monmouthshire
sir fynwy

SUBJECT: RESPONSE TO COUNCIL MOTION: REVIEW OF COUNCIL AND GREATER GWENT PENSION FUND INVESTMENTS

MEETING: FULL COUNCIL
DATE: 16th July 2026
DIVISION/WARDS AFFECTED: Countywide

1. PURPOSE:

To provide Council with an update on progress made in response to the motion agreed at Full Council on 18 September 2025 concerning the review of Monmouthshire County Council's own treasury investments and the request that the Greater Gwent (Torfaen) Pension Fund reviews relevant pension fund investments.

The report asks Council to note the action taken to date, the current position reported by the Greater Gwent (Torfaen) Pension Fund and Wales Pension Partnership, the findings of the Council's own treasury investment review, and the proposed next steps for ongoing monitoring and reporting.

2. RECOMMENDATIONS:

2.1 That Council notes the progress made in response to the motion carried on 18 September 2025.

2.2 That Council notes the separate role and fiduciary responsibilities of the Greater Gwent (Torfaen) Pension Fund Committee in relation to pension fund investments, and the update provided by the Chair of that Committee.

2.3 That Council notes the revised Wales Pension Partnership (WPP) Responsible Investment Policy and exclusions framework approved by the WPP Joint Governance Committee on 10 March 2026 and implemented from 1 April 2026.

2.4 That Council notes the outcome of the review of Monmouthshire County Council's own treasury investment portfolio and the finding that no direct holdings in individual defence contractors, arms manufacturers or military companies have been identified within that portfolio.

2.5 That Council agrees the proposed next steps set out in section 6 of this report, including continued engagement with treasury advisers, investment managers and the Greater Gwent (Torfaen) Pension Fund on responsible investment matters.

2.6 That Council notes the Integrated Impact Assessment at Appendix 1.

3. KEY ISSUES:

Background to the motion

3.1 On 18 September 2025, Council considered and carried a motion submitted by County Councillor Ian Chandler. The motion noted concern about the humanitarian situation in Gaza and resolved that the Council should review its own investments and request that the Greater Gwent Pension Fund reviews its investments to identify any direct or indirect holdings in companies supplying arms, military technology or logistical support which enable breaches of international law in Gaza. The motion also requested that the Council and the Fund work with asset managers to take steps to end such investments and report back to Council within three months on progress made.

3.2 The three-month reporting timeline has not been achieved. This reflects the fact that key aspects of the response sit outside the direct control of Monmouthshire County Council and have required work to be progressed through the Greater Gwent (Torfaen) Pension Fund and the Wales Pension Partnership, including the development of an all-Wales responsible investment and exclusions framework.

Council's own treasury investments

3.3 Officers have undertaken a specific review of the Council's treasury investment portfolio, rather than relying only on routine annual treasury management reporting. The review considered the live investment position at 30 June 2026, the nature of each investment, the level of direct and indirect exposure involved, and the extent to which the Council can influence underlying holdings.

3.4 As at 30 June 2026, the Council held treasury investments totalling £19.7m across operational banking arrangements, UK Debt Management Office deposits, money market funds, diversified pooled income funds and a local authority property fund.

Investment	Amount
State Street MMF – SSgA GBP Liquidity Fund Ireland	£200,000
Federated Short-Term Sterling Prime Fund	£4,000,000
Barclays FIBCA	£2,000,000
Aberdeen Liquidity Sterling Fund Luxembourg	£500,000
UK Debt Management Office	£9,000,000
Aegon Diversified Income Fund	£2,000,000
CCLA Property Fund	£500,000
Ninety One Diversified Income Fund	£1,500,000
Total	£19,700,000

3.5 The review concluded that the Council does not directly hold shares or bonds in individual arms manufacturers, military contractors or defence companies through its treasury portfolio. The portfolio is instead held through operational banking arrangements, UK Government deposits, money market funds and pooled investment funds. These arrangements can create counterparty, sovereign or indirect pooled exposure, but do not give the Council ownership or control of individual companies.

