

The case for Shropshire County Pension Fund to divest from fossil fuels
A SUMMARY by Fossil Free Shropshire
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Shropshire and Telford & Wrekin Councils have both declared climate emergencies and pledged to be net zero by 2030. We applaud them for this.

In 2019 Shropshire County Pension Fund (SCPF) had £27.6 million invested in BP and Shell and £267 million invested on the fund's behalf by asset manager BlackRock, the largest global investor in both new coal plant development and existing coal reserves.

We argue these investments are incompatible with the climate emergency declaration and the commitment to reach net zero within the next ten years.

Fossil fuel investments are now financially risky due to the Covid19 pandemic and the global transition to a more sustainable economic and environmental model. Since 2011 they have been consistently out-performed by other investments.

Former Bank of England Governor Mark Carney warned in December 2019 that fossil fuel investments risk becoming "stranded assets" (i.e., worthless) as investors exit the sector. "A question for every company, every financial institution, every asset manager, pension fund or insurer – what's your plan?"

SCPF argues that "engagement" with fossil fuel companies is more socially responsible than divestment. However, engagement is slow and complicated and there is no evidence of any multinational corporation changing its core business model in response to investor pressure. More importantly, engagement does not mitigate the financial risks the sector faces.

We are calling on Shropshire's flagship pension fund to fully divest from fossil fuels by 2023.

Divestment would allow Shropshire to demonstrate its commitment to the green economy, thereby encouraging investment and boosting local jobs, and let it sidestep the financial turbulence that will result as the fossil fuel sector unwinds.

Divestment will allow council employees to be certain that their pensions are part of the county's transition towards net zero by 2030 rather than an obstacle to it.

County, town and parish councillors must all have a voice on this issue since all Shropshire and Telford & Wrekin council taxpayers are considered "stakeholders" by the fund.

Many UK institutions have divested from fossil fuels including many local pension funds, councils, universities, churches, medical colleges, the Environment Agency, the National Trust. Not a single institution has regretted or reversed the decision.

The longer the SCPF waits to rebalance its portfolio towards a more sustainable model, the greater the risk will be to pension members and council tax payers.