TRADE UNION BRIEFING

OUR PENSIONS, OUR COMMUNITIES, OUR PLANET

How to reinvest our pensions for our good?

Local governments in the UK invest over £14 billion of public sector pension funds into fossil fuel corporations. That means workers' pensions are accelerating dangerous climate change. They are overly risky long term investments. Council pensions already lost £683 million with a recent crash in coal stocks. Most importantly, these investments funnel capital out of local lives, jobs and economies into corporate profits of the likes of BP and Shell.

As large employers, local governments are required to put aside money for workers' pensions. 101 pension funds covering 418 local authorities have placed over 6% of their total £231 billion into shares of oil, gas and coal companies.

Fossil fuel divestment is an opportunity to create jobs and boost local economies, as well as to take control of pension wealth back from unaccountable investment management firms. By investing this capital into renewable energy, public transport and social housing, we could generate enough electricity for Scotland or build over 200,000 homes – this would be better for pension-holders, for local residents and for the planet.

HOW MUCH OF OUR COUNCIL WORKERS' PENSIONS ARE INVESTED IN FOSSIL FUELS?

FIND OUT ONLINE: http://gofossilfree.org/uk/pensions/

SIGN UP TO JOIN THE CAMPAIGN:

http://platformlondon.org/TU-reinvest

This Trade Union briefing has been produced to help you raise the issue with your local Trade Union Council, your Trade Union branch or your National Conference, and make sure Trade unions play a role in the Divest to Reinvest campaign that is growing across the UK. This is one way to take action on climate change, make sure our pensions are under our control, and help secure sustainable energy, good jobs, and public services. This pack includes:

- Key information with links to resources & some TU policies
- Draft motion to use with your Union and Trades Council
- Local Info Sheet you can adapt to your local area using the information from the website

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Trade union group

KEY FACTS

WHAT YOU NEED TO KNOW:

- UK pensions are invested through investment managers – unaccountable entities in the City of London which funnel pension wealth to corporations.
- On average, local authority pensions have invested £218 for every single resident in fossil fuels, up to over £450 per residents in certain areas like Greater Manchester.
- Three quarters of the direct investments are held in just 10 companies, including Shell, BP and Total.
- These investments directly enable companies to drill in the Arctic, expand tar sands and open new coal mines. Colombian labour activists are suing BP for complicity in murder and torture of trade unionists. In Nigeria, Azerbaijan and Egypt, these companies are fuelling repression and violence. In Britain, they distort and undermine our democracy by lobbying.
- Even those companies that represent themselves as British generate limited public benefit for the councils that invest into them. Less than 18% of BP's employees are in the UK.

WHY DIVEST?

Making 4.6 million public sector pensions dependent on long term profits from an industry threatening a safe planetary future is not a sensible investment strategy. UK council pensions already lost £683 million due to the recent crash in coal stocks.

When a 30-year-old speech therapist at Hackney Council retires at age 60, it will be 2045, and the fossil fuel industry's days are already numbered. Analysis by Carbon Tracker shows that if governments take sufficient action on climate change to keep us to even a risky 3 degrees global warming, fossil fuel companies' assets will be "stranded", making them an extremely risky pension investment. In response to these risks, the Environment Agency Pension Fund has recently decided to run its portfolio to minimise the stranded assets risk, cutting oil & gas investment by half, and coal by 90%.

When pensions are invested into paper certificates for shares listed in London and international stock exchanges, this represents a transfer of public capital from across England, Scotland and Wales. This money is centralised in a small number of multinational corporations. They in turn re-invest most of that wealth in risky and damaging projects abroad.

The investment firms managing pensions use their fees in ways that are opaque and unaccountable to their members. Fidelity, among other firms commonly used by local authority pension funds, have been shown to spend chunks of their members' fees on donations to the Conservative Party.

Divesting from fossil fuels is an opportunity to future-proof our pensions, but also to take power back from these unaccountable City firms.

