



Lewes District Council

Meeting: Full Council

Date: 15 July 2019

Subject: Response to Motion on Investment and Climate Change

Report of: On behalf of the Audit and Standards Committee

The Council is asked to note the minute and resolution of the Audit and Standards Committee held on 18 March 2019 in response to the Council motion on Investment and Climate Change as set out below.

The Council is recommended to:-

To note the consideration and resolutions of the Audit and Standards Committee on the Council's motion related to investment and climate change.

Minute extract

Audit and Standards Committee – 18 March 2019.

The Interim Deputy Chief Finance Officer presented a report setting out a response to the motion on Climate Change and Investment. This was referred to the Committee by Full Council in November 2018, so that the Committee could study the detail and implications of the recommendations in the motion and consider any further action the Council might reasonably take, and submit its findings back to Full Council.

The Interim Deputy Chief Finance Officer advised that the report was structured in three sections to respond to the different paragraphs of the motion.

Firstly, in relation to the Council's own investments, it was confirmed that at the Council did not invest directly in equities or certificates of deposits that were not issued by banks or building societies, and did not have any investments in fossil fuel companies. The only area where there was a potential for this type of investment was in the two money market funds used by the Council to diversify risks as an alternative to cash. The Committee was satisfied that this was a very small investment percentage at present, and at the time of writing none of the investments were in fossil fuels, although the funds did not preclude this type of investment.

Secondly, the Committee was advised that in relation to the Council's projects that all projects delivered through Clear Sustainable were subject to achieving sustainable targets, in accordance with a strategy agreed by Cabinet. In addition, capital development schemes had a focus on creating spaces that were sustainable for

communities and not reliant on carbon fuel.

Finally, in relation to the investments of the East Sussex Pensions Fund Committee, a full response had been received from East Sussex County Council confirming that the primary duty of the fund was to secure the best realistic return over the long-term, whilst at the same time keeping employer contributions as low as possible. In addition, it considered that restricting the fund to specific investment types would deny the opportunity for the Fund to influence companies' environmental, human rights and other policies by positive use of shareholder power. However, the Pensions Committee had reserved the right to apply ethical or environmental criteria to investments where relevant and appropriate on a case by case basis. In addition, in relation to impact of climate change, the Committee had commissioned a measurement service to provide data on the levels of carbon emissions and exposure to fossil fuel assets across the Fund's range of equity investments, to inform its future decisions.

Councillors noted that the response received from the Pensions Committee was as comprehensive might have been received if writing as a result of the motion, and that the implications of climate change were being considered in its investment strategy.

Members were satisfied with the information provided in relation to the report on the steps that the Council was itself taking at this time. However, it was requested that this Committee receive regular updates on these considerations as part of its treasury management oversight. The Committee would then be able to make recommendations to Cabinet, as and when required, on any changes which might be required to take account of ethical and climate change implications of investment decisions.

Resolved –

- 1) To report to the next Full Council on the outcome of the Committee's consideration of the motion on Climate Change and Investment.
- 2) That as part of its treasury management monitoring, the Audit and Standards Committee receive a regular update on the implications of the Council's investments on climate change, and make recommendations to Cabinet on these matters as and when required.

For a copy of the report please contact Democratic Services:

Tel. (01273) 471600.

E-mail: committees@lewes-eastbourne.gov.uk

A copy may be downloaded on the Council's website by following the link below:

<https://democracy.lewes-eastbourne.gov.uk/ieListDocuments.aspx?CId=423&MId=1962&Ver=4>