

COUNCILS:

FUELLING THE FIRE

A new report on
the local government
pension scheme
and fossil fuels



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The climate crisis in 2017

In September 2015 we published 'Local Government Pensions, Fossil Fuels, and the Transition to a New Economy'¹ detailing how our local councils were investing in the companies most responsible for climate change.

Since its publication, the world has experienced the warmest year ever recorded. 2017 has brought devastating extreme weather events including hurricanes, floods and wildfires.

This year's UN Climate Change Conference is chaired by Fiji, a nation of low-lying islands who are highly vulnerable to the impacts of climate change. It is estimated that up to 1.7 million people from Pacific Islands could be displaced by climate change by 2050. With sea levels rising, some villages have already been forced to move to higher lands.

At the 2015 Paris Summit, all countries agreed to contribute to global emissions reductions by pursuing efforts to limit the temperature increase to 1.5°C. Already, at just 1°C of warming, people around the world are losing their lives, their livelihoods and being forced into climate-induced migration.

The burning of fossil fuels is the main driver of climate change. Further extraction and burning of fossil fuels is not compatible with a just, safe and fair future and investing in fossil fuels is deeply irresponsible.

Pensions and the climate crisis

Pension funds are some of the largest investors in the world. In 2016, UK pension fund assets were greater than the national income.² With the government now requiring many more workers to join a pension fund through auto-enrolment, their influence over the wider economy will only grow. Pension funds, and the decisions made by the people who run them, will profoundly shape our future.

Local councils bear the responsibility of looking after their workers in their retirement. To do this they invest in the Local Government Pension Scheme, a £295 billion pension scheme with over 6 million members³ across the UK administered by 97 individual authorities.

Everyone has a stake in how pension funds are invested and council pensions, managed with input from our elected local councillors, have a major role to play in creating a pensions industry that is not just paying out pensions, but also making sure we will have a future worth retiring for.

Councils have an opportunity to break away from the short-term thinking of the financial sector and move towards an investment practice that takes on the biggest challenge of our age: climate change.

What is divestment?

Divestment, also known as disinvestment or divestiture, is the process of selling a financial asset. This report calls for funds to act on climate change by publicly committing to divest from fossil fuels.

Across the world over 800 institutions, with total investments valued at \$6 trillion USD, have committed to divest from fossil fuels.

¹ Available from: https://gofossilfree.org/uk/wp-content/uploads/sites/3/2015/08/Council_Pensions_Divest-Reinvest_briefing.pdf

² Source: [http://www.actuarialpost.co.uk/article/pension-fund-assets-in-22-markets-up-to-\\$36--4tn-in-2016-10614.htm](http://www.actuarialpost.co.uk/article/pension-fund-assets-in-22-markets-up-to-$36--4tn-in-2016-10614.htm)

³ Membership figures, including active, deferred and contributing members, is published by the UK Government in England and Wales (5,584,989 in 2017), the Scheme Advisory Board in Scotland (505,769 in 2016), and NILGOSC in Northern Ireland (54,546 members in 2017), totalling 6,145,304.

Six pension funds in the local government scheme have committed to cut their fossil fuel investments: the Environment Agency Pension Fund, Haringey, Hackney, Waltham Forest, Southwark and South Yorkshire. Many have also committed to increase investment in sustainable projects like local renewable energy.

Divestment makes a bold statement about a pension fund's willingness to enforce sustainability throughout its portfolio of investments. It also cuts pension funds' exposure to the risks inherent in owning shares in an industry that's on the way out.

Divestment is a practical, legal and responsible way for pension funds to respond to climate change by making an example of the climate change's worst offenders: fossil fuels companies.

Council pension investment in fossil fuels

Our analysis, based on the end of the 2017 financial year and using a list of the world's 200 biggest extractors of fossil fuels, shows that UK local government pensions currently invest £16.1 billion in fossil fuels, 5.5% of the total value of the scheme.⁴

For the 6 million people who depend on local government pension funds, this figure represents £2,628 invested in fossil fuels for every scheme member.

The majority of the funds that councils hold in fossil fuels, £9.1 billion, is invested through intermediaries.

| | Total scheme value (£ million)⁵ | Fossil fuel investment | % Fossil fuels | Direct FF investment | Est. indirect FF investment |
|--------|---|-------------------------------|-----------------------|-----------------------------|------------------------------------|
| 2015 | 229,160 | 13,811 | 6 | 5,464 | 8,347 |
| 2017 | 295,109 | 16,149 | 5.5 | 6,872 | 9,278 |
| Change | +65,949 | +2,338 | -0.5 | +1,408 | +931 |

Our analysis of the scheme in 2015⁶ found that local councils were investing £13.8 billion in fossil fuels. Over this period the proportion of the Local Government Pension Scheme invested in fossil fuels has slightly decreased. However, as the scheme has grown in value its total investment in fossil fuels has gone up markedly: a gross increase of £2.3 billion.

The worst offending individual fund was the Greater Manchester Pension Fund, who invest 1 in every 10 pounds in fossil fuels and have the largest overall investment: £1.8 billion.

