distributed via LinkedIn, email, website and staff newsletters

ESG eZine - Climate Emergency

- Includes: Our Climate Action, About COP26 and a Case Study
- Distributed via LinkedIn, email and website

Members' ESG survey

- 41,365emails delivered - 3,765completed surveys (9.1%)

APF LinkedIn account

- APF LinkedIn account launched November - Communication channel to reach scheme employers

APF 2021 Annual Benefit Statements

- June 2021 - Deferred members ABS available online for the first time
- 810 members accessed their ABS digitally
- As part of the digital transformation process this facility will be extended to Active MSS members in August 2022

Richard Orton asked if the Members' survey was sent to active and deferred members.

The Communications & Marketing Manager replied that surveys were sent to all Member Self Service (MSS) accounts and email addresses held within the database.

Richard Orton asked if follow up requests to complete it were sent.

The Communications & Marketing Manager replied that reminder emails were sent, but that he was quite pleased overall with the response.

Shirley Marsh-Hughes asked if the emails used for the survey were work or personal.

The Communications & Marketing Manager replied that it was a mixture currently and that in the main it would be good to get as many personal ones as possible.

The members of the Committee were minded to advise that the following resolutions should be made on Friday 17th December.

The Committee notes:

(i) The Fund performance for the three months to 30th September 2021.
(ii) The current Risk Register.

66 ANNUAL INTERNAL AUDIT REVIEW

The Pensions Manager introduced the report to the Committee. He informed them that since June 2019 the following five audits had been carried out.

- iConnect Project Audit Report
- Scheme of Delegations Audit Report
- Altair IT System Access Audit Report
- Risk Management Audit Report

- COP 14 Audit Report

All five audits received an Assurance Rating of Level 4.

The members of the Committee were minded to advise that the following resolutions should be made on Friday 17th December.

The Committee is asked to note the report and outcomes of the Internal Audit work carried out on the Avon Pension Fund.

67 PENSION FUND ADMIN - EXPENDITURE & CASHFLOW

The Group Manager for Funding, Investment & Risk introduced the report to the Committee and highlighted the following points within the report.

- The forecast for the year to 31 March 2022 is for expenditure to be £174,568 below budget.

- Within the directly controlled Administration budget expenditure was predicted to be £147,610 under budget. The forecast reduction in directly controlled expenditure is mainly related to salaries, in particular delays in filling vacant posts.

- In the part of the budget that is not directly controlled expenditure was predicted to be £26,958 under budget. Again, the forecast reduction relates to a delay in filling a vacant post.

- The Funding and Risk Management Group (FRMG) first convened in August 2021 and has met monthly since then. The FRMG comprises of APF Investments team and Mercers, and it reports back to the Investment Panel quarterly. Extra costs for the year to 31 March 2022 relating to the monthly meetings and reports are currently being funded by known underspends in the consultancy budget and contingency. Therefore the forecast outturn is currently predicted to be on budget.

She explained that the Council’s accounts were not yet ready to be signed off by the Corporate Audit Committee and that an update would be given in March 2022.

The members of the Committee were minded to advise that the following resolutions should be made on Friday 17th December.

The Committee notes:

(i) The administration and management expenditure incurred for 7 months to 31 October 2021.

(ii) The Cash Flow forecast as at 31 October 2021.

68 WORKPLANS

The Group Manager, Funding, Investment & Risk introduced the report to the Committee.

Modern Gov Library

She explained officers were seeking to create capacity & improve efficiency by moving some regular monitoring reports out of the meeting pack to an alternative accessible format.

She said that the change to the format of the Committee reports was to reduce the size of the meeting reports pack so that there is more focus on papers where the Committee are required to make decisions.

She stated that to facilitate this change the plan is to use the 'Library' within Modern Gov to store some of the monitoring reports. This means that the reports/appendices are still available for Committee members to read but would not be part of the reports pack for the actual meeting.

She added that in order to ensure all members have the correct access to Modern Gov and the library, The APF Communications Team, led by Jason Morel, will contact all members in January 2022 to provide the relevant support & training required.

Hyman's LGPS online Learning Academy

She informed the Committee that the SAB's Good Governance Review is expected to include additional knowledge and skills requirements for Committee, Pension Board and Officers. She said that Hymans Robertson have been working with the SAB to develop these requirements and have produced an LGPS Online Learning Academy (LOLA).

