

By email

27<sup>th</sup> November 2023

Dear Councillor,

I am writing to you in your role as a local authority leader ahead of the Welsh Local Government Association 'Climate Change Leaders Session' event taking place on Monday 4<sup>th</sup> December on the topic of pension decarbonisation.

Future Generations Cymru has taken a keen interest in this issue, and my predecessor campaigned on this issue for many years. This remains a key priority for me, we need the Welsh public sector to accelerate its efforts to fully decarbonise its public sector pensions by 2030.

I join many key stakeholders, Senedd Members and Welsh Government in their tireless work and support for this initiative.

There is an opportunity here for Wales to once again lead the world on climate action by taking holistic action for our current and future generations. A **new concerted and co-ordinated strategy by the public sector and pension funds in Wales** could lead to a groundbreaking new target of decarbonising pension funds by 2030 while seeking to put in place a plan whereby pension funds invest in positive infrastructure projects all around Wales, such as in social housing or community energy schemes, helping to support the wider implementation of the Well-being of Future Generations Act.

I would like to take this opportunity to recognise the good progress so far to decarbonise Welsh local government pension funds from £1 billion in 2017 to £500 million in 2021/22. I am also aware that latest figures released by Friends of the Earth and Platform suggest that investments have now fallen even further, with some pension funds now investing negligible percentages in fossil fuel companies. This progress is testament to the ambition of leaders in Wales to take action for people and planet.

However, we know that Cymru Can and still needs to do more. Wales has an ambition to reach net-zero in the public sector by 2030, and we need urgent and transformational change to reach this goal.

The UN Intergovernmental Panel on Climate Change, in their Sixth Assessment Report, warned that we are rapidly running out of time to prevent the world's temperature rising by more than 1.5 degrees Celsius. Continuing to decarbonise pension funds will take Wales another step forward towards our net-zero goal, and work towards being a truly Globally Responsible Wales.

The Corporate Areas of Change (i.e. corporate planning, financial planning, workforce planning, procurement, assets, risk management and performance management) outlined in the Well-Being of Future Generations Act's Statutory Guidance ask that public bodies clearly demonstrate how they are considering the legislation in their financial planning, risks and assets.

I call on public bodies to ensure all spending of public funds is aligned with the well-being goals, five ways of working, and the corporate areas of change. This includes applying pressure on pension funds to fully decarbonise by 2030. I join the First Minister in his comments in the Senedd on the 21<sup>st</sup> of November on the need to encourage local government pension authorities to decarbonise their pension investments. He emphasised the importance of not only needing pension funds to decarbonise, they also need to have positive ambitions to invest in the future.

I therefore hope you are able to attend the WLGA event and join public bodies across Wales in support of this initiative.

Thank you in advance for your continued perseverance. Please let my office know how you will consider and act on this letter.

Yours sincerely,



Derek Walker

Future Generations Commissioner for Wales