WHY REINVEST?

By divesting the £14 billion currently invested in fossil fuels, local council pensions can take an important step forwards in challenging climate change – and redirect it towards securing the employees' future. Reinvesting this money into renewables, housing, and public transport would provide a long term return, building safe pensions for public sector workers.

- £14 billion could be used to build 60,000 wind turbines of 100kW, around the UK. This would add 6 GW of electricity generating capacity, increasing existing wind power by 50%. This could generate enough electricity to power Wales.
- £14 billion could be used to build 218,750 energy efficient social rent homes, alleviating the housing crisis and providing a guaranteed and solid income stream.
- £14 billion could be used to place solar panels on all 10,000 schools with suitable roofs, on a further 20,000 municipal buildings, and on 2 million homes. This would create 8.9 GW of solar generating capacity, and triple existing solar power capacity – more than enough to power Scotland.

HOW DO LOCAL COUNCILS REINVEST THIS MONEY?

Some councils and pension funds have started to take a lead on investing into a positive future.

- Lancashire County Council invested £12 million in Westmill Solar Coop, the UK's largest community owned solar farm. The solar farm has 1,648 members, who all bought shares in the project. Lancashire and the individual members will receive interest for 23 years, with a projected 11% annual return.
- The Environment Agency Pension Fund has recently decided to run its portfolio to minimise the stranded assets risk, cutting oil & gas investment by half, and coal by 90%.
- The City of Copenhagen co-owns the Middelgrunden Offshore wind farm, together with a residents co-operative. The wind farm is 3.5 kilometres off the coast of Copenhagen, and provides 4% of the Danish capital's electricity.
- Various UK local authorities are preparing to set up municipal energy companies, including Bristol, Islington and Nottingham. These could be financed in part by pension funds from other local authorities – creating public-public partnerships and spreading the risk of local investments between different councils.
- Islington Pension Fund in London is planning to put £150 million - 15% of its pension pot - into social housing – arguing that this offers more stable and guaranteed income and return than the private sector.Warwick, Glasgow, and Bedfordshire Universities, as well as London's SOAS have committed to investing its money in funds that exclude fossil fuel companies.
- UNISON Scotland and the Scottish Federation of Housing Associations proposed using local government pension funds to build new social and affordable housing in Scotland. UNISON Edinburgh is actively campaigning for Lothian Pension Fund to divest from fossil fuels.
- PCS adopted a motion at the 2015 Annual Delegates Conference supporting the Divest-Reinvest movement.

Find out who else is divesting: http://gofossilfree.org/commitments/

ADDITIONAL RESOURCES

SIGN UP to support the campaign: http://platformlondon.org/TU-reinvest

FULL BRIEFING: http://platformlondon.org/wp-content/uploads/2015/09/Council_Pensions_Divest-Reinvest_briefing.pdf

FOSSIL FREE Additional Resources: http://gofossilfree.org/uk/resources/

FOSSIL FREE Local Government Guide: http://gofossilfree.org/uk/local-government-guide/

How to address concerns about fiduciary duty, and whether engaging with fossil fuel companies is more effective: www.foe.co.uk/sites/default/files/downloads/local-government-pensions-fossil-fuel-divestment-89508.pdf

Responses to detractors: http://gofossilfree.org/uk/common-arguments-against-divestment-and-how-to-respond/

Find your local divestment campaign: http://gofossilfree.org/uk/local-authority-campaigns/

UNISON Report: http://www.unison-scotland.org.uk/housing/FundingAndBuildingTheHomesScotlandNeeds_Mar2013.pdf

Blog by UNISON Edinburgh pensions negotiator Dave Watson on divestment
http://unisondave.blogspot.co.uk/2015/02/global-divestment-day.html

Trade Unions for Energy Democracy: unionsforenergydemocracy.org/

One Million Climate Jobs: http://climate-change-jobs.org/

Campaign Against Climate Change: campaigncc.org

Disclaimer on TUED (Trade Union for Energy Democracy): The opinions expressed here may or may not be consistent with the policies and positions of unions participating in TUED. The paper is offered for discussion and debate.