3.6 Treasury management decisions must continue to comply with the Council's approved Treasury Management Strategy, the CIPFA Treasury Management Code, Welsh Government investment guidance and the Council's fiduciary responsibilities for stewardship of public funds. Security and liquidity remain the Council's overriding investment priorities, ahead of yield. ESG and reputational considerations are increasingly relevant to future treasury strategy development, but cannot be applied in a way that undermines the prudent management of public funds or the Council's ability to meet its obligations as they fall due.

Greater Gwent (Torfaen) Pension Fund and Wales Pension Partnership

3.7 The Greater Gwent (Torfaen) Pension Fund is administered by Torfaen County Borough Council and overseen by its Pension Fund Committee. The Fund is legally and operationally distinct from Monmouthshire County Council's own treasury arrangements. Investment decisions for the Fund must be taken by the administering authority and Pension Fund Committee in accordance with the Local Government Pension Scheme regulatory framework and fiduciary obligations to scheme members and employers.

3.8 At its meeting on 30 March 2026, the Pension Committee considered a report responding to the recent Torfaen petition and related motions passed by other Gwent local authorities, including Monmouthshire. The Committee was advised that WPP had approved a formal exclusions framework to provide a consistent and transparent basis for assessing investments against breaches of international law and human rights considerations. The Committee discussed the petition and agreed its response.

3.9 The Chair of the Pension Fund Committee has provided a written update confirming that the Fund is an active participant in WPP and that over 75% of Fund assets are currently managed by WPP. The update states that the WPP responsible investment policies expect relevant ESG factors to be considered, including human rights and respect for global norms. It also confirms that the March 2026 policy changes will result in exclusions relating to material involvement in thermal coal, unconventional oil and gas, controversial weapons, and companies in breach of global norms, encompassing breaches of international humanitarian law.

3.10 The WPP exclusions framework was implemented from 1 April 2026. At present it applies to listed equity and bond mandates, representing around 65% of total Welsh LGPS fund assets and over 80% of Greater Gwent (Torfaen) Pension Fund assets. WPP will consider expanding the policy to cover all assets, including private market investments, over time.

3.11 In the interests of transparency, the Chair's letter states that, as at the end of March 2026, the Greater Gwent (Torfaen) Pension Fund had approximately £62m invested in companies covered by three sources used to assess potential exposure relating to the Occupied Palestinian Territories: the UN Office of the High Commissioner for Human Rights, the American Friends Service Committee and Who Profits. The letter also notes that these sources are inputs into the process rather than a sole basis for decision-making and that there is no definitive source of information around such exposure.

Wales Pension Partnership Responsible Investment Policy

3.12 The updated WPP Responsible Investment Policy confirms that WPP recognises ESG factors, including climate change and human rights, as financially material risks and potentially investment opportunities. WPP's stated beliefs include that ESG integration is a prerequisite for any investment strategy and that, in many circumstances, investors are most effective through engagement for change from within, particularly in collaboration with like-minded investors.

3.13 The policy also sets out circumstances where WPP will not invest, to the extent practicable, including companies involved in the production of controversial weapons and companies in persistent breach of the principles of the UN Global Compact or otherwise demonstrated to be complicit in the violation of international humanitarian law where engagement has demonstrated that there is no immediate prospect of concerns being rectified.

4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

4.1 The Integrated Impact Assessment is attached at Appendix 1. In summary, the report is primarily an update and governance response to a Council motion and does not directly change service provision or access to services. It does, however, have relevance to transparency, ethical stewardship of public resources, public confidence, responsible investment practice and the Council's contribution to a globally responsible Wales.

4.2 The assessment identifies no direct negative impacts on protected characteristic groups, the Welsh language, safeguarding, corporate parenting or socio-economic disadvantage. The main positive impacts are improved transparency, strengthened consideration of responsible investment and human rights issues, greater clarity about the respective roles of the Council, the Pension Fund and WPP, and continued attention to long-term ethical, fiduciary and reputational considerations. The key mitigation is to ensure future work remains evidence-based, legally compliant, transparent, proportionate and mindful of the Council's treasury management and fiduciary duties.

