

## **COUNTY COUNCIL – 25 MAY 2021**

### **QUESTIONS FROM MEMBERS OF THE PUBLIC**

Note: Questions 1 to 4 relate to the East Sussex Pension Fund exposure to fossil fuel investments, the response to climate emergency and related issues. The answer to these questions is set out after question 4 below

#### **1. The same or similar questions were asked by:**

**Anne Rouse, St Leonards-on-Sea, East Sussex  
Anna Reggiani, Forest Row, East Sussex  
Paul Butler, St Leonards on Sea, East Sussex  
Jane McIntosh, Lewes, East Sussex  
Salih Ibrahim, St Leonards on Sea, East Sussex  
Fiona MacGregor, St Leonards on Sea, East Sussex  
Bob Morton, Brighton  
Sally Attwood, Lewes, East Sussex  
Angie Lynn, Brighton  
Sue Fasquelle, Lewes, East Sussex  
Oliver Darlington, Lewes, East Sussex  
Tim Rabjohns, Rodmell, East Sussex  
Barbara Keal, Lewes, East Sussex  
Susan Murray, Lewes, East Sussex  
Les Gunbie, Brighton  
Marylin Thomas, Arlington, East Sussex  
Robert White, Eastbourne, East Sussex  
Gary French, St Leonards on Sea, East Sussex  
David Sivers, Eastbourne, East Sussex  
Ellie Wyatt, Hove  
Anne Massey, Hove  
Michael Bernard, Bexhill-on-Sea, East Sussex  
Sarah Hazlehurst, Brighton  
Erica Smith, St Leonards-on-Sea  
Carol Turner, Eastbourne, East Sussex  
Abigail Nicol, St Leonards on Sea, East Sussex  
Esme Needham, Hastings, East Sussex  
Kate Meakin, St Leonards on Sea, East Sussex  
Jill Fricker, St Leonards on Sea, East Sussex  
Fran Seballos, Seaford, East Sussex  
Dirk Campbell, Lewes, East Sussex  
Becky Francomb, Seaford, East Sussex  
Jenny Herridge, Bexhill, East Sussex  
Jennifer Howells, Horam, East Sussex  
David Cooper, Brighton  
Ben Clench, Hove  
Sarah Bammann, Crowborough, East Sussex  
Caroline Donegan, Ticehurst, East Sussex  
Jen Rouse, Hastings, East Sussex  
John Faulkner, Hastings**

**Jason Evans, Saltdean**  
**Kathryn Palmer, Hove**  
**Norman Wright, Hove**  
**Andrea Needham, Hastings, East Sussex**  
**Helen Rehin, Brighton**  
**Simon Mathews, Brighton**  
**John Hopkinson, Eastbourne, East Sussex**  
**Adam Rose, Eastbourne, East Sussex**  
**Georgina Tasker-Simm, Brighton**  
**Katie Gaster, Polegate, East Sussex**  
**Amanda Zaninetti, Hove**  
**Mark Engineer, Barcombe, East Sussex**  
**Jiva Masheder, Brighton**  
**Richard Pike, Forest Row, East Sussex**  
**Tim Beecher, Brighton**  
**Chris Saunders, St Leonards on Sea, East Sussex**  
**Venetia Carter, Brighton**  
**Zoe Garrity, Seaford East Sussex**  
**Ingrid Solan, Hastings, East Sussex**  
**Nicolas Davies, St Leonards on Sea, East Sussex**  
**Becky Ward, Brighton**  
**Sarah Casey, Lewes, East Sussex**  
**Arnold Simanowitz**  
**Anthony Bradnum, St Leonards on Sea, East Sussex**  
**Gabriel Carlyle, St Leonards on Sea, East Sussex**  
**Saoirse Counihan, Brighton**  
**Richard Moore, Lewes, East Sussex**  
**Hamish Walke, Hove**  
**Hilary Pogge von Strandmann, Lewes, East Sussex**  
**John Somerville, Lewes, East Sussex**  
**Mathew McDonnell, St Leonards on Sea, East Sussex**  
**Jane Wright, Lewes, East Sussex**  
**Sarah Macbeth, St Leonards on Sea**  
**Hugh Dunkerley, Brighton**  
**Penelope Erskine, Brighton**  
**Helen Frederick, Seaford, East Sussex**  
**Mike Stapleton, Seaford, East Sussex**

In this crucial year for the climate we need institutions like East Sussex County Council and the East Sussex Pension Fund to be driving the energy transition away from fossil fuels, not just responding to it.

