

## **Motion on Notice - An ethical and sustainable investment policy**

To be proposed and seconded by Councillors Lewis, Duggan, Hamilton-Cox and Pritchard.

### **Preamble**

At the 23<sup>rd</sup> June 2021 meeting of Lancaster City Council, a resolution was passed which expressed the Council's support for the Boycott, Divestment and Sanctions (BDS) movement and committed the council to write to Lancashire County Pension Fund urging them to divest in line with that campaign. Campaigns calling for ethical consumption and investment have a long history and have been used to influence national governments as well as individual companies e.g. Nestlé on baby milk formula, Shell for its environmental and human rights record, and apartheid in South Africa. In February 2020 the United Nations Human Rights Council received a paper from the Office of the High Commissioner for Human Rights and the Secretary-General that provided a "Database of all business enterprises involved in the activities detailed in paragraph 96 of the report of the independent international fact-finding mission to investigate the implications of the Israeli settlements on the civil, political, economic, social and cultural rights of the Palestinian people throughout the Occupied Palestinian Territory, including East Jerusalem" as had been requested by previous United Nations resolutions.

The June 2021 motion limited its scope to the Boycott, Divestment and Sanctions (BDS) of Israel. This followed on from several local mass gatherings protesting forced evictions and escalations in violence in Palestine. However, it has been suggested that by having this singular focus the motion was setting a higher standard for Israel than other nations, a form of antisemitism. This was raised during the debate, and in some emails received by the council afterwards, and several councillors also raised other human rights abuses and sustainability issues that they would like to see addressed in a comprehensive ethical and sustainable investment policy.

Given the previous motion and noting that while it has been welcomed by some residents and groups, members of our local Jewish community have expressed concern about the text of the motion, and they have communicated that the motion might create a more hostile environment for the local Jewish community. It is therefore important that this council resolves to develop a comprehensive ethical and sustainable investment policy without delay.

The Council notes that:

1. it has previously discussed the need to take an ethical and sustainable approach to investment of Lancaster City Council funds to support our priorities and to ask the same of those who manage funds on our behalf, including the Lancashire Pension Fund;
2. increasingly pension funds are large investors who are being asked to take an ethical and sustainable approach to investment including considerations of workers' condition in properties owned by funds, and where these funds have a geographic link, to support community wealth building;
3. many of the Sustainable Development Goals speak to the importance of investment as a driver for securing fundamental human rights, building resilience within communities and meeting the challenge of the climate emergency;
4. it is preferable to take a comprehensive approach to an ethical and sustainable investment policy rather than addressing it on a topic-by-topic basis;

5. taking the time to develop a comprehensive approach will strengthen the policy, give the council one reference point for full council's position on ethical and sustainable investment, and allow for one set of new investment instructions to be made, reducing development and implementation costs.
6. bringing together a comprehensive ethical and sustainable investment policy is a significant piece of work that should involve consultation with a range of stakeholders as well as taking expert advice;
7. undertaking this process via an overview and scrutiny task group will allow councillors to explore what are often complex ethical issues in a more discursive environment and with the benefits of expert advice and a mechanism to listen to community perspectives;
8. almost by definition ethical issues are rarely clear cut and there are often reasonable competing perspectives.
9. it is important we conduct a careful and respectful debate and reaffirm our commitment to this district being a place that supports everyone to know, claim and enjoy their human rights, and to be strong allies to everyone who faces discrimination and structural oppression in all its forms.

The Council hereby resolves to:

1. request Overview and Scrutiny Committee to establish a formal task group to develop a comprehensive ethical and sustainable investment policy and to bring forward a report to cabinet no later than would allow its recommendations to be considered by council in establishing the budget framework for the next financial year.
2. make no investment changes based on ethical or sustainability concerns until a comprehensive ethical and sustainability policy is agreed by council.

**Officer Briefing note:**

The capacity, financial and legal implications of the motion would depend on:

- The support requirements of the proposed O&S task and finish group (whether any coordination, advice, research or commissioning would be required from Officers)
- The scope (e.g. direct, indirect investments, treasury, capital, procurement, influencing others (e.g. pension)) and nature (e.g. topic areas, mandatory / advisory) of the proposed policy, once developed by O&S.

There is currently no capacity assigned for work of this nature so it would need to be factored in to the ongoing budget setting process. There are some potential capacity and process benefits from having a single integrated policy in comparison to a large number of issue specific motions and policies.

**Section 151 Officer comments: The Section 151 Officer has no comments to add.**

**Deputy Monitoring Officer comments:** If the motion is passed, this request from Council is something the Overview and Scrutiny committee can consider when looking at its work programme and capacity, factoring in any other task group work that is already underway.