

**NORTHUMBERLAND COUNTY COUNCIL PENSION FUND  
Pension Fund Panel Meeting 21 June 2019**

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**Article from Professional Pensions**

**15 May 2019**

**Extinction Rebellion crashes pensions conference as minister defends local government fund's autonomy**

By James Phillips, Professional Pensions

'It would not be for me to tell individual funds you must do this or you must do that,' says Minister for local government

Climate activists from Extinction Rebellion yesterday interrupted the Pensions and Lifetime Savings Association's (PLSA) local authority conference, prompting a government minister to reject calls for greater intervention to minimise fund's exposure to climate risks.

Minister for local government Rishi Sunak was in the middle of speaking when a group of four protestors stood and called for the Local Government Pension Scheme (LGPS) to divest from fossil fuels.

As Sunak declared, "I've sought to ensure that each pension fund's annual report contains the right data this year", one campaigner stood up and shouted: "The right data is not to invest in fossil fuels."

Unfurling a banner, another activist yelled: "There are no pensions on a dead planet. Your return on investment in fossil fuels is absolutely zero. The investment in fossil fuels of £14bn from people in this room is totally wrong and should be stopped."

When told they would have an opportunity to ask Sunak questions at the end of the session, the protesters apologised and took their seats.

Sunak continued his speech, setting out the government's priorities for local authority funds over the coming year, including consulting on moving to a quadrennial valuation format, the cost cap measures, and the outcome of the McCloud judgment on discrimination in public sector pensions.

As he concluded, he said: "We owe nothing less to future generations to leave them with this pension scheme in a better state than when we found it, so it will be strong enough to bear the weight of their hopes and aspirations too."

Sunak was immediately questioned by an activist from Extinction Rebellion's branch in Swindon, near where the conference is taking place. "You talk about future generations," the said. "The LGPS has £16bn in fossil fuels and £9bn in companies that support fracking."

Sunak said it was not his job to tell the individual LGPS funds how to invest.

"I'm a localist, and I believe in local autonomy," he said. "It would not be for me to tell individual funds you must do this or you must do that... No minister in Whitehall is making individual investment decisions for the 89 different pension funds.

"Each person in this room and their own individual funds can put in place whatever social, environmental, responsible investing guidelines that they see fit after engaging in consultation with their own stakeholders."

The protester pressed further: "If we have any hope of trying to keep the world from warming to less than two degrees, we are actually going to have to take direct action, rather than allowing local authorities to invest where they want to."

Sunak responded by citing local authorities' ongoing work on recycling and waste, as well as central government's action on reducing emissions.

"I'm sure everyone in this room is committed to it, but there are different ways that we go about it and it may be that your way and our way disagree," he said.

This article first appeared at BusinessGreen's sister site Professional Pensions

## **Article from Pensions Age**

**14 May 2019**

### **PLSA LAC 2019: Extinction Rebellion gatecrashes MP's speech**

By Jack Gray

Members of the climate change awareness group, Extinction Rebellion, gatecrashed the speech of Minister for Local Government, Rishi Sunak, at the Pensions and Lifetime Savings Association's (PLSA) Local Authority Conference.

Entering the room with cries of “fossil fuels are killing the planet” and “there are no pensions on a dead planet”, a small group unfurled an Extinction Rebellion banner during the speech on the 'view from Whitehall' in regard to local authority pension schemes.

Engaging with the protesters, Sunak said: “I absolutely appreciate that climate change is an incredibly important thing, but you are disrupting a conference.”

Interjecting, PLSA chair, Richard Butcher, addressed the protesters: “You have a point of view and we would love to hear your point of view.

“You are very welcome to sit down and ask us some questions later on, amongst some of the others. We are addressing climate change during the course of this conference.”

Following the initial disruption, the Extinction Rebellion members sat patiently and listened to the remainder of the presentation, waiting for the opportunity to press the MP on climate change issues in relation to local authority pension scheme investments.

Once Sunak had finished his talk that tackled pooling, the fair deal and the new quadrennial valuation proposals, one of the group's members asked: “Why is it that local authorities are still investing £16bn in fossil fuels and over £9bn in fracking?”

Sunak responded: “It's not my job to tell anyone in this room individually in how to invest their funds.

“I think that infrastructure investing is something that is worthwhile for pension funds to consider, but it would not be for me to tell individual schemes to say 'you must do this'.

“Each person in this room, in their own individual funds, can put in place whatever social environmental investing guidelines they see fit.”

The Extinction Rebellion member retorted: “If we have any hope of trying to keep the world from warming by less than two degrees, we are going to have to take some direct action, rather than allowing local authorities invest where they want.”

The protesters left the session once the question and answer section had concluded.

## **Article from IP&E**

**14 May 2019**

Climate change protesters disrupt pensions conference

**BY NICK REEVE**

Protesters from climate change activist group Extinction Rebellion disrupted a UK pensions conference this morning and called for local authority schemes to divest from fossil fuel companies.

Five protesters gained access to the Pensions and Lifetime Savings Association's (PLSA) annual conference for local government pension schemes (LGPS), interrupting an address from local authorities minister Rishi Sunak.

After unfurling a banner, the protesters were invited to stay by PLSA chair Richard Butcher.