In particular, if we're going to limit global warming to 1.5°C then by 2030 emissions from oil and gas will need to have fallen by at least 44% (oil) and 39% (gas) respectively, relative to 2019 levels (See 'Big Oil Reality Check', Oil Change International, September 2020, <http://priceofoil.org/content/uploads/2020/09/OCI-Big-Oil-Reality-Check-vF.pdf>, page 7 and 'Why Coal Use Must Plummet this Decade to Keep Global Warming Below 1.5°C', Carbon Brief, 6 February 2020, <https://www.carbonbrief.org/analysis-why-coal-use-must-plummet-this-decade-to-keep-global-warming-below-1-5c>).

Yet despite this:

> in 2019 the oil and gas industries were forecast to spend \$4.9 trillion over the next decade on new oil and gas fields - none of which is compatible with limiting warming to 1.5°C ('Overexposed: How the IPCC's 1.5°C report demonstrates the risks of overinvestment in oil and gas', Global Witness, April 2019,

<https://tinyurl.com/overinvestment>);

> the five largest publicly-traded oil and gas majors (ExxonMobil, Royal Dutch Shell, Chevron, BP and Total) alone have invested over \$1bn of shareholder funds on misleading climate-related branding and lobbying since the 2015 Paris Climate Agreement ('How the oil majors have spent \$1Bn since Paris on narrative capture and lobbying on climate', Influence Map, March 2019,

<https://influencemap.org/report/How-Big-Oil-Continues-to-Oppose-the-Paris-Agreement-38212275958aa21196dae3b76220bddd>);

> not a single oil and gas major is currently aligned with a 2°C pathway in 2050, let alone a 1.5°C one now ('Fossil fuel giants still aiming wide of 2°C mark, investors say', Transition Pathway Initiative, 7 October 2020,

<https://www.transitionpathwayinitiative.org/publications/60.pdf?type=Publication>);

and

> not a single oil major has committed to stop exploring for and sanctioning new oil fields, despite the fact that, according to the Transition Pathway Initiative, 'an almost complete and immediate stop in exploration and sanctioning of new oil fields .... [is] required to avoid locking in future oil production that would see temperatures exceed a 1.5°C increase' (see <http://priceofoil.org/content/uploads/2020/09/OCI-Big-Oil-Reality-Check-vF.pdf> and 'The oil and gas industry will need to scale back much faster to limit warming to 1.5°C', Transition Pathway Initiative, 12 February 2021,

<https://www.transitionpathwayinitiative.org/publications/48?type=NewsArticle>).

As the above facts make plain, when it comes to climate change the giant fossil fuel companies are the problem, not the solution.

Given the above, my question has four parts:

(1) In a written answer to a question submitted to the 23 March 2021 Full Council meeting, the chair of the East Sussex Pension Committee, Cllr Fox, stated that the East Sussex Pension Fund had 'not set any time limits relating to companies' exploration for oil' because the Pension Fund 'does not directly invest in any company' but instead invests through third parties ('investment managers'). How does he square this claim with the fact that six UK Pension Funds – the Environment Agency, Waltham Forest, Southwark, Islington, Lambeth and Cardiff – have not only been able to set time limits for oil companies, but have actually made public commitments to divest from all fossil fuel companies and are in the process of doing so? For example, by the end of December 2020, Waltham Forest Pension Fund (which made a divestment commitment in 2016) had reduced its exposure to fossil fuels to 0.4%.

(2) In the same written answer, Cllr Fox also wrote that 'The Fund expects [its] investment managers to have engagement and escalation strategies in place'. What 'engagement and escalation strategies' will the Fund's investment managers pursue if – as looks highly likely – the big oil companies, like Shell and BP, continue to explore for new oil and continue to approve new oil extraction projects – actions that will rapidly make limiting global warming to 1.5°C impossible?

(3) In the same written answer, Cllr Fox wrote that the Fund and its advisers 'are able to question their [ie. the Fund's investment managers'] holdings, methodology, strategic decisions and voting to ensure confidence with the risks faced by the Fund.' Similarly, at the June 2020 Pension Committee meeting Cllr Fox said that 'we can challenge them [ie. the Fund's investment managers] and say: do you think this is consistent with what you're doing ...'

Given that failure to limit global warming 1.5°C poses a significant risk for the Fund, what steps has it taken since the 2015 Paris Climate Agreement to 'challenge' its investment managers over their continued investment in the big oil companies, like Shell and BP, that continue to explore for new oil and continue to approve new oil extraction projects – actions which will rapidly make limiting global warming to 1.5°C impossible? Please be specific about what was asked of which investment manager, when this took place and how they responded.

(4) Does the East Sussex Pension Committee accept that, because burning fossil fuels is the key driver of global warming, the goals of the Paris Climate Agreement (to keep global warming to 'well below 2 °C', pursuing 1.5°C) cannot be achieved without the rapid alignment of the big fossil fuel companies with a 1.5°C pathway? By a 1.5°C pathway we mean one that: (a) yields a 50% or better chance of keeping global warming below 1.5°C; and (b) does so without assuming the future creation of global scale 'negative emissions technologies' (ie. ones that remove carbon dioxide from the atmosphere) that don't currently exist.