⁴ Methodology and data sources are detailed on p.12.

⁵ Most fields in this table and the preceding paragraph were amended to correct an error in the first version of this report, see p.12 for details.

⁶ Local Government Pensions, Fossil Fuels, and the Transition to a New Economy (2015): http://reinvest.scot/wp-content/uploads/2016/09/Local_Government_Pensions_and_Fossil_Fuels.pdf

Funds with the highest proportion of their assets in fossil fuels

| Local Authority Pension Fund | Total fund value (£) | Fossil fuel investment | % Fossil fuels |
|---|-----------------------------|-------------------------------|-----------------------|
| Greater Manchester Pension Fund | 17,182,862,772.00 | 1,758,099,024.00 | 10.2% |
| Dumfries and Galloway Pension Fund | 834,357,000.00 | 78,597,700.00 | 9.4% |
| Torfaen Pension Fund | 2,700,194,120.00 | 245,856,815.50 | 9.1% |
| London Borough of Hammersmith and Fulham Pension Fund | 1,002,161,068.32 | 90,296,580.81 | 9.0% |
| London Borough of Merton Pension Fund | 633,626,884.26 | 54,792,192.50 | 8.7% |
| NILGOSC | 4,150,840,054.46 | 348,957,569.59 | 8.4% |
| Dyfed Pension Fund | 2,385,496,536.00 | 196,560,496.80 | 8.2% |
| Shetland Islands Pension Fund | 449,703,247.00 | 36,106,628.60 | 8.0% |
| Worcestershire Pension Fund | 2,453,471,046.30 | 191,168,673.27 | 7.8% |
| Isle of Wight Council Pension Fund | 559,848,933.00 | 43,342,601.00 | 7.7% |

Funds with the highest total investment in fossil fuels

| Local Authority Pension Fund | Total fund value (£) | Fossil fuel investment | % Fossil fuels |
|---|-----------------------------|-------------------------------|-----------------------|
| Greater Manchester Pension Fund | 17,182,862,772.00 | 1,758,099,024.00 | 10.2% |
| West Yorkshire Pension Fund | 13,540,100,000.00 | 933,890,000.00 | 6.9% |
| Strathclyde Pension Fund | 19,658,803,553.91 | 802,759,409.10 | 4.1% |
| West Midlands Pension Fund | 13,794,157,521.36 | 490,383,239.10 | 3.6% |
| Tyne and Wear Pension Fund | 7,761,342,119.00 | 472,872,654.80 | 6.1% |
| South Yorkshire Pension Fund | 7,539,811,791.00 | 388,326,763.70 | 5.2% |
| NILGOSC | 4,150,840,054.46 | 348,957,569.59 | 8.4% |
| Lancashire County Pension Fund | 7,122,909,367.73 | 339,925,319.89 | 4.8% |
| Nottinghamshire County Council Pension Fund | 4,717,224,227.00 | 327,312,727.40 | 6.9% |
| Hampshire Pension Fund | 6,146,509,966.13 | 320,343,130.76 | 5.2% |

In July 2016, local government pension funds in England and Wales had to submit proposals to merge or pool their funds. The fossil fuel investments of funds in the English 'pools' varies widely from Lancashire/LPFA group at 2.5% to the Northern Powerhouse at 8.0%.

| LGPS Pool | Total fund value (£) | Fossil fuel investment | % Fossil fuels |
|----------------------------------|-----------------------------|-------------------------------|-----------------------|
| Northern Ireland* | 4,150,840,054.46 | 348,957,569.59 | 8.4% |
| Northern Powerhouse ⁷ | 38,687,065,250.00 | 3,079,208,399.00 | 8.0% |
| Wales | 15,382,932,477.08 | 1,027,843,384.05 | 6.7% |
| Border to Coast | 43,195,823,160.76 | 2,424,417,484.64 | 5.6% |
| London | 32,657,670,389.82 | 1,739,055,134.54 | 5.3% |
| Midlands | 37,910,823,065.54 | 1,927,118,373.09 | 5.1% |
| ACCESS | 34,892,425,632.91 | 1,759,064,452.97 | 5.0% |
| Brunel | 26,886,619,323.24 | 1,292,394,146.47 | 4.8% |
| Scotland* | 42,766,627,234.00 | 1,810,599,752.00 | 4.2% |
| Lancashire/LPFA | 17,613,202,144.33 | 437,632,962.00 | 2.5% |

*Scottish LGPS funds are not pooled and the Northern Ireland scheme is run as a single fund. Data are provided for comparison.

⁷ Data for the Northern Powerhouse has been amended since the first version of this report, see p.12 for details.

Fossil fuel companies under the spotlight

BHP Billiton is one of the world's largest mining companies and 11th largest extractor of coal globally. It has been listed as one of the companies most singularly responsible for climate change. The company has mined in the centre of the Borneo rainforest and faced prosecution over Brazil's worst ever environmental disaster, when a dam holding back waste water from an iron ore mine broke in 2015. The company has been accused of bribery in the US and China. Whole villages have been evicted to make way for the expansion of one of the world's largest open-cast coal mines, a joint venture of BHP's in Colombia.⁸ The largest single investor in BHP Billiton was the **East Riding Pension Fund**, with a £15.4 million stake in the company.

