



Committee: OVERVIEW AND SCRUTINY COMMITTEE

Date: WEDNESDAY, 20 APRIL 2022

Venue: MORECAMBE TOWN HALL

Time: 6.00 P.M.

Councillors are reminded that as Members of Overview and Scrutiny they may not be subjected to the Party Whip, which is prohibited under the Lancaster City Council Constitution.

AGENDA

1. Apologies for Absence

2. Minutes

Minutes of the Meeting held on Wednesday, 9th March 2022.

3. Items of Urgent Business authorised by the Chair

4. Declarations of Interest

To receive declarations by Councillors of interests in respect of items on this Agenda.

Councillors are reminded that, in accordance with the Localism Act 2011, they are required to declare any disclosable pecuniary interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Whilst not a legal requirement, in accordance with Council Procedure Rule 9 and in the interests of clarity and transparency, Councillors should declare any disclosable pecuniary interests which they have already declared in the Register, at this point in the meeting.

In accordance with Part B Section 2 of the Code Of Conduct, Councillors are required to declare the existence and nature of any other interests as defined in paragraphs 8(1) or 9(2) of the Code of Conduct.

5. Discussions with the Cabinet Member with Responsibility for Economic Recovery has been invited to the meeting to discuss her Portfolio:

Councillor Tricia Heath has been invited to the meeting to discuss her Portfolio:

Economic Recovery

- Business Recovery
- Business Development in Morecambe
- Tourism & Marketing

6. Task Group - Scoping (Pages 3 - 11)

The Committee to consider the attached scoping document.

7. Work Programme

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Richard Austen-Baker (Chair), Roger Dennison (Vice-Chair), Alan Biddulph, Debbie Jenkins, Mandy King, Jack Lenox, Abi Mills, Alistair Sinclair and 1 Conservative vacancy

(ii) Substitute Membership

Councillors Paul Anderton (Substitute), Roger Cleet (Substitute), Tim Dant (Substitute), Adrian De La Mare (Substitute), Colin Hartley (Substitute), Geoff Knight (Substitute) and David Whitaker (Substitute)

(iii) Queries regarding this Agenda

Please contact Jenny Kay, Democratic Services - email jkay@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

Please contact Democratic Support email democracy@lancaster.gov.uk.

MARK DAVIES,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER, LA1 1PJ

Published on Friday, 8th April 2022.

Review Topic (name of Review)	Ethical and Sustainable Investment Policy Task Group
Councillor Involvement (names of Cllrs involved)	Cllr Abi Mills and Alistair Sinclair
Officer Support (names of Officers required)	Sarah Davies, Paul Thompson, Luke Gorst, Jez Bebbington, Stephen Metcalfe & Jenny Kay
Rationale (key issues and/or reason for doing the Review)	The Task Group has been commissioned by Council to undertake this work. See attached Council minute
Purpose of Review/Objective (specify exactly what the Review should achieve)	To produce a comprehensive ethical and sustainable Investment Policy.
Indicators of Success (what factors would indicate that a Review has been successful)	A detailed proposal to be developed, consulted upon, agreed and adopted by Council.
Methodology/Approach (what types of enquiry will be used to gather evidence and why)	<p>Research & Analysis</p> <ul style="list-style-type: none"> • Understanding where our money is now (analysis) • Establishing the status quo (what criteria do we already apply and how) • Audit of investments – indirect and direct • Drawing on and learning from the policies and actions of other authorities • Understanding the legislative and other constraints that may affect what we apply this to and how in different kinds of investment • Review of other LA and organisations Investment Strategies. <p>Engagement</p> <ul style="list-style-type: none"> • Establishing, engaging on and agreeing what those principles should be • consultation and engagement with impacted audiences and communities (pension fund subscribers, suppliers, capital programme choices, etc) • Community Conversations. • Influencing Lancashire Pension Fund <p>Identifying, Evaluating and Drafting Options</p> <ul style="list-style-type: none"> • Scoping and options for scope will be a key issue • Defining ethical and sustainable in the context of our current Council priorities. • Establishing the principles and values we seek to apply • Identifying Key potential areas for policy application - treasury mgt, investments, cap investments, procurement, pensions etc. • Understanding the impacts of applying these principles to different kinds of investments and strategies

- Understanding scale and pace (control, disinvest, influence, renew differently etc)
- Analysis and impact of shifting to different options for ethical and sustainable investments