Following the minister's speech, Extinction Rebellion's Bill Janson demanded action from the LGPS system's 88 funds to divest from companies involved in fossil fuels and fracking. He claimed local authority funds had £14bn (€16bn) invested in such assets.

In response, Sunak said it was "not my job to tell anyone in this room how to invest their funds".

He said: "Everyone in this room represents their scheme members to the best of their ability and ensures that they're fulfilling their fiduciary responsibilities, engaging with their various stakeholders and providing them with security in retirement.

"It would not be for me to tell individual funds 'you must do this, you must do that'. That's not how this game works. No minister... is making individual investment decisions for 89 different pension funds.

"Each [pension manager] in their own individual funds can put in environmental or responsible investing guidelines as they see fit, in consultation with their stakeholders."

Sunak was pressed by Janson on the need for "direct action" to keep global temperature increases to below 2°C above pre-industrial levels – one of the main goals of the 2015 Paris agreement.

The minister said: "I don't disagree that we require some hard action... but what I completely disagree with is that we're not doing anything about it."

“Each [pension manager] in their own individual funds can put in environmental or responsible investing guidelines as they see fit, in consultation with their stakeholders.”  
Rishi Sunak, local government minister

Sunak highlighted reductions in emissions across the UK, as well as the country’s growing use of renewable energy. Earlier this month it emerged that the UK had gone more than a week without using fossil fuels for the entire country’s energy needs, a new record.

He added: “These things are not straightforward. They involve change for all of us in our day-to-day behaviours and lifestyles. We have to do that in a pragmatic and measured way to make sure that we actually get the benefits.”

The Extinction Rebellion branch in Swindon, where the conference was held, posted on its Facebook page after the event that fossil fuel companies were “worthless ‘zero assets’ that are literally killing people right now and threaten everyone’s lives right now”.

“There is no time to left to ask politely and be ignored; this has already magnified the cost of putting our mistakes right,” the group said.

### **LGPS funds take action**

A number of LGPS funds and asset pools have been taking action to prioritise environmental issues within their investment strategies.

The Brunel Pension Partnership – a £28.9bn collaboration between 10 LGPS funds – has allocated to renewable energy and impact funds in recent months, as well as backing multiple global investor collaborations on climate change and other responsible investment issues.

Other pools including LGPS Central and Border to Coast Pensions Partnership have also [thrown their weight behind international groups](#) and campaigns, including the Institutional Investors Group on Climate Change.

Individual funds have also taken significant steps with regards to their responsible investment strategies. The £842m Waltham Forest Pension Fund became the first LGPS fund to [divest from fossil fuels in 2016](#).

More recently, the £8.6bn Merseyside Pension Fund [last year reviewed its investment strategy](#) to “appropriately” integrate climate change risks.

Merseyside, Brunel and the £1.3bn Islington Pension Fund [jointly pledged in October](#) to increase their allocations to low-carbon investments such as sustainable infrastructure, and reduce their exposure to carbon-intensive assets.

## **Article from Professional Pensions**

**15 May 2019**

### **GAD: LGPS employers should not feel 'queasy' about contribution increases**

By James Phillips, Professional Pensions

There will be "ups and downs" for employers in the Local Government Pension Scheme (LGPS) as it carries out its 2019 valuation against the backdrop of the cost cap suspension and the McCloud judgment.

The Government Actuary's Department (GAD) said, however, the LGPS would likely not see contributions rise as much as has been seen in the firefighters' and teachers' pension schemes.

Employers in the Firefighters' Pension Scheme 1992 saw their contribution rates increase from 21.7% to 37.3% this year, while the rate for employers in the Teachers' Pension Scheme [will climb from 16.5% to 23.6%](#).

Speaking at the Pensions and Lifetime Savings Association's (PLSA) local authority conference on 14 May, GAD deputy chief actuary Michael Scanlon said: "If anyone is feeling a bit queasy about what's happened to firefighters and teachers, I wouldn't expect the news to be quite as bad for the LGPS."

However, further contribution increases may be needed if the Supreme Court upholds that changes to firefighters' and judges' pension schemes were discriminatory.

The Supreme Court has yet to decide whether it will hear the government's appeal which would deal with potential age discrimination in the schemes whereby younger employees were disallowed from membership of more generous provision.

Again, however, Scanlon said the LGPS would likely see a lower increase in total liabilities than other schemes.

"The LGPS is exposed, but perhaps less exposed than some of the other schemes," he said. "Unfunded schemes have taken provision for about 2% of total liabilities in order to cover the potential costs of that litigation.

"For LGPS, we expect the figure to be much smaller, perhaps 0.5% to 1% of liabilities, or even less if earnings growth is not too great in the future."

The government has estimated that the McCloud judgment, if upheld, could result in £4bn added to its annual pensions bill, and consequently suspended the cost cap mechanism which increases or reduces contribution rates depending on the LGPS funding level.

Scanlon said, regardless of the outcome of the McCloud judgment, LGPS funds would face increased costs, with the cost cap benefitting the low paid and the court ruling benefitting long servers.

"There will be some ups and downs in the valuation," he said. "I don't know which one is going to happen but, whichever one does, it will be some bad news - although not as great as for the underfunded schemes."