We note that members of the public have now submitted this question over 340 times (to the October, December and February Full Council meetings) without receiving an answer.

## **2. Question from Meg Griffiths, Lewes, East Sussex**

In this crucial year for climate change, it seems of utmost importance that major bodies like the ESCC holding the ES Pension Fund will be taking measures to drive the energy transition AWAY from fossil fuels.

I do not wish my pension to be invested in fossil fuels.

I have written several times before and will continue to do so in the sincere hope that you will change the current policy and support this very important step.

How can you not?

## **3. Question from Frances Witt, Lewes, East Sussex**

In this crucial year for the climate we need institutions like the East Sussex County Council and the East Sussex Pension Fund to be driving the energy transition away from fossil fuels, not just responding to it.

In particular, if we're going to limit global warming to 1.5°C then by 2030 emissions from oil and gas will need to have fallen by at least 44% (oil) and 39% (gas) respectively, relative to 2019 levels (See 'Big Oil Reality Check', Oil Change International, September 2020, <http://priceofoil.org/content/uploads/2020/09/OCI-Big-Oil-Reality-Check-vF.pdf>, page 7 and 'Why Coal Use Must Plummet this Decade to Keep Global Warming Below 1.5°C', Carbon Brief, 6 February 2020,

<https://www.carbonbrief.org/analysis-why-coal-use-must-plummet-this-decade-to-keep-global-warming-below-1-5c>).

Yet despite this:

at the Fund and its advisers 'are able to question their [ie. the Fund's investment managers] holdings, methodology, strategic decisions and voting to ensure confidence with the risks faced by the Fund.' Similarly, at the June 2020 Pension Committee meeting Cllr Fox said that 'we can challenge them [ie. the Fund's investment managers] and say: do you think this is consistent with what you're doing ...'

Given that failure to limit global warming 1.5°C poses a significant risk for the Fund, what steps has it taken since the 2015 Paris Climate Agreement to 'challenge' its investment managers over their continued investment in the big oil companies, like Shell and BP, that continue to explore for new oil and continue to approve new oil extraction projects – actions which will rapidly make limiting global warming to 1.5°C impossible? Please be specific about what was asked of which investment manager, when this happened and how they responded.

Does the East Sussex Pension Committee accept that, because burning fossil fuels is the key driver of global warming, the goals of the Paris Climate Agreement (to keep global warming to 'well below 2 °C', pursuing 1.5°C) cannot be achieved without the rapid alignment of the big fossil fuel companies with a 1.5°C pathway? By a 1.5°C pathway we mean one that: (a) yields a 50% or better chance of keeping global warming below 1.5°C; and (b) does so without assuming the future creation of global scale 'negative emissions technologies' (ie. ones that remove carbon dioxide from the atmosphere) that don't currently exist.

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#### **4. Question from Judith Scott, Hastings, East Sussex**

Does the Pension Committee accept the conclusion of the UN Environment Programme's recently-published 'Global Methane Assessment' that: "without relying on future massive-scale deployment of unproven carbon removal technologies, expansion of natural gas infrastructure and usage is incompatible with keeping warming to 1.5°C"?

([https://wedocs.unep.org/bitstream/handle/20.500.11822/35917/GMA\\_ES.pdf](https://wedocs.unep.org/bitstream/handle/20.500.11822/35917/GMA_ES.pdf)).

#### **Response by the Chair of the Pension Committee to questions 1 to 4 above**

It is not the place of the Pension Committee or myself as Chair of the Committee to comment on the investment strategy, risk framework and decision making of other LGPS funds. There is limited transparency on what other LGPS funds' commitments mean in practice and what activities they will complete and timeframes they have linked to any commitments. Each LGPS fund needs to make investment decisions that are specific to their own circumstances, which will include the solvency levels of the fund, requirement for income, membership of the fund, types of investments accessible through the investment pools, among other factors. The statements that East Sussex Pension Fund had 'not set any time limits relating to companies' exploration for oil' because the Pension Fund 'does not directly invest in any

company' but instead invests through third parties ('investment managers') still stands as we invest in pooled products and cannot dictate the specific companies that underly that position. The Pension Fund as part of its strategic assessment over the last year has moved from investing in traditional passive equities into Paris aligned and climate solution funds, which has resulted in significant reductions in exposure to fossil fuels; this will continue to reduce further as a result of a decision of last Pension Committee in March 2021 to sell the last of the traditional passive index mandate.

