



Report to Cabinet

Date:	12 th September 2023
Title:	'Stop Investing in Fossil Fuels' Petition
Cabinet Member(s):	CLlr John Chilver, Cabinet Member for Accessible Housing and Resources CLlr Timothy Butcher, Chair of the Buckinghamshire Pension Fund Committee
Contact officer:	Mark Preston
Ward(s) affected:	None Specific
Recommendations:	That Cabinet ENDORSE the approach being taken by the Buckinghamshire Pension Fund and the Brunel Pension Partnership in reducing overall carbon intensity in its investment portfolios and NOTE the situation with the Council's banking contract.
Reason for decision:	In response to the ePetition, Cabinet is asked to note the carbon reduction being taken by the Pension Fund Committee and the Brunel Pension Partnership.

1. Executive summary

- 1.1 A ['Stop investing in fossil fuels'](#) ePetition was considered at Full Council on 12th July 2023 and the Cabinet Member for Accessible Housing and Resources responded to say the petition would be referred to Cabinet for further consideration.
- 1.2 The ePetition is set out in Appendix 1.
- 1.3 This report sets out the concerns raised in the petition and the approach that Buckinghamshire Pension Fund in partnership with the Brunel Pension Partnership is taking towards carbon reduction and meeting its target of net zero by 2050.

2. Buckinghamshire Pension Fund

- 2.1 The Buckinghamshire Pension Fund manages the investments, administration and payment of pension benefits in the Local Government Pension Scheme (LGPS) on behalf of Buckinghamshire Council and 270+ other employers of the Fund and is overseen by the Buckinghamshire Pension Fund Committee who have a fiduciary duty to ensure that the investment returns of the Fund are sufficient to meet its future LGPS pension liabilities.
- 2.2 The Buckinghamshire Pension Fund's investments are managed on behalf of the Pension Fund Committee, and 9 other Local Government Pension Scheme (LGPS) Funds, by the Brunel Pension Partnership (BPP).
- 2.3 The Brunel target is for the investments it manages on behalf of its clients to be net zero by 2050 at the latest. This is in line with the motion approved by this Council on 15th July 2020. By 2030 there is a target to reduce the Weighted Average Carbon Intensity (WACI) by at least 50% in the listed equity portfolios.
- 2.4 Brunel does not just focus on the supply side, the fossil fuel companies, but also on the demand side, looking at fossil fuel consumption and at the wider financing of projects. The targets represent a reduction in all carbon intensity, not just oil and gas and are consistent with the Intergovernmental Panel on Climate Change's (IPCC's) 1.5% scenario. As at the end of December 2022, Brunel is making progress on the 2030 target with the aggregate portfolio being 27% less carbon intensive on a Weighted Average Carbon Intensity (WACI) basis compared to its benchmark. It is also 35% less than the absolute baseline set in 2019.
- 2.5 The Pension Fund Committee is supportive of Brunel's Responsible Investment Policy, as well as their priority themes for Responsible Investment and stewardship activities. The Brunel Pension Partnership 2023 report on 'Responsible Investment and Stewardship Outcomes' for the year ending December 2022 can be found on the BPP website.
- 2.6 The Brunel Pension Partnership approach is one of engagement rather than divestment. Conceivably the impact of divestment is for assets to be passed onto other investors who care more about returns and less about the reduction in carbon intensity than the BPP. However, Brunel supports the divestment from specific fossil fuel and other carbon-intensive companies over time if they present a material investment risk.
- 2.7 BPP is a signatory to Climate Action 100+ (CA100+) which is a global initiative led by 700+ investors who together represent over \$68 trillion in combined assets under management. The aim of the CA100+ initiative is to ensure that the world's largest listed emitters act on climate change. The CA100+ Net Zero Company Benchmark is an assessment of the climate change performance of 100 'systemically important

emitters', which account for 80% of annual global industrial emissions, and a further 60+ companies who have a significant opportunity to drive a broader economic transition to net zero emissions by 2050.

- 2.8 The CAA100+ benchmark assesses these companies against 10 indicators that reflect the key commitment priorities of the initiative and investors use the Benchmark to engage with these companies collectively in a process coordinated by CA100+. This engagement resulted in a significant number of companies making significant commitments to action. By October 2022, 75% of companies had committed to achieve net zero emissions by 2050 across at least part of their emissions footprint, a 22% increase from March 2022. In addition, most of these companies had made progress on their internal climate governance, with 90% having some level of board oversight of climate change and 89% having committed to report in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations.
- 2.9 The BPP approach to engagement and divestment is published on their website.
- 2.10 In addition to focussing on reducing the carbon intensity of its investments, the Buckinghamshire Pension Fund also has a private market commitment of £199.25 million to renewable investments within the infrastructure portfolios.

3. Buckinghamshire Council Banking Contract

- 3.1 In addition to concerns being raised by residents about Pension Fund investment in fossil fuels, there have also been some concerns raised by residents about Buckinghamshire Council banking with Barclays Bank, who are seen as significant investors in fossil fuel.
- 3.2 The current banking contract with Barclays runs until 31 March 2027 and is purely for the provision of banking services and is in effect a current account and there is no investment activity. As part of the treasury management activity, any balances held in Barclays is swept up and invested elsewhere in line with the Council's Treasury Management Strategy.
- 3.3 At the time of entering the contract with Barclays, an open OJEU process of procurement was followed, using central government's standard selection questionnaire, which at the time did not include net zero selection questions. This has now changed and there is now a net zero selection question used in the quality evaluation of all the Council's procurements.
- 3.4 Barclays along with a number of other organisations have committed to a net zero strategy, that includes a commitment to reduce financed emissions and facilitate green financing, including setting targets to facilitate \$1 trillion of Sustainable and Transition Financing between 2023 and the end of 2030 and increasing investment

of Barclay's capital in global climate tech start-ups up to £500 million by the end of 2027.

4. Legal and financial implications

4.1 There are no direct financial or legal implications from this report.

5. Corporate implications

5.1 This report concerns the climate change section of the Corporate Plan.

6. Local councillors & community boards consultation & views

6.1 Not applicable.

7. Communication, engagement & further consultation

7.1 Not applicable.

8. Next steps and review

8.1 The Buckinghamshire Pension Fund will continue to work with the Brunel Pension Partnership to deliver its net zero target by 2050 at the latest.

9. Background papers

Brunel Pension Partnership ['Responsible Investment and Stewardship Outcomes'](#)

Brunel Pension Partnership ['Engagement and Divestment'](#)

10. Your questions and views (for key decisions)

10.1 If you have any questions about the matters contained in this report, please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider, please inform the democratic services team. This can be done by email to democracy@buckinghamshire.gov.uk.