

Responsible Investment Advisory Group (RIAG)

HYBRID MEETING – 6 OCTOBER 2025

ITEM 5 PAPER B

Palestine Solidarity Campaign (PSC) letter and position statement

Background:

1. Many LGPS funds have received letters from the Palestine Solidarity Campaign (PSC), alleging that LGPS administering authorities (AAs) are in breach of their legal obligations. The letter was accompanied by more detailed legal argument in a position paper that was prepared by senior lawyers at Doughty Street Chambers.
2. The nub of the argument is whether administering authorities are required to take action to address alleged breaches of international law by the state of Israel in relation to the ongoing conflict in the Occupied Palestinian Territories (OPT).
3. In 2024, PSC sent letters to funds that made similar allegations. In response the Board commissioned legal advice from Nigel Giffin KC which addressed the issues as they were understood in October 2024. Whilst the latest letter and position paper present more extensive, complex and specialist legal arguments than the earlier letter, they make no reference to the 2024 Giffin advice.
4. The Board has asked Government to provide its view on the issues raised, since these matters of international law are clearly more in the competence of central, rather than local government, something which the position paper acknowledges.
5. In the meantime, the Board has made a statement to AAs to review their Responsible Investment policies and specifically take into account unfolding human rights issues to ensure they are both satisfied with the content of those policies and confident they are being effectively applied in practice.
6. The Board is still considering whether it should take further legal advice on behalf of the Scheme. Clearly one key issue is whether AAs, in their capacity as quasi-trustees of a pension scheme, should be seen as “organs of the state”. The Board notes that this analysis seems to conflict with the Supreme Court’s ruling (in the case brought by the PSC to challenge earlier government guidance on investments) that the investments by AAs are not part of the “machinery of the state”.

RIAG views

7. We recognise the complexities and sensitivities around the issues raised by this particular conflict and are not asking the group for views

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on this conflict or others around the world. Rather we are asking the group to provide views or examples of good practice on:

- a) How to communicate with and engage members (and other scheme employers) as to the content and application of fund responsible investment policies
- b) What heightened due diligence in relation to high-profile conflicts like in the OPT looks like and whether there are useful sources of guidance or expertise that is needed for AAs to help them deliver that
8. In addition, the Group are invited to note that there are powers in the Public Service Pensions and Judicial Offices Act 2022 for the Secretary of State to provide guidance on “investment decisions which it is not proper for the scheme manager to make in light of UK foreign and defence policy”.
9. There is also the intention set out in clause 2 of the draft Pension Schemes Bill (PSB) that the Secretary of State would like to take powers to make regulations that direct funds’ approach to responsible investment in their investment strategy statement.
10. The Group is asked to give its opinion on whether it would support either of these powers being applied by the Government, or whether they believe that AAs should be left unfettered as to the content of their responsible investment policies.

Recommendation:

That the Group provide views or share examples of good practice on the issues of communications and conduct of appropriate due diligence.

That the Group consider whether they would welcome the Government providing advice on responsible investment policy under the powers it currently has (or intends to take through the PSB).