BP are a supermajor, one of the world's six largest non-state owned oil and gas companies. Fleeting branding themselves *beyond petroleum* they have shed their renewable businesses in recent years in favour of new investment in deep sea and arctic drilling, highly-polluting tar sands developments, and fracking. BP have campaigned against subsidies for renewable energy and have close ties with the oppressive regime in Azerbaijan. They were fined \$18.7 billion, the largest environmental fine in US history, for the 'gross negligence' regarding the 2010 Deepwater Horizon spill which devastated the Gulf of Mexico.⁹ The largest single investor in BP was the **Greater Manchester Pension Fund**, who directly hold a £275 million stake in the company.

Apache operate in the North Sea, Canada, Egypt and the US. Its recent fracking plans in West Texas are proving controversial due to their proximity to the San Solomon Springs that feeds the famous natural pool near the Balmorhea State Park,¹⁰ and the risk that the fracking operations could pose to the surrounding environment. There is mounting opposition to the plans from local communities and environmental groups.¹¹ The largest single investor in Apache was the **Highland Council Pension Fund**, who directly hold a £4.4 million stake in the company.

Shell has been involved in several high-profile environmental scandals in recent decades, paying millions of dollars of fines for its operations in Nigeria¹² and threatening to drill in the fragile environment of the Arctic.¹³ The company is involved in shale gas fracking, a highly polluting form of drilling in the Permian, Haynesville and Appalachian basins in the United States.¹⁴ The largest single investor in Shell was the **Greater Manchester Pension Fund**, who directly hold a £285 million stake in the company.

ExxonMobil is one of the world's biggest oil and gas companies. A paper published in the journal Environmental Research Letters in 2017 analysed nearly 200 internal documents belonging to the company and concluded that Exxon knowingly misled the public for decades about the dangers of climate change.¹⁵ The company's poor environmental track record has been the focus of a number of high-profile campaigns. The largest single investor in ExxonMobil was the **Strathclyde Pension Fund**, who directly hold a £34.3 million stake in the company.

⁸ For citations and more about BHP Billiton visit: <http://www.blog.foe-scotland.org.uk/index.php/2015/12/where-your-money-goes-the-toxic-toll-of-bhp-billiton-in-borneo-and-colombia/>

⁹ For citations and more information about BP visit: <http://www.blog.foe-scotland.org.uk/index.php/2015/11/where-your-money-goes-bp-corruption-spills-and-gross-negligence/>

¹⁰ Source: <https://www.facebook.com/saveourspringstoo/>

¹¹ Source: <http://www.houstonchronicle.com/opinion/editorials/article/Trust-Apache-Corp-but-verify-10456936.php>

¹² Source: <https://www.theguardian.com/environment/2015/jan/07/shell-announces-55m-payout-for-nigeria-oil-spills>

¹³ Source: <https://www.theguardian.com/business/2015/sep/28/shell-ceases-alaska-arctic-drilling-exploratory-well-oil-gas-disappoints>

¹⁴ Source: <http://www.shell.us/energy-and-innovation/unconventional-resources/where-we-operate.html>

¹⁵ Source: <https://www.theguardian.com/business/2017/aug/24/exxon-deliberately-misled-public-on-climate-science-say-researchers>

Why divest?

Defend our climate

'It makes no sense to invest in companies that undermine our future.' - Archbishop Desmond Tutu¹⁶

By investing in fossil fuel extraction, our local governments are profiting from climate change. As public bodies, local governments have a responsibility to work for the public good; they shouldn't be financially and politically supporting the most destructive industry on the planet. Fossil fuel investments undermine existing local authority climate change mitigation and adaptation strategies and commitments.

Although most major companies have now ceased to openly deny climate change, the industry still ploughs \$100 million every day into exploring for new reserves and maintains that it will not be prevented from burning its existing reserves.¹⁷ UK-based oil companies BP and Shell are planning for a world warmed by 3-5°C or more.¹⁸ The fossil fuel industry shows no sign of attempting to change its behaviour to adapt to the risks of climate change.

Clean up politics

The fossil fuel industry exerts a huge influence over our political system. For years, they have used their immense economic power to pour money into lobbying against regulations intended to address climate change or to support political candidates who are weakest on climate action.¹⁹ Fossil fuel companies are handed subsidies by governments totalling nearly a trillion dollars globally.²⁰

Recent revelations have also revealed that the fossil fuel industry suppressed information and spread doubt and lies about climate change despite knowing about it for decades. A recent academic study concluded that oil giant ExxonMobil knowingly misled the public for decades about the dangers of climate change.²¹

By divesting from fossil fuels, councils and other public institutions can collectively stigmatise the fossil fuel industry, challenging the power these companies hold over our planet, economy and politics, and call for action on the climate crisis.

