

Agenda item 7

For decision - Frome Town Council policy on divesting from fossil fuel companies via the Somerset County Council Pension Fund and support for regional banks

Author: Anna Francis, Resilience Manager

Summary

New figures have revealed that Somerset County Council's pension fund invests £125 million of council employee's money in the fossil fuel industry such as oil, gas and coal.

Pension funds across the UK are moving away from investing in fossil fuels due to concerns over the impact on climate change and long term financial risk. In line with FTC's Fossil Fuel Free targets, it is proposed that Frome Town Council urges the Somerset Pension fund managers to divest from these funds.

In parallel, FTC has been asked if we are prepared to broadly endorse the creation of a set of new regional banks which would be owned locally with a remit to borrow and lend to business in the area of operation. There is no commitment to invest and no costs in time or money to the Council in doing this. The banks will have an ethical investment policy. Our support would add to that of others, such as Bristol City Council and a range of businesses, to lend support to the initiative's emergence.

Divesting from fossil fuel companies

Background Info

To ensure that global temperatures do not increase by 2°C, it is imperative that 80% of known reserves of fossil fuels stay in the ground.

The figures published by 350.org revealed that UK council pension funds invest £16bn in fossil fuels. Somerset County Council's pension fund invests £125 million in the fossil fuel industry. Investment in fossil fuels is becoming increasingly risky, for example, between November 2015 and February 2016, the value of the pension fund's shares in coal, gas and oil fell by £872,243.

Leading the way, Southwark Council has recently divested £1.2 billion in their pension fund away from fossil fuels as they felt that 'climate change and significant investments in fossil fuels present a long term financial risk to our fund.'

Alternatively, the Strathclyde Pension Fund has invested £10 million in Albion Community Power's hydro-electric stations with capacity to power 4,000 homes.

Recommendations

1. The Mayor to write to the chair of Somerset County Council's pension fund committee urging divestment from fossil fuel companies
2. Publicise through the FTC website and in the local media that FTC urges the Pension Fund managers to divest from fossil fuel companies
3. The Mayor to write to FTC staff encouraging them to sign the [online petition](#) against investing in fossil fuel companies
4. The Mayor to write an open letter to all Somerset County Council Pension Fund employees encouraging them to sign the online petition against investing in fossil fuel companies
5. Help to co-ordinate a working group to lobby and organise awareness events and action. This fits in with the Resilience Manager's role and there is capacity to do this