Press Release
from **Fossil Free Greater Manchester**

Greater Manchester Pension Fund suffers £375m hit as oil and gas investments crash.

New analysis reveals that £375m was wiped off the value of the Greater Manchester Pension Fund due to their oil and gas investments losing value over the past three years [1].

Platform London commissioned Transition Economics to conduct the analysis [2], which showed that,

- The combined investments of 56 local government pension funds into nine leading oil companies, including BP and Royal Dutch Shell, collapsed by half from £3.6bn to £1.8bn between April 2017 and November 2020.
- The largest local government loser was the Greater Manchester Pension Fund (£375m)
- The Greater Manchester Pension Fund also suffered the largest percentage fall. The decline in value of its oil and gas holdings wiped out 2.2% of the total fund value, equivalent to over £1,000 per pension member.

Fossil Free Greater Manchester estimate that, if the Greater Manchester Pension Fund (GMPF) had sold its oil and gas holdings in 2017 and reinvested the money in a FTSE 100 tracker fund, it would have lost just £99m in value over the same period. If GMPF had put the money into a low carbon fund which avoids oil and gas shares, it would almost certainly have lost less [3].

Mark Burton, of Fossil Free Greater Manchester, said
“We have been saying for five years that the Fund’s investments in fossil fuels are not just highly risky for our shared climate, but increasingly so in financial terms. It gives us no great pleasure to see that we have been right, despite unverified claims by the Fund that these investments are good earners.”

Robert Noyes, a campaigner at Platform, said
"It is well past time for pension funds to drop oil & gas stocks, both for the climate and their future valuation. Funds like Greater Manchester, West Yorkshire and Nottinghamshire lost billions by sticking with BP and Shell. They should have listened to divest campaigners. Instead, the burden is being dumped on the public, pensioners and the Global South."

Platform London released this report in a context where three quarters of local councils have now declared a climate emergency. A growing number of council-run pension funds have pledged to divest their investments from fossil fuel holdings.

The 10 council pension funds that lost the largest amounts were [4]**:**
1. Greater Manchester - £375 million
2. West Yorkshire - £211 million
3. Nottinghamshire - £81 million
4. East Riding - £81 million
5. West Midlands - £80 million
6. Teesside - £73 million
7. Hampshire - £68 million
8. Derbyshire County Council - £65 million
9. Surrey County Council - £61 million
10. Kent County Council - £52 million

Robert Noyes added

"The oil and gas industry has no credible plan for the imminent future where electric vehicles are cheaper than fossil cars and where countries put limits on oil and gas extraction. If councils are sincere about tackling the climate emergency, their pension funds need to invest in the future not the past, and divest from stranded oil and gas stocks."

ends

Contact:
Mark Burton, 0777 594 9479 fossilfreegm@gmail.com http://fossilfreegm.org.uk/

Notes:

[1] GMPF looks after the pension funds of 375,000 members on behalf of some 500 employers, including the ten Greater Manchester local authorities. It is managed by Tameside council.

[2] The full Transition Economics report and methodology includes losses for all 56 pension funds.

http://transitioneconomics.net/wp-content/uploads/2020/11/TransitionEconomics_Local-Gov-Pension-losses-from-oil-investments.pdf

The analysis examined all UK local government pension funds, but excluded divesting pension funds and those with insufficient data on direct oil investments.

Dividends from fossil fuel companies have historically provided an important income stream for pension funds, but payouts have been cut this year as producers have struggled with reduced demand. This trend is expected to continue, with the rapid expansion of electric vehicles.

In early 2020, Reuters reported Greater Manchester and West Yorkshire funds as claiming they gained £400m and £160m respectively over 3 years to 2019, by not divesting from fossil fuels. The losses identified by Transition Economics on only the nine top oil companies cast serious doubt on this claim.

https://www.reuters.com/article/us-britain-pensions-divestment-idUSKBN1ZJ1EK

[3] Stock market comparisons that compare the effect of excluding fossil fuel companies from portfolios consistently show better performance by the otherwise equivalent “ex-fossil fuel” indices, e.g. https://www.msci.com/documents/10199/d6f6d375-cadc-472f-9066-131321681404 The FTSE and S&P indices show the same pattern.

[4] **10 largest losers by percentage value of the total pension fund**

1. Greater Manchester - 2.2%
2. London Borough of Bexley - 2.1%
3. Teesside - 1.9%
4. Isle of Wight Council - 1.9%
5. East Riding - 1.8%
6. Nottinghamshire - 1.7%
7. London Borough of Merton - 1.7%
8. Falkirk Council - 1.7%
9. Surrey County Council - 1.6%
10. Dumfries & Galloway - 1.6%