She stated that the training is split into a number of modules covering the revamped CIPFA Knowledge & Skills Framework and TPR's Code of Practice 14. (The training will be updated to reflect the Single Code of Practice once published). Each module contains up to 6 short presentations of 20 minutes or less.

She said that the training has been designed so that it can be done in bite sized chunks, including supplementary information, such as definitions of common jargon, links to additional learning material and a short quiz at the end of each module.

She added that the Fund has arranged for Hymans to do a short demonstration of LOLA to committee members and officers on 17th December 2021 at 2pm.

Nick Weaver, Pension Board Chair commented that he was encouraged by the material that he had seen from Hymans.

Richard Orton asked if members would be expected to read all the background papers that are saved into the library.

The Group Manager, Funding, Investment & Risk replied that they should if possible.

Charles Gerrish commented that he had concerns over access to the library and asked if the Council's IT would be adequately enabled.

The Group Manager, Funding, Investment & Risk replied that officers will contact members individually to assess their needs.

The members of the Committee were minded to advise that the following resolutions should be made on Friday 17th December.

That the Committee:

i) Notes the changes to the format of future committee reports & introduction of the Modern Gov library from March 2022
ii) Notes the introduction of the Hymans Robertson's LGPS Online Learning Academy from January 2022.
iii) Notes the Committee & Investment Panel workplans and training programme for the relevant period.

The meeting ended at 4.50 pm

Chair(person) ....

Date Confirmed and Signed ....

Prepared by Democratic Services

Public Statement - Avon Pension Fund Committee 10 December 2021 – Agenda item 11 Brunel Pension Partnership Update

I wish to express my concern and disappointment that, following the recent COP 26 meeting in Glasgow, the pension partnership update report, (the first since COP 26), does not include specific recommendations for action by the committee that reflect the seriousness of the situation we face following COP 26.

According to the Climate Change Committee (CCC) in its recent report, ("COP 26, Key Outcomes and Next Steps for the UK, 2/12/21"), the Glasgow Climate Pact rightly puts the focus on the 2020s as the critical decade for accelerating climate action. The CCC goes on to say that, in explicitly recognising the severity of climate impacts above 1.5C of warming, the Pact provides the strongest acknowledgement yet of the importance of meeting the 1.5C target.

The CCC is clear that a focus on the net zero target **in the absence of** specific, detailed and immediate action to reduce greenhouse gas emissions puts the target, and all of us at risk from the rapidly escalating climate crisis.

As individuals we all have a part to play in the action needed for the rapid reduction in greenhouse gas emissions. Financial institutions, such as the Avon Pension Fund, can bring enormous leverage to bear and, following COP 26, have to step up to ensure that they are leading the way out of investment in fossil fuels, **not by 2050 but by the end of this critical decade.**

COP 26 signalled the start of this process, eg by launching the Beyond Oil and Gas Alliance (BOGA) which is a coalition of countries committing to end new licensing rounds for oil and gas production, with an associate level for countries aiming to phase out oil and gas production, as well as the Glasgow Financial Alliance for Net Zero, a global grouping of 450 financial institutions committed to directing investment away from fossil fuel use.

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Thank you

Tony Jones

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Avon Pension Fund meeting on 10 December 2021

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Currently, at one degree C, UN scientists say we are experiencing climate events that they didn't expect at this stage of warming; the models are wrong. In fact, we are already dangerously close to hitting irriversible, catastrophic climage change. In light of this Brunel and its associate funds appear rather complacent in their current approach.

This complacency is also shown in initiatives used to demonstrate care for the environment. For example the ambiguously named mixed-fuel facility in Slough. This is an incinerator and as such is not a solution to the problem. It is green washing it. Incinerators rely on the production of waste. The production of waste involves the use of fossil fuels and the release of greenhouse gases. In addition, the products themselves contain carbon, which the fuel facility on burning, thus resulting in the release of greenhouse gases. This is supporting fossil fuel use and investment by the back door. The pension funds need genuinely green solutions - not waste to heat, or biomas burning. They also need to heed the warning of the International Energy Agency's report Net Zero by 2050 – Analysis - IEA, which says there should be no new fossil fuel projects after 2021. Accepting weak long-term goals from oil companies (Shell 65% by 2050) is not enough. To help ensure new projects do not go ahead, local government funds need to be divested from fossil fuels without delay. So what will the fund now do to up its commitment and when will we know it's really protecting the climate from breakdown?

Many thanks.

Kind regards,

Jackie Walkden

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