Power a just transition

We are in the midst of a housing crisis, youth unemployment is high and inequality is rising. Tightly squeezed local authority budgets mean the public sector is not providing the investment needed to kick-start local economies and drive economic regeneration. These challenges would be serious on their own. But the UK also faces job losses as North Sea oil and gas declines.

Stark as this picture is we believe we can turn these challenges into an opportunity. New technologies like electric cars, wave power and floating wind can bring green jobs to our communities whilst investment in green housing and insulation could house millions and cut fuel poverty.

¹⁶ Source: <http://www.theguardian.com/commentisfree/2014/apr/10/divest-fossil-fuels-climate-change-keystone-xl>

¹⁷ Source: <http://www.theguardian.com/environment/2014/apr/03/exxon-mobil-climate-change-oil-gas-fossil-fuels>

¹⁸ Source: Share Action (2017) 'Two Years After Aiming for A: Where Are We Now?'

¹⁹ See the campaign by Oil Change International for more information: <http://priceofoil.org/campaigns/separate-oil-and-state/dirty-energy-money/>

²⁰ For more information visit: <https://influencemap.org/report/Climate-Lobbying-by-the-Fossil-Fuel-Sector>

²¹ Source: <https://www.theguardian.com/business/2017/aug/24/exxon-deliberately-misled-public-on-climate-science-say-researchers>

The need for action is urgent in order to avert the environmental and economic costs of climate change and to rebalance the economy to one which provides decent work. Council pension funds can back this change by shunning fossil fuels and investing in green jobs.

Protect our pensions

To meet the global targets agreed at the UN Paris summit the vast majority of fossil fuel reserves must be kept in the ground. Mark Carney, Governor of the Bank of England has warned that the 'vast majority of [fossil fuel] reserves are unburnable' if climate change is to be limited to safe levels as pledged by the world's governments.²² These 'unburnable' fossil fuels are a financial bubble known as the carbon bubble.

Government action on climate change makes fossil fuel investments inherently risky. Climate policies like the phasing out of petrol and diesel cars, announced by the UK Government in July 2017, and the banning of fracking in Scotland, Wales and Northern Ireland, reduce the amount of fossil fuels likely to be burnt.

However government may prove insufficient and fossil fuels *could* continue to be profitable long into the future. If this were to happen climate change would spiral out of control with the global economy pounded by rising seas inundating coastal cities, the spread of diseases, mass extinctions, extreme weather damage, loss of human life and the collapse of nation states. Pension funds will not be able to escape this damage. Instead they must invest in a way that actively contributes to fighting climate change, using divestment to cut out risk and draw attention to the issue, gathering support from investors and political leaders.

Talking isn't enough

Most local government pension schemes have existing policies to manage environmental, social and governance risks. For example, the Falkirk Pension Fund states in its investment principles that it 'wishes to promote corporate social responsibility' and that it will 'support the transition to a low carbon global economy by seeking to align the Fund with the aims of the 2016 international Paris Climate Change Agreement'. The policy concludes, however, that 'ongoing engagement with investee companies is preferable to divestment.'²³

Years of investor engagement with the fossil fuel industry have not delivered a sustainable energy industry and many companies' environmental performance has worsened.

Following major Shell and BP shareholder resolutions in 2015, Share Action have reviewed companies' progress. They reported that neither company 'grasped the pace of the low-carbon transition' and that both were still planning on the basis of 3–5°C warming *or more*.²⁴

For oil, gas and coal companies, fossil fuel extraction is their core business and they have repeatedly failed to seize the opportunity of moving towards low-carbon fuels. With fossil fuel companies unwilling to change investor engagement is an inadequate tool for protecting funds from the financial risks of the climate change.

Investors can take action

Globally more than 800 investors with combined assets of \$6 trillion USD have made commitments to divest from fossil fuels.²⁵

²² For more about this speech read: <https://www.theguardian.com/environment/2014/oct/13/mark-carney-fossil-fuel-reserves-burned-carbon-bubble>

²³ Source: <http://www.falkirkpensionfund.org/>

²⁴ Source: Share Action (2017) 'Two Years After Aiming for A: Where Are We Now?'

²⁵ Campaign group 350 maintain a list of organisations that have divested from fossil fuels at <https://gofossilfree.org/commitments/>

Six pension funds in the local government scheme have committed to cut their fossil fuel investments: the Environment Agency Pension Fund, Haringey, Waltham Forest, Southwark, Hackney and South Yorkshire. For example:

- The £765 million London Borough of **Waltham Forest Pension Fund** approved a policy in 2016 to 'exclude fossil fuels from its strategy over the next five years'. They have also committed to invest more in wind energy and local infrastructure. The policy received the full backing of the Conservative and Labour councillors. Chair of Fund Councillor Simon Miller said: 'Not only does this mean that the fund will not be invested in stranded assets, but will be actively investing in cleaner, greener investments to the benefit of our community, borough and environment.'²⁶
- In October 2015, the £3,272 million **Environment Agency Pension Fund**, part of the local government scheme, announced it would end most of its investments in fossil fuels within the next five years. The fund's policy states its investments and processes will be compatible with UN targets²⁷, and by 2010 will cut shareholdings in coal by 90% and oil and gas by 50%.
- The £7,540 million **South Yorkshire Pension Fund** committed to low carbon investment policy that excludes coal and tar sands companies with 'a long-term tilt towards a low carbon economy within its portfolios'.²⁸ Their policy states that the fund will cut its investments in fossil fuels 'in-line with the Paris Agreement, with a view towards progressively decreasing the Fund's carbon exposure.'²⁹

Divestment can win

Successful divestment campaigns have been fought in a number of sectors with great effect. Nowhere was it more powerful than in the case of South African apartheid, where an international divestment effort played a major role in breaking the back of the regime and ending racial segregation.

By the mid 1980s a movement initiated by students saw 155 campuses, 26 state governments, 22 counties, and 90 cities divest from companies doing business in South Africa.

This, alongside the struggles of people within South Africa, played a key role in stigmatising apartheid and the government on the world stage, and ultimately led to legislative change.

Help and advice

The campaign to divest our local government pension funds is run by a network of grassroots groups supported by 350.org, Platform, Friends of the Earth (England, Wales and Northern Ireland) and Friends of the Earth Scotland.

If you would like to raise this issue in your local area, we can help!

We can link you up with more resources, contacts and expert advice, as well as put you in touch with a network of other councillors and decision-makers doing the same. A good first port-of-call is also the Fossil Free UK website: www.gofossilfree.org/uk.

²⁶ Source: <http://walthamforestecho.co.uk/waltham-forest-council-pension-fund-first-in-uk-to-quit-fossil-fuels/>

²⁷ Source: <https://www.eapf.org.uk/%7E/media/document-libraries/eapf2/climate-change/policy-to-address-the-impacts-of-climate-change.pdf?la=en>

²⁸ Source: <http://gofossilfree.org/uk/press-release/south-yorkshire-pension-fund-commits-to-low-carbon-investments-ahead-of-paris-talks/>

²⁹ Source: <http://www.sypensions.org.uk/Investments/Investment-Policies-and-statements>

Further reading

- Global list of funds which have divested: <http://gofossilfree.org/commitments/>
- The carbon bubble and financial risks: <https://gofossilfree.org/uk/carbon-bubble/>
- Case studies of councils which have divested: <https://gofossilfree.org/uk/local-councils-are-starting-to-go-fossil-free-and-heres-how/>
- Legal briefing on divestment – England & Wales (p.8): http://gofossilfree.org/uk/wp-content/uploads/sites/3/2016/09/Fossil-Fuel-Divestment_v2-1.pdf
- Legal briefing on divestment – Scotland: <https://foe.scot/campaign/divestment/local-government/local-gov-divestment-and-the-law/>
- Examples of council pensions investing in the green economy (Scottish website): <https://foe.scot/campaign/divestment/local-government/councils-investing-sustainably/>