All of the Fund's managers are signatories to the UN PRI (Principles for Responsible Investment). The PRI mission is to achieve a sustainable global financial system by encouraging adoption of 6 PRI Principles. All managers report annually to the PRI on their Environmental, Social and Governance (ESG) activity. All but one of the Funds listed investment managers are members of Institutional Investors Group of Climate Change (IIGCC) which enables managers to ensure they are part of the solution to climate change and able to demonstrate leadership on the issue. I am unable to comment on what actions the managers will take in response to the question "What 'engagement and escalation strategies' will the Fund's investment managers pursue if the big oil companies, like Shell and BP, continue to explore for new oil and continue to approve new oil extraction projects". But as members of IIGCC we would anticipate that most of these managers will be engage based on that body's emerging net zero standard for oil and gas.

The Fund does not minute conversations with investment managers, it is not possible to be specific about what was asked of which investment manager since 2015, when this took place, and how they responded.

Question 4 of the primary question was answered in March 2021. The Pension Committee is not a committee of climate scientists and cannot answer this question any fuller that has already been answered. The Fund is responsible for effective stewardship of its beneficiaries' pensions and must follow government guidance and regulations. The Committee is led in all its decision making by experts, in-line with the investment regulations.

The Fund's Investment Strategy Statement explains that the Fund believes that climate change poses material risks and its position on climate change and the energy transition is set out its Statement of Responsible Investment Principles which includes the following statements

- The Fund recognises that a prolonged energy transition is under way. It also acknowledges that a number of energy incumbents through their size, capacity to mobilise capital and engineering expertise offer the potential to play a substantial role in that transition. It seeks to balance the economic reality that fossil fuels currently provide 80% of the world's primary energy and that energy demand will grow by up to 50% by 2050, with global commitments, as yet not fully backed by detailed policy, to decarbonise the energy system by the second half of the century. Where viable opportunities arise, the Fund will seek to increase its exposure to renewable infrastructure assets.

- The Fund is aware that there are a range of possible transition scenarios, evolving physical climate-related risks and potential opportunities. There are also many uncertainties. This makes portfolio construction around such scenarios very challenging. Instead, the Fund seeks to broadly align its investment approach with the objectives of the Institutional Investor Group on Climate Change and Climate Action 100+ initiatives.

The Fund's Statement on ESG and Climate Change confirms that the Fund "understands the urgency of the need to address climate change following the release of the Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming in 2019. This sets out the likely consequences of global warming of 1.5 degrees Celsius and the additional damage that global warming of 2 degrees Celsius could cause". It also explains that, to guide its ESG and climate change strategy, the Pension Committee believes that it should:

- apply long-term thinking to deliver long-term sustainable returns;
- seek sustainable returns from well-governed assets;
- use an evidence-based long term investment appraisal to inform decision-making in the implementation of responsible investment principles and consider the costs of responsible investment decisions consistent with its fiduciary duties; and
- evaluate and manage carbon exposure in order to mitigate risks to the Fund from climate change.

The Fund has steadily reduced the already small proportion of its portfolio invested in fossil fuel companies from 6.6% of portfolio value in 2015 to 1.9% as at 31 December 2020 of which around 1.2% is in equities and absolute return funds. The Fund has taken substantial measures in the past 18 months to better align itself with the challenges of climate change and the energy transition.

The allocation to Storebrand's Global ESG Plus fund in 2020 means that half the Fund's index equity exposure has been invested into a fossil-free smart beta equity strategy that aims for long-term alignment with the Paris Agreement goals and exhibits lower carbon risk with climate solutions and higher ESG scores than the world index

The Fund has committed to regularly assess the carbon footprint of its portfolio with the next report due to the Pension Committee on 22 June 2021 to understand progress from its decisions in the past year. At the Pension Committee's meeting on 1 March 2021, the Committee agreed to remove the remaining passive index, which has unconscious exposure to high carbon emitting companies and has no ESG or responsible investment filter. It instructed officers to investigate the implementation of a resource-efficient strategy or move this allocation further into active management which should further reduce the carbon footprint of the portfolio. The new planned allocation to a resource efficient mandate will maximises resource efficiency delivering a significant reduction in the ownership of carbon, water and waste relative to the benchmark, and will reduce the fossil fuel holdings further.

It is important to note that, the Fund has a policy of engagement rather than divestment and this is consistent with the Department of Work and Pensions and

Ministry of Housing, Communities and Local Government 's guidance on the preparation and maintenance of such statements which the Fund has a statutory obligation to follow.

I cannot comment for the full Pension Committee as this is not a forum for the Pension Committee to respond; however, it is not for the Committee to have an opinion on the United Nations Environment Programme Climate and Clean Air Coalition report or its findings. As a Fund we defer to investment managers, advisers and follow government advice and statute.

