

MOTION ON NOTICE

COMMUNITY CONCERN OVER BOMBARDMENT OF GAZA AND REAFFIRMING LANCASTER CITY COUNCIL'S COMMITMENT TO HUMAN RIGHTS AND INTERNATIONAL LAW

This Council notes:

For 22 months, residents in Lancaster from a range of backgrounds, nationalities and faiths have held a weekly vigil in Market Square to express their horror as the avoidable tragedy in Gaza has unfolded.

The resulting deep humanitarian crisis has prompted a Lancaster-based campaign to fund a water well project in Gaza, led by a Lancaster University PhD graduate who lived here for many years and has since returned to Gaza. Around £35,000 has been raised so far.

Local residents came to speak to Full Council in 2023 imploring the Council to use its influence.

Ward councillors have been approached with requests to represent community concern over the conflict.

Our local communities - frustrated and disappointed in the Government's action to date - look to us to use our local community leadership role to put pressure on the Government and to ensure that the Council is not supporting the arms trade financially.

Lancaster and Lakes Jewish Community and Lancaster Islamic Society have been consulted in the creation of this motion to reduce the risk of harming community cohesion.

The Council's strategic risk register identifies an uncomfortable level of risk that 'International and national issues [can] impact on the strategic and financial context of the Council and/or partners, businesses and communities' (SR11), and unfolding political and military events worldwide, including in Ukraine and Palestine, reinforce this position.

There is immense legal risk associated with investments and cooperation with entities that assist or perpetrate violations of international law.

Lancashire County Pension Fund adopted the revised Responsible Investment Policy in March 2025 which states that 'Considering Human Rights as a priority for the Fund can support the objective of ensuring long-term, sustainable investment performance'.

Council believes:

- There is support for the Council to take action from all sections of our community.

- The Council should now take further action in its commitment to amplify the voices of our local communities who want the Council to support their call for human rights and international law to be respected in Gaza, and adhere to robust ethical standards in line with its fiduciary duties in financial matters.
- The Lancashire County Pension Fund, to which the Council as an employer, as well as Council employees and other district residents contribute, should adhere to robust ethical standards, in line with its fiduciary duty towards scheme members and employers.

Council resolves to:

- 1) Request that the Council leader writes to the Prime Minister asking him to call for an immediate and permanent ceasefire to stop the catastrophic loss of life in Gaza and the West Bank, and the return of all hostages.
- 2) Request that the Cabinet member for Finance and Property asks the Chief Finance Officer to explore how the City Council can adopt the following principles to the best of its ability:
 - i. avoid any transactions with financial companies or financial instruments which have direct or indirect links with companies who are investing in or trading with entities implicated in human rights abuses, such as state violence and repression, war and occupation, grave violations of human rights as defined in international law (including war crimes, crimes against humanity, and genocide);
 - ii. avoid any transactions with organisations involved in the production of weapons, weapon parts, or military equipment where there is a risk of the violations listed in (2)i being committed.
 - iii. incorporate wherever possible, and in line with applicable legislation and fiduciary duties, the Principles for Responsible Investment and Guiding Principles on Business and Human Rights.

The above could be achieved by placing investment/debt with the UK Government's Debt Management Office and/or UK-based building societies, and by withdrawing treasury management investment from global financial counter parties. The Cabinet Member for Finance and Property to report back at next Full Council.

- 3) Request that the Cabinet Member for Procurement asks the Chief Officer for Governance to reduce the risk of transactions contravening (2)i and (2)ii via the Council's Procurement Strategy, within legal and other applicable frameworks.

This could be achieved by: the Council creating a self-certification system so that companies tendering for contracts confirm, as a condition of business with the Council, that they do not have supply chain business, investment or debt with companies or financial instruments involved in activities listed in (2)i or (2)ii and; ethical procurement being a guiding principle in the drafting of the Procurement Strategy.

4) Request that the Council leader write to the Lancashire County Pension Fund to:

- i. welcome their revised Responsible Investment Policy adopted in March 2025 and its commitment to human rights;
- ii. ask what measures are being taken to implement it in full;
- iii. and to seek clarification as to whether the policy as implemented will be consistent with the exclusion of investment in the activities mentioned (in (2)i and (2)ii) above.

PROPOSERS:

Councillors Tom Fish, Gina Dowding, Peter Jackson, Maria Deery and Sam Riches.

MONITORING OFFICER AND SECTION 151 OFFICER'S BRIEFING NOTE:

Motions must be about matters for which the Council has a responsibility, or which affect the area or residents, workers or visitors to the District and must not be potentially defamatory, vexatious, frivolous or offensive.

The Monitoring officer reminds members of the need to ensure that its actions, policies and expressed views, demonstrate, and affirm the Council's commitment to equality, diversity and human rights.

Practically, this includes discharging functions in accordance with s149 Equality Act 2010 (the Act)

The duty under s149 (1) of the Act is mandatory. A public authority must, in the exercise of its functions, have due regard to the need to-

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

A relevant protected characteristic includes someone's race or religion or belief.