Investments in detail

| Local Authority Pension Fund | Total Fund Value (£) | Fossil Fuel Investment | % FF | Direct FF Investment | Est. Indirect FF Investment |
|----------------------------------|----------------------|------------------------|-------|----------------------|-----------------------------|
| Avon PF | 4,299,723,923.33 | 187,866,216.83 | 4.4% | 50,483,644.40 | 137,382,572.43 |
| Bedfordshire PF | 2,073,598,890.75 | 74,334,573.58 | 3.6% | 0.00 | 74,334,573.58 |
| Buckinghamshire County Cll PF | 2,631,178,698.35 | 106,787,459.22 | 4.1% | 58,839,550.19 | 47,947,909.03 |
| Cambridgeshire PF | 2,243,600,000.00 | 165,260,000.00 | 7.4% | 0.00 | 165,260,000.00 |
| Cardiff and Vale of Glamorgan PF | 1,601,270,687.45 | 86,367,269.89 | 5.4% | 30,449,559.96 | 55,917,709.93 |
| Cheshire PF | 4,167,287,023.00 | 92,838,887.60 | 2.2% | 74,107,928.00 | 18,730,959.60 |
| City & County of Swansea PF | 1,852,775,000.00 | 134,173,900.00 | 7.2% | 0.00 | 134,173,900.00 |
| City of London PF | 964,660,000.00 | 61,048,000.00 | 6.3% | 0.00 | 61,048,000.00 |
| Clwyd PF | 1,380,322,000.00 | 20,282,600.00 | 1.5% | 0.00 | 20,282,600.00 |
| Cornwall PF | 1,679,243,571.69 | 55,540,697.26 | 3.3% | 0.00 | 55,540,697.26 |
| Cumbria County Cll PF | 2,602,559,414.37 | 100,519,209.03 | 3.9% | 55,878,011.68 | 44,641,197.35 |
| Derbyshire County Cll PF | 4,196,857,286.96 | 257,440,766.20 | 6.1% | 189,100,338.00 | 68,340,428.20 |
| Dorset County Cll PF | 2,706,610,000.00 | 141,513,700.00 | 5.2% | 0.00 | 141,513,700.00 |
| Dumfries and Galloway PF | 834,357,000.00 | 78,597,700.00 | 9.4% | 28,638,000.00 | 49,959,700.00 |
| Durham County Cll PF | 2,894,951,018.29 | 107,797,266.06 | 3.7% | 19,079,070.24 | 88,718,195.82 |
| Dyfed PF | 2,385,496,536.00 | 196,560,496.80 | 8.2% | 87,837,333.00 | 108,723,163.80 |
| East Riding PF | 4,525,118,402.00 | 318,155,216.10 | 7.0% | 245,520,687.00 | 72,634,529.10 |
| East Sussex PF | 3,185,010,788.01 | 154,934,732.53 | 4.9% | 4,827,724.46 | 150,107,008.07 |
| Environment Agency PF | 3,272,966,000.00 | 142,296,600.00 | 4.3% | 0.00 | 142,296,600.00 |
| Essex PF | 6,012,349,710.27 | 219,858,263.30 | 3.7% | 19,268,642.88 | 200,589,620.42 |
| Falkirk Cll PF | 2,060,756,341.65 | 142,185,394.68 | 6.9% | 95,399,222.86 | 46,786,171.82 |
| Fife Cll PF | 2,158,050,749.64 | 118,451,231.66 | 5.5% | 12,216,069.98 | 106,235,161.68 |
| Gloucestershire PF | 2,069,445,589.27 | 140,448,348.78 | 6.8% | 37,006,743.40 | 103,441,605.38 |
| Greater Manchester PF | 17,182,862,772.00 | 1,758,099,024.00 | 10.2% | 1,241,503,318.00 | 516,595,706.00 |
| Gwynedd Cll PF | 1,864,232,862.00 | 94,271,179.30 | 5.1% | 0.00 | 94,271,179.30 |
| Hampshire PF | 6,146,509,966.13 | 320,343,130.76 | 5.2% | 213,252,017.76 | 107,091,113.00 |
| Hertfordshire PF | 4,202,354,323.37 | 140,475,249.33 | 3.3% | 43,457,013.22 | 97,018,236.11 |
| Highland Cll PF | 1,762,942,027.27 | 80,934,458.90 | 4.6% | 54,492,092.86 | 26,442,366.04 |
| Isle of Wight Cll PF | 559,848,933.00 | 43,342,601.00 | 7.7% | 21,386,497.00 | 21,956,104.00 |
| Kent County Cll PF | 4,494,761,273.13 | 267,488,689.45 | 6.0% | 149,455,690.72 | 118,032,998.73 |