MODEL MOTION

This Branch/AGM/Conference agrees that climate change is caused by human activity and that immediate action has to be taken to shift from fossil fuel energy to renewables. This Branch/AGM/Conference welcomes the work of the global divestment movement which has seen $2.6 trillion divested from fossil fuels. Research by Fossil Free UK campaign shows that local authority pensions invest a total of £14 billion into fossil fuel corporations.

This Branch/AGM/Conference condemns the investment of members' pensions into dangerous fossil fuel drilling abroad, and their management by unaccountable city firms, at a time of austerity. These funds could be reinvested more accountably into renewable energy, public housing, and local transport to benefit sustainable local economies and good jobs. Our pension wealth is being sent to asset managers in London and boosts multinationals' profits instead of investing in our own economies.

We need recognise that:

- Renewables are increasingly profitable, while fossil fuels are an ever riskier investment due to the “carbon bubble”, with £683m already lost by council pensions due to a crash in coal shares. Pensions have to be invested for their members' benefit. Divesting from fossil fuels is an opportunity to use pension wealth for workers' benefit by investing in our own economies, our services and good jobs.

- The fossil fuel industry employs many workers, including good union members, whose jobs and livelihoods are currently tied to coal, oil and gas extraction. By contrast, much of the renewables sector is private sector led and non-unionised. Divestment needs to be accompanied by a strong case for unionised workforce in the development of renewable energy sources, as set out, for example, by the One Million Climate Jobs campaign.

Conference therefore instructs this Branch/AGM/Conference to:

1. Promote the Fossil Free UK pensions report & tool: http://gofossilfree.org/uk/pensions/ to raise awareness about the fossil fuel Divest to Reinvest movement.
2. Invite speakers to relevant meetings and engage with Trade Union members to support or create local campaigns & progress this motion to [*Name of Union*] National Conference.
3. Ensure that Trade Unions as employers look at their own investments, including pension funds, fully divest from fossil fuels, and reinvest progressively in renewable energy, public housing and transport, and the sustainable economy.
4. Campaign for the adoption of divestment as a legitimate strategy by the TUC, accompanied by a call for fossil fuel jobs to be resituated to the renewable energy sector, with full union recognition.
5. Campaign for an investigation by [*insert name of local authority*] pension committee into the long term risks of investing into fossil fuels, and the potential for reinvesting pension funds into the sustainable economy.

- [*for local government branches*] Mandate the trade union representative on pension committee of [*employer/name of local authority*] to raise these issues.

LOCAL INFO SHEET

MANCHESTER

GREATER MANCHESTER PENSION FUND

Total Fossil Fuel Investments

£1.3 billion

FOSSIL RANKING

1st

Greater Manchester holds the highest fossil fuel shares. This is not only due to its large population – it also has amongst the highest per resident fossil fuel investments, and the 4th highest percentage of fossil fuels to total investments. The Pension Fund has been making efforts to invest into the new economy, with a commitment to put £10 million into community power. This is laudable; however, at less than 1/25 of its shareholding just in BP, this pales into insignificance compared to Manchester's fossil fuel investments.

Fund Total	**£13,284,054,000**
Total Fossil Fuel Investments	**£1,304,123,000 (9.81%)**
Direct Investments	**£1,057,041,000 (7.95%)**
Projected Indirect Investments	**£247,081,000.00 (1.85%)**

Top 3 Fossil Fuel Investments

1	**BP PLC**	**£269,024,000**
2	**ROYAL DUTCH SHELL 'B'**	**£261,216,000**
3	**RIO TINTO**	**£168,132,000**

Please adapt this information sheet with data on your local area extracted from the website http://gofossilfree.org/uk/pensions/