Failure to consult on proposals that may affect persons with protected characteristics is *prima facie* evidence of a failure to have due regard to the obligations and circumstances prescribed by s149 of the Act. Hence, without consultation, it is difficult

for a public authority to demonstrate that they are adequately informed on the impact and ramifications of their decision making. Without relevant information, it is very difficult (if at all possible) for a public authority to have due regard under s149 of the Act.

Failure to comply with the Act, and specifically the Council's duty under s149 of the Act, may undermine public confidence and may result in legal challenge (by judicial review). A legal challenge may result in a decision being quashed and the Authority being ordered to pay considerable costs. This could cause significant embarrassment to the Council and undermine the Council's standing in the community – both locally and nationally

When a Court considers whether the s149 duty has been discharged, it will consider the material provided to Councillors and any evidence from the meeting itself.

If the s149 duty has been breached, then it is likely that Councillors will have also breached clause 3 (2) of the Council's code of conduct. This provides that Councillors "must not do anything which may cause [the] Council to breach the Equality Act 2010".

The Council's section 149 duty applies to resolutions of Full Council (see *Jewish Rights Watch v Leicester City Council* [2018] EWCA Civ 1551.)

The Monitoring Officer notes that the proposers have consulted with affected communities in preparing this motion but would like to remind members to be mindful during any debate of their duty to foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Fiduciary Responsibility

Section 151 of the Local Government Act 1972 assigns the s151 Officer a fiduciary responsibility to local taxpayers at all times. This requires the s151 Officer to oversee and safeguard public funds, balancing the interests of both current and future taxpayers in fulfilling these duties, and to exercise a duty of care in managing Council resources on behalf of the public.

Treasury Management

Treasury Management encompasses the management of the Council's cash flows, borrowing, investments, and related risks. The Council handles considerable sums through its investment activities, exposing it to financial risks such as interest rate fluctuations. Treasury Management activities are governed by the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code), established under the Local Government Act 2003.

The Full Council is required to receive and approve, at minimum, three key reports annually, which include various policies, estimates, and actuals. For 2024/25, the minimum reporting requirements are:

- An annual treasury strategy prior to the start of the year (28 February 2024)
- A mid-year (minimum) treasury update report (13 November 2024)
- An annual review after year-end, comparing activity to the strategy (24 September 2025)

Cashflow Management

When we invest our funds, the following overarching principles are applied:

- **Security:** Safeguarding public funds. The Council's Treasury Management Strategy details counterparty risk and credit ratings.
- **Liquidity:** Ensuring sufficient resources are available to meet financial obligations as they arise, achieved through short, medium, and long-term deposits (365 days).
- **Return:** Achieving financial returns on investments which in turn is used to support the delivery of Council services

Balancing these principles can be difficult but priority is always given to Security and Liquidity over Return.

The s151 Officer has attempted to align the Council investments with Environmental, Social, and Governance (ESG) principles where possible, however balancing these with liquidity needs can be difficult. Whilst we have always sought to invest with other local government bodies often there is a need to place funds for a longer term. As a result, there is always a need for short term deposits via Money Market Funds (MMF) many of which are overseas based.

In 2024/25, access was gained to a range of Environmental, Social, and Governance (ESG) investment options Agency Treasury Services through our Treasury Management advisors (MUFG). Whilst this has assisted it does still present challenges through size and investment period which are often in contradiction with our strategy, as well offering lower returns.

Current Position

As of 10 September 2025, the following information applies.

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating
MMF Insight	6,000,000	4.04%		MMF	AAAm
MMF Aberdeen Standard Investments	6,000,000	4.13%		MMF	AAAm
MMF LGIM	6,000,000	4.15%		MMF	AAAm
DMO	9,000,000	3.96%	01/09/2025	12/09/2025	AA-
DMO	11,000,000	3.97%	12/08/2025	12/11/2025	AA-
Total Investments	£38,000,000	4.03%			

Whilst there are currently no investments with other Councils there are deposits with UK based MMF's as well as the Debt Management Office (DMO). Information on the MMF's responsible Investment Policies are included below

Insight

[Responsible investment | Insight Investment](#)

Aberdeen Standard

[Aberdeen Standard Investments' Sustainable and Responsible Investment Equity Approach](#)

L&GIM – UK

[UK Corporate Governance and Responsible Investment Principles policy document](#)

Conclusion

It is acknowledged that ethical considerations can be complex, with multiple reasonable perspectives. For instance, investment in the Debt Management Office may constitute investment in government entities engaged in the production of weapons or military equipment, potentially involving risks outlined in the motion.

This demonstrates that the inclusion of certain elements from the motion could have significant unintended consequences, and decisions regarding counterparty evaluation may depend on subjective criteria. The Council continues to implement measures to align investments with the requirements of the motion. However, conducting thorough due diligence of counterparties' investment arrangements would necessitate additional skills and capacity not currently present within Finance, Legal, or Procurement teams. As a result, undertaking such processes would incur direct costs.