<p><u>Specify Witnesses/Experts</u> (who to see and when)</p>	<p>Cabinet Member Community Wealth Building Officer Procurement Manager Affected parties External Legal advisers – investments and govt/CIPFA policy External advice - Analysis and impact of shifting to ethical and sustainable investments Link for treasury management analysis Anchor institutions</p>
<p><u>Specify Evidence Sources for Documents</u> (which to look at)</p>	<p>LAPF LA Community of practice UK SIF Climate Investment Compact Compact of Mayors TUC and other relevant policies Existing financial policies and arrangements</p>
<p><u>Specify Site Visits</u> (where and when)</p>	<p>N/A</p>
<p><u>Specify Evidence Sources for Views of Stakeholders</u> (consultation/workshops/focus groups/public meetings)</p>	<p>Community Conversations Engagement with LA Community Practice Focus Groups :-</p>

		<ul style="list-style-type: none"> • Scope of application • Priorities and Principles Engagement design 	
Publicity Requirements (what is needed – press release, fliers, leaflets, radio broadcasts, etc.)		Press releases	
Resource Requirements (people, expenditure)		Officer time – significant amount of work	
Barriers/dangers/risks/etc (identify any weaknesses and potential pitfalls)		Size of the project	
Projected start date	Monthly?	Draft Report Deadline	
Meeting Frequency		Projected completion date	Nov 22

Formally Constituted

Informal Task Group

Membership

	Chairman

Name of Task Group

Ethical and Sustainable Investment Policy Task Group.

Terms of Reference

To investigate the current situation regarding the Council's investments.

To produce a comprehensive ethical and sustainable Investment Policy for referral to Cabinet and agreement by Council.

Project Plan

Date	Event	Involved	Content
May 2022	Meeting 1	Task Group members	Reviewing the landscape: Current investment status Constraints and opportunities Confirm scope, ToR, plan
Jun 2022	Meeting 2	Task Group members Community Wealth-Building Officer Procurement Manager	Vision and principles: Internal discussions
Jun 2022	Morecambe Bay Anchor Collaborative	Collaborative members	Focused discussion on investing for social value
Jul 2022	Meeting 3	Task Group members	Best practice: Other LAs & organisations
Jul 2022	Community Conversation?	Community Conversations Strategy Group Task Group members	Current investment status Our thinking on the Strategy Discussion and input
Aug 2022	Meeting 4	Task Group members	Shaping the Strategy pt1
Sep 2022	Meeting 5	Task Group members	Shaping the Strategy pt2 Agree key points for Strategy & report
12 Oct 2022	Finalise O&S item	Officers	Draft Strategy & report
26 Oct 2022	O&S	O&S members	Consider draft Strategy & refer to Cabinet
22 Nov 2022	Cabinet Briefing	Cabinet members Task Group members	Discuss draft Strategy
6 Dec 2022	Cabinet	Cabinet members	Cabinet consider draft Strategy

Council Minute – 29th September 2021

The following motion of which notice had been given to the Chief Executive in accordance with Council Procedure Rule 15 was moved by Councillor Lewis and seconded by Councillor Caroline Jackson:-

“The Council notes that:

- a) 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 our officers’ pensions through the Lancashire Pensions Fund and Local Pensions Partnership;
- b) 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;
- c) 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;
- d) 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;
- e) 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.
- f) 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;
- g) 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;
- h) almost by definition ethical issues are rarely clear cut and there are often reasonable competing perspectives.

- i) 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.
- j) consistently with the obligation in section 149 of the Equality Act 2010, the development of the policy must have due regard to the need to foster good relations between persons of different nationalities, ethnicities and religions.

The Council hereby resolves to:

- (1) Recommend that Overview and Scrutiny Committee establish a formal task group to consult on and develop a comprehensive ethical and sustainable investment policy for consideration by Cabinet;
- (2) To amend Council's previous resolution of 23 June 2021 (in respect of the Boycott, Divestment and Sanctions movement motion) to have the effect of not making or requesting any investment changes until a comprehensive ethical and sustainability policy is agreed by Council and that any future requests be made in accordance with that policy."

In accordance with Council Procedure Rule 18.1 regarding resolution (2) fifteen Councillors, being a quorum of Council, had signed up to the notice of motion; Councillors Erica Lewis, Caroline Jackson, Cary Matthews, Richard Austen-Baker, Merv Evans, Anne Whitehead, Sandra Thornberry, Oliver Robinson, Jason Wood, Jean Parr, Mandy King, Tim Hamilton-Cox, Dave Brookes, Adrian De La Mare and Tricia Heath.

An officer briefing note had been circulated with the agenda.

Councillor Heath moved a procedural motion to go to the vote, seconded by Councillor Matthews. Council signified agreement to go straight to the vote and the motion was clearly carried.

Resolved:-

The Council notes that:

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