#### **5. Question from Laurie Holden, Burwash, East Sussex**

Since June last year, there have been more than 60 emails sent to the full council objecting to the East Sussex Pension Fund's (ESPF) investments in companies complicit in abuses of human rights and violations of international law. These companies provide products, equipment, and services which are essential to Israel maintaining its violations of Palestinian rights.

Earlier this year the ESPF announced that it no longer had investments in the Israeli armaments company Elbit along with numerous other companies that are complicit in Israel's crimes. This was hailed as a very positive move.

Last month the Palestine Solidarity Campaign's database showed that the value of investments in companies complicit in Israel's crimes had been reduced by £40 million. Again, this is also a very positive development.

However, this still leaves more than £71 million invested in companies that are complicit in Israel's violations of international law. This includes 5 companies in the United Nations list of companies involved in Israel's illegal settlement economy. The United Nations High Commissioner for Human Rights (OHCHR) has undertaken a lengthy and extensive process of engagement with these companies. But these companies continue to conduct business activities that sustain an illegal and unjust occupation. 4 of these are listed in the whoprofits.org (Who Profits from the Occupation) database; one is listed in the Storebrand Exclusion List. The portfolio includes at least 15 companies that are listed in the Storebrand Exclusion List. Some are in the 'Conduct-based exclusion - Human Rights and International Law' list but most are in the 'Controversial weapons' list.'

I wonder if the Pensions Committee is taking this issue seriously enough. This is about a country in breach of international law and investments in companies that are complicit in this.

Earlier in the year, the Israeli human rights organisation B'Tselem published a major analysis which concluded that Israel is an apartheid state. More recently Human Rights Watch (HRW) produced a report that concluded that Israel is guilty of both apartheid and persecution. This is a major analysis, a report of 213 pages. HRW is not a radical organisation; in fact it's regarded very much as a conservative organisation. I hope you recognise the seriousness of this. The HRW report states that the actions carried out by Israel "are so severe that they amount to the crimes against humanity of apartheid and persecution."

<https://www.hrw.org/report/2021/04/27/threshold-crossed/israeli-authorities-and-crimes-apartheid-and-persecution>

The words 'apartheid' and 'persecution' are not used lightly. HRW explains the significance of these words as used in international law. It states: "The crime of

persecution traces back to the 1945 International Military Tribunal in Nuremberg. The tribunal's charter recognizes "persecutions on political, racial or religious grounds" as crimes against humanity." So Israel is carrying out the crime of persecution, as first incorporated in international law at the Military Tribunal in Nuremberg in 1945.

The HRW report doesn't pull any punches: "International criminal law has developed two crimes against humanity for situations of systematic discrimination and repression: apartheid and persecution. Crimes against humanity stand among the most odious crimes in international law."

As you probably know, the International Criminal Court (ICC) prosecutor has opened a formal investigation into Israel's war crimes in the West Bank and Gaza Strip.

When there is mention of 'crimes against humanity,' 'systematic discrimination and repression,' 'persecution' and 'war crimes,' these are not words that are used loosely. They have real meaning under international law. And the ESPF has investments in companies that are complicit in these crimes.

So when a member of the Pensions Committee said at the last meeting 'The Israel-Palestine thing is obviously very controversial' and another member spoke about 'the other side of this debate;' no, this is not controversial, no, there is not another side to this debate. The people who exist under the illegal military occupation – the Palestinians – are not guilty of crimes against humanity, persecution, discrimination, repression and war crimes. Israel is.

At the same meeting, one member of the committee said 'I was trying to move this away from country specifics.' There was mention of other countries that may or may not be involved in human rights abuses. If other countries are found to be in breach of international law, or if the UN produces a report that lists companies that are involved in these violations (as it has in the case of Israel), then any fund would have the duty to consider divestment. But as far as I know, there is no country that has been found to be responsible for crimes against humanity, apartheid and persecution except Israel. So please don't muddy the water on this important issue.

HRW calls on countries to "screen for those directly contributing to the commission of crimes of apartheid and persecution of Palestinians, mitigate the human rights harms and, where not possible, end the activities and funding found to directly contribute to facilitating these serious crimes. ....Impose targeted sanctions, including travel bans and asset freezes, against officials and entities responsible for the continued commission of grave international crimes, including apartheid and persecution.....Investigate and prosecute those credibly implicated in the crimes of persecution and apartheid...."

To businesses active in Israel and the occupied Palestine territories, it calls on them to "Cease business activities that directly contribute to the crimes of apartheid and persecution." That's really clear.

So I'll ask these questions:

Will you implement a screening process and due diligence procedures to ensure that scheme members' money is not used to support Israeli violations of Palestinian human rights, violations of international law and crimes against humanity?

As you still have at least £71 million in companies complicit in Israel's crimes, will you implement the ESPF's Statement of Responsible Investment Principles which states: "RI (Responsible Investment) is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and to generate sustainable, long-term returns

(according to Principles for Responsible Investment)?” Finally, will you consider removing these companies from the portfolio?