| | | | | | |
|--|------------------|----------------|------|----------------|----------------|
| Lancashire County PF | 7,122,909,367.73 | 339,925,319.89 | 4.8% | 0.00 | 339,925,319.89 |
| Leicestershire County CII PF | 3,135,335,512.87 | 199,213,830.05 | 6.4% | 23,802,596.03 | 175,411,234.02 |
| Lincolnshire PF | 2,076,602,920.91 | 108,092,428.57 | 5.2% | 50,362,219.42 | 57,730,209.15 |
| London Boro of Barking and Dagenham PF | 906,316,007.00 | 34,617,534.00 | 3.8% | 0.00 | 34,617,534.00 |
| London Boro of Barnet PF | 1,039,022,000.00 | 37,419,600.00 | 3.6% | 0.00 | 37,419,600.00 |
| London Boro of Bexley PF | 795,473,873.00 | 46,874,979.00 | 5.9% | 46,874,979.00 | 0.00 |
| London Boro of Brent PF | 802,700,000.00 | 37,470,000.00 | 4.7% | 0.00 | 37,470,000.00 |
| London Boro of Bromley PF | 943,444,212.00 | 32,454,201.20 | 3.4% | 13,130,448.00 | 19,323,753.20 |
| London Boro of Camden PF | 1,518,407,554.17 | 72,157,038.60 | 4.8% | 6,069.56 | 72,150,969.04 |
| London Boro of Croydon PF | 1,091,543,000.00 | 58,079,300.00 | 5.3% | 0.00 | 58,079,300.00 |
| London Boro of Ealing PF | 1,126,664,633.23 | 82,710,070.43 | 7.3% | 47,244,533.00 | 35,465,537.43 |
| London Boro of Enfield PF | 1,077,221,000.00 | 60,593,100.00 | 5.6% | 0.00 | 60,593,100.00 |
| London Boro of Hackney PF | 1,143,845,000.00 | 67,693,300.00 | 5.9% | 0.00 | 67,693,300.00 |
| London Boro of Hammersmith and Fulham PF | 1,002,161,068.32 | 90,296,580.81 | 9.0% | 24,862,004.50 | 65,434,576.31 |
| London Boro of Haringey PF | 1,309,093,000.00 | 65,454,650.00 | 5.0% | 0.00 | 65,454,650.00 |
| London Boro of Harrow PF | 804,720,000.00 | 53,176,400.00 | 6.6% | 0.00 | 53,176,400.00 |
| London Boro of Havering PF | 657,188,535.23 | 39,589,583.38 | 6.0% | 676,941.69 | 38,912,641.69 |
| London Boro of Hillingdon PF | 954,442,059.04 | 61,466,611.92 | 6.4% | 31,228,165.58 | 30,238,446.34 |
| London Boro of Hounslow PF | 935,637,336.00 | 45,488,294.70 | 4.9% | 41,662,415.00 | 3,825,879.70 |
| London Boro of Islington PF | 1,262,711,447.91 | 48,271,475.12 | 3.8% | 38,514,575.12 | 9,756,900.00 |
| London Boro of Lambeth PF | 1,346,000,000.00 | 58,900,000.00 | 4.4% | 0.00 | 58,900,000.00 |
| London Boro of Lewisham PF | 1,271,236,000.00 | 85,618,800.00 | 6.7% | 0.00 | 85,618,800.00 |
| London Boro of Merton PF | 633,626,884.26 | 54,792,192.50 | 8.6% | 34,035,178.02 | 20,757,014.48 |
| London Boro of Newham CII PF | 1,156,100,987.00 | 29,281,757.10 | 2.5% | 1,030,264.00 | 28,251,493.10 |
| London Boro of Redbridge PF | 743,257,000.00 | 38,260,700.00 | 5.1% | 0.00 | 38,260,700.00 |
| London Boro of Southwark PF | 1,487,862,000.00 | 14,228,400.00 | 1.0% | 0.00 | 14,228,400.00 |
| London Boro of Tower Hamlets PF | 1,356,705,680.80 | 91,941,766.46 | 6.8% | 23,457,037.60 | 68,484,728.86 |
| London Boro of Waltham Forest PF | 764,900,000.00 | 53,930,000.00 | 7.1% | 0.00 | 53,930,000.00 |
| London Boro of Wandsworth PF | 2,185,838,012.55 | 137,628,568.77 | 6.3% | 23,700,396.67 | 113,928,172.10 |
| London PF Authority | 5,304,639,078.40 | 242,152,247.31 | 4.6% | 1,927,947.49 | 240,224,299.82 |
| Lothian PF | 7,420,982,641.00 | 152,615,424.40 | 2.1% | 147,038,708.00 | 5,576,716.40 |
| Merseyside PF ³⁰ | 7,964,102,478.00 | 387,219,375.30 | 4.9% | 243,124,012.00 | 144,095,363.30 |
| NILGOSC | 4,150,840,054.46 | 348,957,569.59 | 8.4% | 155,803,733.10 | 193,153,836.49 |
| Norfolk PF | 1,656,425,000.00 | 101,164,100.00 | 6.1% | 0.00 | 101,164,100.00 |
| North East Scotland PF | 3,999,909,195.37 | 179,194,145.60 | 4.5% | 64,328,691.93 | 114,865,453.67 |
| North Yorkshire County CII PF | 3,036,748,097.33 | 175,702,288.57 | 5.8% | 37,565,826.81 | 138,136,461.76 |
| Northumberland County CII PF | 1,057,604,835.64 | 72,408,250.42 | 6.8% | 0.00 | 72,408,250.42 |
| Nottinghamshire County CII PF | 4,717,224,227.00 | 327,312,727.40 | 6.9% | 251,186,825.00 | 76,125,902.40 |
| Orkney Islands CII PF | 338,195,640.18 | 5,719,691.64 | 1.7% | 5,719,691.64 | 0.00 |
| Oxfordshire County CII PF | 2,174,177,881.39 | 132,642,636.59 | 6.1% | 51,242,073.98 | 81,400,562.61 |
| Peninsula PF | 3,917,046,189.06 | 191,792,230.80 | 4.9% | 20,655,741.19 | 171,136,489.61 |
| Powys County CII PF | 594,162,271.63 | 27,347,922.55 | 4.6% | 0.00 | 27,347,922.55 |
| Rhondda Cynon Taf PF | 3,004,479,000.00 | 222,983,200.00 | 7.4% | 0.00 | 222,983,200.00 |

³⁰ Data for the Merseyside PF has been amended since the first version of this report, see p.12 for details.

