

COUNTY COUNCIL – 23 MAY 2017

QUESTION FROM MEMBERS OF THE PUBLIC

1. Question from Gabriel Carlyle, St Leonards on Sea, East Sussex

The West Yorkshire Pension Fund has recently adopted an Investment Strategy Statement that not only 'recognises the risks and opportunities [to the Fund] associated with climate change' but also commits the Fund to 'seek to measure carbon exposure within [its] equity portfolio and reduce that exposure over time.' Given the well known risks associated with investments in fossil fuels – future regulation to limit carbon emissions, the increasing competitiveness of renewables, and the growth of new technologies – what steps is the East Sussex Pension Committee taking to measure the carbon exposure within the East Sussex Pension Fund's equity portfolio?

Response by the Chair of the Pension Committee

Following a detailed discussion regarding fossil fuel investments including wider Environmental, Social and Corporate Governance (ESG) responsibilities, and the approval of the Fund Investment Strategy Statement by the Pension Committee at its in February 2017, the Committee and the Pension Board have scheduled 13 June 2017 for a joint training session focusing on ESG responsibilities. This session will be facilitated in conjunction with the investment managers, advisers and industry experts, to explore ESG (including Carbon and Fossil fuel) and the financial and/or non-financial impacts including options open to the Fund in relation to ESG investments.

The Pension Committee is committed to an ongoing development of its ESG knowledge with particular emphasis on obtaining further information on the long term financial return in regard to fossil fuel investment, which will further be considered at the fund investment strategy day in July 2017.

2. Question from Andrea Needham, Hastings, East Sussex

According to a recent assessment by the specialist asset manager Impax Asset Management, 'an analysis of the historical data shows that the financial risks involved in fossil-fuel divestment are minimal, and can be largely offset by substituting oil, gas and coal stocks with portfolios of more environmentally attractive alternatives. That these more environmentally attractive alternatives can also mitigate the large and growing financial risks of fossil fuel energy is the compelling win-win most investors seek in discharging their fiduciary duties.' Does the Pension Committee accept that it is possible for it divest the East Sussex Pension Fund from fossil fuels while still fulfilling its fiduciary duties?

Response by the Chair of the Pension Committee

As long term investors, having a fiduciary duty to over 70,000 members and 131 employers within the East Sussex Pension Fund (ESPF), the Pension Committee takes its role of safeguarding the investment assets of the Fund very seriously. As part of its responsibility, the Committee recognises that Environmental, Social and Corporate Governance (ESG) issues can have a material impact on the long term performance of the investments of the Pension Fund.

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3. Question from Vivian Carrick, Peacehaven, East Sussex

I understand that East Sussex County Council submitted a bid named the ' Newhaven Movement, Access & Resilience Package' through South East Local Enterprise Partnership in July 2016, which included 'Rushey Hill Embankment Stabilisation' on the A259 South Coast Road. Please can you clarify the current status of this bid and whether this proposed project has been granted the appropriate funding?

Response by the Lead Member for Transport and Environment

The County Council submitted a bid to Government in July last year for Local Growth Fund monies via both the South East and Coast to Capital Local Enterprise Partnerships (LEPs) to deliver movement, access and network resilience schemes in the Newhaven, Seaford and Peacehaven area.

The £12.96m bid for Local Growth Fund monies included seeking £6.2m towards the Rushey Hill embankment stabilisation and drainage enhancement scheme on the A259. These stabilisation works are required at Rushey Hill as the road was built on unstable ground, lacks suitable drainage and as a consequence the road is frequently in need of repair.

Government announced the Local Growth Fund allocations for both LEPs earlier this year. Unfortunately, the A259 movement, access and resilience package, which included the Rushey Hill scheme, was not successful in securing Local Growth Fund monies via either LEP.

As a consequence, we are continuing to explore other funding options that may become available in order to deliver the Rushey Hill scheme on the A259.