### **Response by the Chair of the Pension Committee**

All the fund’s active managers screen companies in which they invest on the Fund’s behalf and the Fund itself carried out significant due diligence in appointing new managers where it appoints direct to ensure the investment strategy is aligned with the Funds strategy.

The Funds Smart Beta Investment Manager Storebrand carry out up to date screening of the companies they hold within the portfolio through their data provider Sustainalytics (Human Rights Radar). This screening and exclusion list is specific for this managers portfolio, it is not transferable to other investment managers within the Fund.

As the owner of a traditional index fund, we are passive recipients of the index and we cannot pick and choose the constituents of the global or regional indices and there is no way in which the fund can influence the holdings in that index or divest from an asset without divesting from the whole strategic asset allocation. The Pension Committee consider that investment in these traditional passive indexes does not align to its responsible investment principles and have a potential inherent financial risk as the index tracks the market and as a result lags rather than leads industrial, regulatory and societal impacts on the value of companies. As a result the Pension Committee in March 2021 agreed to sell the last of its traditional passive index, which will remove a large portion of the exposure to the companies referred to in the question. Instead of the traditional index fund the Pension Committee requested officers to implement a resource efficient product, if possible, which would screen against UN compact violations. In addition to instructing officers to consider the drafting of a statement of commitment in regard of Human Rights issues after a discussion on investment in companies who operate in the occupied territories by liaising with LAPFF. This will be considered at the July Committee meeting.

To divest from any individual company, the Fund would need to sell an entire investment manager portfolio, or multiple investment managers portfolios if that companies was held in more than one location. This would be a major strategic decision and will result in significant final cost to the fund and would open the Fund to significant risk. This would not be good stewardship of capital nor is it in the interests of the Fund’s beneficiaries, and legislation would stop the fund from taking these actions.

In making any investment decision the Fund will seek to follow its published Investment Strategy Statement and its Statement of Responsible Investment (RI) Principles, to balance the duties we have to all scheme stakeholders, weigh up the potential financial impact and take into consideration the views of beneficiaries where any non-financial factor is taken into account. Responsible investment is a substantial factor in driving returns alongside other investment considerations and the fund has outperformed its benchmark in all its reporting periods. The fund is not an ”Ethical“ or “unethical” investor, it is a responsible steward of capital where we identify and mitigate financial risks and we are guided by the legal principle of

fiduciary duty where our primary function is to pay pensions to the fund beneficiaries when they become due. The objectives of the Fund's RI policy are to reduce the likelihood that Environmental, Social and Governance (ESG) issues and Climate Risk negatively impacting asset values and returns. The Fund's investment policy cannot be influenced by outside parties or by personal, political or moral beliefs. The Fund's Responsible Investment Principles are that the Fund is an active asset owner with the aim to influence governance through voting and engagement. This is an integral part of what makes a business sustainable, successful and a suitable investment target. Engagement through voting can effect corporate change and influence businesses to derive a broader social benefit.

The five companies referred to in the question on the United Nations list of companies who have operations in the region are the same five companies that have been referenced in previous answers to Full Council and in discussions by the Pension Committee. These companies are Booking.com, Expedia, General Mills, Motorola and Trip Adviser. Three of these companies are held in two portfolios and the other two in just one.

The Funds Smart Beta Investment Manager Storebrand, who hold three of these companies explain that this is not an active decision to hold these companies, they are within the portfolio as these companies are currently within the MSCI World Benchmark and the product is an index based strategy. The Exclusion policy is applied in severe cases as defined by international law and under the following conditions:

- Companies that offer security/surveillance equipment to be used in occupied territories. The companies in this category directly support and assist the occupation regime
- Companies that exploit natural resources in occupied territories without the consent of the occupied people
- Companies that contribute to the building/expansion/maintenance of illegal settlements
- Companies directly involved in the financing of these projects (settlement/natural resources)

The companies that remain within the Storebrand product do not meet this criteria for exclusion and remain within the MSCI World Benchmark.

Exposure to these companies via the passive mandate will drop out when the decisions made at March 2021 Pension Committee are fully implemented. Changes in investment strategy take a significant amount of time to ensure these are managed with as little risk as possible with regard loss of value of the Fund. There is significant research required to find appropriate replacement investments that meet the risk and return criteria as well as meeting the funds ESG requirements; legal due diligence to ensure the new investments are safe to access and fully governed; commercial and legal contracts are also required and in some cases FCA or central bank approval is needed is a fund is accessed via a new route.

