

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 3rd May 2016
Report of: Chief Operating Officer
Subject/Title: Notice of Motion – Ethical Investment Guidelines
Portfolio Holder: Cllr Peter Groves, Finance and Assets

1.0 Report Summary

- 1.1 The purpose of this report is to consider and respond to the following motion which had been proposed by Councillor S Corcoran and seconded by Councillor L Jeuda at the Council meeting on 25 February 2016 and referred to Cabinet for consideration:

“Council notes with alarm the recent statement from the Department for Communities and Local Government (DCLG) confirming that new guidelines will be introduced in 2016 which will curb councils’ powers to divest from or stop trading with organisations or countries they regard as unethical.

Council recognises that the focus of these new measures may be on procurement and investment policies and that they may have profound implications for councils’ ethical investment policies more generally.

Council believes that the proposed measures now being outlined by the DCLG will seriously undermine the Council’s ability to commit to ethical procurement and investments.

Council also notes that the new guidelines represent an attack on local democracy and decision-making through a restriction on councils’ powers. This is directly contrary to the government’s own stated commitment to the principle of localism, given a statutory basis by the Localism Act of 2011, which holds that local authorities are best able to do their job when they have genuine freedom to respond to what local people want, not what they are told to do by government.

Council therefore requests Cabinet takes action to oppose these new measures, including writing to the Secretary of State for Communities and Local Government to express Council’s opposition to the proposed changes.”

2.0 Recommendations

- 2.1 That for the reasons set out in this report, Cabinet do not support the motion referred to in paragraph 1.1.
- 2.2 That Cabinet will monitor the consultation process, in respect of the local government pension scheme investment regulations, which closed on 19th February 2016, and consider the government's response when it is published.

3.0 Reasons for Recommendations

- 3.1 The government has recently consulted on the revocation and replacement of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. Opportunities to respond to the consultation closed on 19th February 2016.
- 3.2 The consultation confirmed that the Secretary of State did not think pensions and procurement policies should be used "to pursue boycotts, divestments and sanctions against foreign nations and the UK defence industry". However, the consultation did recognise that this would be appropriate in cases where the UK Government has put formal sanctions, embargoes or restrictions in place.
- 3.3 The status of the consultation is that government are analysing feedback. When the response is published it will be followed by draft regulations if appropriate. At this point it would be reasonable for the Cabinet to further consider a response to the government proposals.

4.0 Wards Affected

- 4.1 N/A

5.0 Local Ward Members

- 5.1 N/A

6.0 Policy Implications

- 6.1 N/A

7.0 Implications for Rural Communities

- 7.1 N/A

8.0 Financial Implications

- 8.1 N/A

9.0 Legal Implications

- 9.1 N/A

10.0 Risk Management

10.1 N/A

11.0 Background and Options

11.1 This report addresses the issues raised by the motion referred to in paragraph 1.1.

12.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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