5. OPTIONS APPRAISAL

Option	**Description**	**Assessment**
1. Take no further action	Do not provide a formal update to Council.	Not recommended. This would not respond adequately to the motion and would reduce transparency.

2. Provide an update limited to the Council's own treasury investments	Report only on the Council's own investment arrangements.	Not sufficient. The motion also requested engagement with the Greater Gwent Pension Fund.
3. Provide a combined update on Council treasury investments and the Pension Fund/WPP position	Report on the Council's own review while clearly distinguishing the separate governance responsibilities of the Pension Fund and WPP.	Recommended. This provides the most complete and proportionate response while respecting legal and fiduciary boundaries.
4. Seek to instruct the Pension Fund to divest	Attempt to direct Pension Fund investment decisions.	Not recommended. Pension Fund investment decisions rest with the administering authority and Pension Fund Committee, subject to their statutory and fiduciary duties.

6. EVALUATION CRITERIA

6.1 The following evaluation criteria are now proposed:

- Receipt and consideration of updates from the Greater Gwent (Torfaen) Pension Fund and WPP on implementation of the exclusions framework.
- Ongoing treasury management review of the Council's own investment portfolio through established reporting to Governance and Audit Committee and Council.
- Ensure that future Treasury Management Strategies continue to consider ESG, reputational and responsible investment matters alongside security, liquidity and yield.
- Evidence of continued engagement with relevant fund managers, treasury advisers and pension fund officers where significant responsible investment issues arise.

7. REASONS:

7.1 The report is required to respond to the motion carried by Council on 18 September 2025 and to demonstrate that proportionate action has been taken. It also provides Members with a clear account of progress, the limits of the Council's direct control, and the governance arrangements that apply to treasury and pension fund investments.

8. RESOURCE IMPLICATIONS:

8.1 There are no direct additional revenue or capital budget implications arising from the recommendations in this report. Officer time has been required to review treasury investment information, consider responsible investment information and liaise with relevant stakeholders. Any future change to treasury investment strategy would need to be considered through the annual Treasury Management Strategy and established governance arrangements, with advice from treasury advisers and appropriate consideration of security, liquidity, yield, risk, legal and reputational factors.

8.2 The Greater Gwent (Torfaen) Pension Fund operates separately from the Council's revenue budget. Pension Fund investment management and governance costs are met by the Fund and do not fall directly on the Council's revenue budget, although the Council remains a participating employer in the Fund.

9. CONSULTEES:

Cabinet
Strategic Leadership Team

Chair of the Greater Gwent (Torfaen) Pension Fund Committee – written update provided on the Fund and WPP position.

Greater Gwent (Torfaen) Pension Fund officers – through the published Pension Committee report and minutes of 30 March 2026.

Jonathan Davies, Head of Finance – review of the Council's own treasury investment arrangements.

Treasury management officers and treasury advisers – information considered through the treasury investment review process.

10. BACKGROUND PAPERS:

Motion to Council submitted by County Councillor Ian Chandler, carried by Council on 18 September 2025.

Letter from Councillor Nathan Yeowell, Chair of the Greater Gwent (Torfaen) Pension Fund Committee, dated 3 July 2026.

Greater Gwent (Torfaen) Pension Fund Committee minutes, 30 March 2026, item 8 (Consideration of the recent Torfaen County Borough Council Petition and Other Gwent Local Authority Motions).

Pension Committee report: Consideration of the recent Torfaen County Borough Council Petition and Other Gwent Local Authority Motions, 30 March 2026.

Wales Pension Partnership Responsible Investment Policy, March 2026.

MCC treasury investments review, prepared by Jonathan Davies, Head of Finance.

Integrated Impact Assessment, Appendix 1.

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12. CONTACT DETAILS:

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