The Fund is a member of LAPFF (Local Authority Pension Fund Forum), who have been liaising with Palestinian and Jewish interest groups in respect of 16 companies (including the 5 named companies above) operating in the region where member funds, including the Fund, have some investment. We are supportive of the LAPFF

position on the occupied territories which seeks to encourage companies operating in that jurisdiction to review and have regard for the human rights of all individuals with whom they interact in the conduct of their operations.

## **6. Question from Sean MacLeod, Newhaven, East Sussex**

I was recently made aware of the significant delays for autism spectrum assessments for children, and was taken aback to find that children are currently 3 years until they will get their initial assessment.

I have also been made aware that children with speech and language needs have to keep wait over a year for an assessments.

Children have had 2 very disruptive years of education and potentially waiting another 3 years until a child can be initially assessed and appropriate supportive measures put in place to help their education or a another year delay for speech and language therapy is quite frankly, not just heartbreaking but utterly unacceptable.

The NHS and Schools do not accept private autism spectrum assessments and they will only accept one carried out by themselves so parents have no choice but to accept these delays, to the detriment of their child's wellbeing, learning and social development.

Can the lead member for Children's service advise what plans are being put in place to (1) help schools be able to put in place the support until such time a child can get the formal diagnosis necessary to put in the support they need and (2) what steps are being taken to bring these significant delays down, our local children can't be left behind any further - they have suffered enough.

## **Response by the Lead Member for Education and Inclusion, Special Educational Needs and Disability**

Schools are able to draw on a range of support for children with autism, which do not rely on any formal diagnosis from a health professional. The County Council's Inclusion, Special Educational Needs and Disabilities Service (ISEND) is able to provide support directly to schools, children and their families through the Communication, Learning and Autism Support Service (CLASS) and the Educational Psychology service and, through this provision, schools are able to support the majority of children with autism in their local school. Communications and guidance documentation from ISEND stress that support is needs-based and a diagnosis is not required to access support from the service.

The responsibility for commissioning and providing formal autism assessments lies with the CCGs (currently delivered through the Community Paediatric Service and the Child and Adolescent Mental Health Service) and there are additional resources going into frontline services to respond to the increased demand. We are working with the CCG Commissioner, alongside parents and other professionals, to improve the pathways for children with autism, and other neurodiversity, which aim to ensure that they receive early intervention support, and timely diagnosis where this is appropriate.

With reference to waiting times for autism assessments, most children are seen much sooner than three years in East Sussex. From September 2019 to August 2020, due to a system of prioritisation, many children were seen by Community Paediatrics within weeks/months, with 60 to 70% were being seen within one year of referral. Prior to the COVID restrictions and pressures, 1% of children were waiting longer than two years. As the pandemic continued, the proportion of children waiting these very long times has increased to 10%. The waiting times for assessment for autism are long because the isn't the capacity within the service to assess the rising numbers of referrals it receives. There have also been problems with recruitment to the currently funded posts, as there is a national shortage of Community Paediatricians. The situation has been worsened by the COVID pandemic. This is currently under review in its broadest sense by commissioners in the CCG

In terms of the waiting times for speech and language assessments, it is difficult to comment without knowing the source of this information. However, the initial assessment waiting times for a speech and language assessment from our Children's Integrated Therapy and Equipment Service (CITES) are closely monitored and are running within the Key Performance Indicators for the service i.e. 12 weeks from the point of referral.

Private assessments always have, and continue to be, accepted. However, it is extremely important that children who have received a private assessment are also known to the NHS Community Paediatricians at least to the extent that the robustness and quality of the assessment they have had is ascertained. This is because this is an area very vulnerable to misdiagnosis, exaggeration of symptoms, and also over-medication, and there is a safeguarding issue at stake in occasional cases. There are NICE guidelines covering this area

## **7. Question from Caroline Gridley, Peacehaven, East Sussex**

Staff members, parents and members of the community recently took place in a strike in relation to the leadership at Peacehaven Heights primary school in Peacehaven. Given the clear strength of feeling among staff and the huge amount of support they have from the community and parents, please can you confirm if you are going to take notice of this and re-instate an elected governing body at the school, allow them to recruit a permanent headteacher and allow the school to flourish, rather than forcing it to fail as is currently the case?

## **Response by the Lead Member for Education and Inclusion, Special Educational Needs and Disability**

The school has not secured good outcomes for its children over the past few years; in 2019, the outcomes at the end of Year 6 were in the bottom 4% of schools nationally. The school continues to require the strong governance that the IEB provides. The IEB will continue to prioritise identifying long-term solutions for improvement in performance and school leadership.

## **8. Question from Alice Burchfield, Peacehaven, East Sussex**

Peacehaven Heights Primary School had an IEB put in place in September 2019. In a meeting with parents on 9/10/19, it was explained by the IEB that this was short term and the IEB would be in place for 12-18 months. They said there was 12 months worth of work, after which a shadow governing body would be instated.

