



LOCAL PENSION BOARD

24 SEPTEMBER 2024

REPORT TITLE:	NET ZERO INVESTMENT TARGETS
REPORT OF:	DIRECTOR OF PENSIONS

REPORT SUMMARY

The purpose of this report is to provide Board members with a copy of the report taken to the last Pensions Committee regarding shorter-term net zero investment targets for Merseyside Pension Fund (MPF) in accordance with its longer-term goal for the Fund's assets to be net zero by 2050.

Appendix 2 to this report contains exempt information. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of Local Government Act 1972 i.e. information relating to the financial or business affairs of any particular person (including the authority holding that information).

RECOMMENDATION/S

That the Local Pension Board be recommended to consider and note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Climate risk is considered by the Pensions Regulator to fall within the governance arrangements of pension funds and it is relevant to the role of the Local Pension Board in supporting the Scheme Manager in its oversight of the Fund.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not relevant for this report. In view of the materiality of the policy intention, it is important that the Local Pension Board is informed of the decision of Pensions Committee.

3.0 BACKGROUND INFORMATION

- 3.1 The revised MPF investment strategy approved by Pensions Committee at its meeting on 11th December 2023 sets out the Fund's investment objectives, which include to target and implement a Net Zero climate plan over short, medium and long term time horizons. The MPF investment team has worked with the Fund's strategic adviser (Redington) to develop the Net Zero plan.

4.0 FINANCIAL IMPLICATIONS

- 4.1 As set out in the accompanying report.

5.0 LEGAL IMPLICATIONS

- 5.1 It is anticipated that statutory guidance in relation to climate risk and reporting will be issued shortly. The government's manifesto indicates that pension funds will be required "to develop and implement credible transition plans that align with the 1.5°C goal of the Paris Agreement".

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 As set out in the accompanying report.

7.0 RELEVANT RISKS

- 7.1 A failure to provide the Local Pension Board with information on legislative changes and the Fund's activities could hinder the Board in fulfilling its statutory duties.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 The views of major stakeholders including the Local Pension Board have been sought through the surveys undertaken in the development of the investment strategy.

9.0 EQUALITY IMPLICATIONS

9.1 There are no equality implications arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There is scope for integrating the monitoring of these targets within the broad scope of the Council's Climate Emergency Action Plan, in such a way that is also consistent with the Council's Scheme of Delegation in respect of the administration of Merseyside Pension Fund.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 There are none arising directly from this report. MPF has invested in climate solutions in the local area such as providing Peel with a £20m loan for the construction of a district heat network in Liverpool Waters.

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APPENDICES

Appendix 1 Report to Pensions Committee
Appendix 2 Redington Report - EXEMPT

The PDF files above may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact peterwallach@wirral.gov.uk if you would like this document in an accessible format.

BACKGROUND PAPERS

CIPFA: Managing Risk in the Local Government Pension Scheme

TERMS OF REFERENCE

This report is being considered by the Pension Board in accordance with Section 13.3 (g) of its Terms of Reference:

(g) Assist with the development of improved management, administration and governance structures and policies.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pension Board	12 th December 2023