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|---|-------------------|----------------|------|----------------|----------------|
| Royal Boro of Greenwich CII PF | 1,234,032,000.00 | 52,974,100.00 | 4.3% | 0.00 | 52,974,100.00 |
| Royal Boro of Kensington and Chelsea PF | 1,049,729,305.72 | 51,146,245.25 | 4.9% | 0.00 | 51,146,245.25 |
| Royal Boro of Kingston upon Thames PF | 795,898,793.59 | 40,409,985.30 | 5.1% | 12,593,488.48 | 27,816,496.82 |
| Royal County of Berkshire PF | 5,185,653,698.20 | 97,707,642.22 | 1.9% | 77,675,745.93 | 20,031,896.29 |
| Scottish Borders PF | 655,220,426.00 | 30,317,010.20 | 4.6% | 7,020,530.00 | 23,296,480.20 |
| Shetland Islands PF | 449,703,247.00 | 36,106,628.60 | 8.0% | 0.00 | 36,106,628.60 |
| Shropshire PF | 1,711,531,448.05 | 90,890,649.47 | 5.3% | 26,595,684.25 | 64,294,965.22 |
| Somerset County CII PF | 1,962,135,001.39 | 125,126,256.99 | 6.4% | 110,878,281.70 | 14,247,975.29 |
| South Yorkshire PF | 7,539,811,791.00 | 388,326,763.70 | 5.2% | 360,241,008.00 | 28,085,755.70 |
| Staffordshire PF | 3,734,959,000.00 | 277,869,600.00 | 7.4% | 0.00 | 277,869,600.00 |
| Strathclyde PF | 19,658,803,553.91 | 802,759,409.10 | 4.1% | 326,537,605.00 | 476,221,804.10 |
| Suffolk County CII PF | 2,636,546,639.00 | 128,513,586.60 | 4.9% | 49,113,707.00 | 79,399,879.60 |
| Surrey County CII PF | 3,763,033,789.00 | 256,604,881.60 | 6.8% | 159,657,853.00 | 96,947,028.60 |
| Tayside PF | 3,427,706,411.95 | 183,718,656.88 | 5.4% | 103,890,454.16 | 79,828,202.72 |
| Teesside PF | 3,843,434,264.14 | 275,422,217.21 | 7.2% | 275,422,217.21 | 0.00 |
| Torfaen PF | 2,700,194,120.00 | 245,856,815.50 | 9.1% | 87,103,202.00 | 158,753,613.50 |
| Tyne and Wear PF | 7,761,342,119.00 | 472,872,654.80 | 6.1% | 188,896,031.00 | 283,976,623.80 |
| Warwickshire County CII PF | 2,021,017,618.33 | 74,181,735.01 | 3.7% | 20,021,111.29 | 54,160,623.72 |
| West Midlands PF | 13,794,157,521.36 | 490,383,239.10 | 3.6% | 431,285,425.44 | 59,097,813.66 |
| West Sussex PF | 3,755,019,000.00 | 217,684,100.00 | 5.8% | 0.00 | 217,684,100.00 |
| West Yorkshire PF | 13,540,100,000.00 | 933,890,000.00 | 6.9% | 464,300,000.00 | 469,590,000.00 |
| Westminster City CII PF | 1,261,893,000.00 | 96,129,900.00 | 7.6% | 0.00 | 96,129,900.00 |
| Wiltshire PF | 2,174,092,468.76 | 68,380,000.00 | 3.1% | 0.00 | 68,380,000.00 |
| Worcestershire PF | 2,453,471,046.30 | 191,168,673.27 | 7.8% | 59,347,219.29 | 131,821,453.98 |

Methodology

Platform put in Freedom of Information requests through whatdotheyknow.com to the councils that manage all the UK local authority pension funds asking for a full list of investments for the financial year 2016/2017 in an excel spreadsheet. Using the data provided – or pension fund annual reports and other official documents – Platform, with help from volunteers, analysed this data to calculate the amount invested in fossil fuels overall and by pension fund.

We put the investment data for each fund into a google spreadsheet. A script pulled out the direct fossil fuel investments using the Carbon Underground 200³¹ that identifies the top 100 public coal companies globally and the top 100 public oil and gas companies globally, ranked by the potential carbon emissions content of their proven reserves.

However, much of what UK councils invest on the stock market happens through pooled investment vehicles. To estimate how much of these investments is in fossil fuel shares, a script pulls out the top 15 of each fund's investments. We then analysed them manually picking out the pooled investment funds/vehicles that, we knew to contain fossil fuel investments. With these, we took an average (10%) proportion of fossil fuel investments in the fund/vehicle.

We added 10% of the market value of funds/vehicles with fossil fuel investments to the market value of direct fossil fuel investments to get a total amount invested in fossil fuels for each fund.

We researched funds and investment vehicles and 10% was an average figure. 10% is the market capitalisation 'weight' of the Carbon Underground 200 companies on the FTSE AllShare index. Pooled funds following other indices or markets could contain more fossil fuel shares (e.g. FTSE250), or less (e.g. Japanese tracker funds).

Corrections

The value of the Merseyside Pension Fund and its investments in fossil fuels that appeared in the first version of this report was incorrect. These values have been corrected and the proportion of the Merseyside Pension Fund subsequently invested in fossil fuels, the corresponding figures for the 'Northern Pool', and the UK totals and relative changes from 2015 have been amended accordingly. The revised analysis promoted NILGOSC to the top of the 'pools' table and the Isle of Wight PF top as the 10th most exposed funds. The UK total investment in fossil fuels changed by 0.1%. • Information on p.6 regarding BHP Billiton has been corrected to reflect the sale of their stake in the Indomet project • The authors apologise for these errors.

³¹ Visit Fossil Free Indexes for more information: <http://fossilfreeindexes.com/research/the-carbon-underground/>