The IEB has now been in place for 21 months. Why has a governing body not been reinstated and when will this happen? Please note that the school is still a maintained school and the IEB was put in place by ESCC. ESCC still has overall responsibility for this school and so needs to explain what the plans are for a governing body.

The school has been without a substantive headteacher for all this time and the IEB have not even attempted to recruit one, despite saying in October 2019 that leadership was a priority. Is this acceptable to ESCC?

### **Response by the Lead Member for Education and Inclusion, Special Educational Needs and Disability**

As set out in the Schools Causing Concern guidance, IEBs are a 'focused group appointed for the full period of time expected to make sufficient improvements in the school'. The IEB will remain in place long enough to ensure that the school has arrangements in place to secure and sustain improvements and leadership arrangements. The IEB and the Local Authority has worked with a teaching school alliance to provide interim leadership which is now in place until April 2022.

## **9. Question from Bryan Gridley, Peacehaven, East Sussex**

How has a democratic system allowed for an ESCC school to be led by a person that has not been elected, sits on 7 boards, has never been to the school, has filled the school swimming pool with concrete all at the tax payers expense ?

When I chose Peacehaven Heights as a school for my two children this was not what was sold to me and ESCC are letting my children down.

Please reverse the academy order, remove the IEB, reinstate a board of elected governors and hold a referendum amongst stakeholders at the school.

### **Response by the Lead Member for Education and Inclusion, Special Educational Needs and Disability**

The IEB is approved by the Regional Schools' Commissioner (RSC) and any change in membership is shared with the RSC. The current chair is chair of two IEBs. Once the pandemic restrictions have been eased and in line with advice to governors on visiting schools, the chair will visit Peacehaven Heights Primary School. The previous chair, who was in post until November 2020, visited the school in line with the Covid guidance.

The decision to close the pool was for health and safety, as well as financial reasons. The IEB could not justify the expenditure needed to repair and sustain the

pool when this money was needed to improve outcomes for children in their learning across the curriculum.

#### **10. Question from Cheree Rounce, Peacehaven, East Sussex**

Regarding the proposed academisation of Peacehaven Heights Primary School. I have been told by the chair of the IEB, that the Local authority do not have enough resources to sustain the school any longer. In East Sussex there are 115 LEA primary schools and 11 LEA secondary schools.

STEP (the proposed Trust) has 18 schools.

How can a trust with 14% of the schools in the local authority do a better job of supporting Peacehaven schools?

#### **Response by the Lead Member for Education and Inclusion, Special Educational Needs and Disability**

The local authority has a responsibility to identify and work with schools causing concern. Academy Trusts have greater access to school improvement funding and can support schools where significant improvement is required. STEP has six schools in East Sussex. By working as a local hub, the trust will be able to share resources more effectively and target local support as needed in order to raise standards.

#### **11. Question from Martyn Beaumont, Peacehaven, East Sussex**

In 2019 pressure was put on the Peacehaven Heights Primary to convert. There was a huge local parent campaign to say NO to a Multi Academy Trust having our school.

In 2019 the governing body said no to becoming to a Multi Academy Trust

Then later in 2019 the governing body was sacked. (For not agreeing with the council many people believe)

Then an IEB was installed to run the school on behalf of ESCC

This IEB has willfully neglected it duty towards this school in the following ways:

1. Total failure and willfully neglecting to recruit a permanent head teacher. We believe this was an intentional strategy.
2. Total failure to consult any local people about filling in the school swimming pool.
3. Promising in 2019 that the IEB would only be there for a maximum of 18 months. We are now at 21 months I believe
4. Not listening to parent views whatsoever
5. Installing a head teacher from STEP academy so they can get their feet under the table and "Try before they Buy"

Now the IEB has the audacity to claim that the school needs more stability and so should be given away to STEP academy, when this instability has been caused by the IEB themselves.

Many parents and most of the teachers are extremely upset about what has happened. The school is being blatantly stolen in broad daylight in front of our eyes and for no good reason.

So my question is:

1) How is it right that this IEB have been allowed to get away with wilful neglect of duty which then creates instability at a school with no consequence to themselves or anyone in the council ? And what is the council going to do about this?

### **Response by the Lead Member for Education and Inclusion, Special Educational Needs and Disability**

The school has not secured good outcomes for its children over the past few years; in 2019, the outcomes at the end of Year 6 were in the bottom 4% of schools nationally. The school continues to require the strong governance that the IEB provides. There is no evidence of willful duty of neglect by the IEB. The core strategic roles of the IEB are to:

- Ensure clarity of vision, ethos and strategic direction
- Hold the headteacher and Senior Leadership Team to account for the educational performance of the school and its pupils, and the performance management of staff
- Oversee the financial performance of the school and make sure its money is spent appropriately, and to secure value for money.