

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT**LOCAL AUTHORITY PENSION FUND FORUM BUSINESS MEETING****Purpose of the Report**

1. To report on the Local Authority Pension Fund Forum (LAPFF) business meeting held in London on 25 March 2014.

Information and Advice

2. The Local Authority Pension Fund Forum was formed in 1990 to provide an opportunity for the UK's local authority pension funds to discuss investment and shareholder engagement issues. LAPFF currently has 60 members (shown at Appendix A) with combined assets of well over £100 billion and is consequently able to exert significant influence over companies in which funds are invested.
3. LAPFF exists 'to promote the long-term investment interests of UK local authority pension funds, and in particular to maximise their influence as investors to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest'. It also:
 - a. Provides a forum for information exchange and discussion about investment issues.
 - b. Facilitates the commissioning of research and policy analysis of issues in a more effective manner than individual members could achieve.
 - c. Provides a forum for consultation on shareholder initiatives.
 - d. Provides a forum to consider issues of common interest to all pension fund administrators and councillors.
4. The March 2014 business meeting was attended on behalf of Nottinghamshire Pension Fund by an officer representative. Future meetings will be attended by a member of the Sub-Committee and an officer.
5. The main focus of the meeting was to brief members on the specific engagement work LAPFF had undertaken in recent months. This mainly comprised:
 - Barclays pay and dividends – This concerned the high pay and bonuses paid to Barclays employees when compared to the dividends it has been able to pass to its shareholders, relative to other large banks. LAPFF advised its members to vote against the remuneration policy and against the re-election of Sir John Sunderland, who is chair of the Barclays remuneration committee.

- Majority controlled companies – This concerned companies fairly recently listed on the stock exchange, the majority shareholding of which is held by another company. This creates a risk for other shareholders that the full amount invested might not be returned if the company is subsequently delisted. LAPFF has undertaken some lobbying in this area and was pleased to report that the UK Listing Authority has changed its rules to reduce this risk.
 - European equities. LAPFF routinely engage with the companies in whom its members are large shareholders and reports back on the meetings held. A number of European companies had been engaged with in the period prior to the March meeting. A number of concerns were raised about corporate governance, and about the need for more of these companies to develop sustainable supply chains.
6. Following these updates the meeting received a presentation from Richard Murphy of Tax Research UK. Richard is aiming to establish a ‘fair tax mark’ (similar in operation to the Crystal Mark) that would highlight whether a company does not actively employ a tax avoidance strategy. In future this may be of interest to the Nottinghamshire Pension Fund, since tax avoidance methods cloud the understanding of cashflows (and of companies’ net worth) in company accounts.

Statutory and Policy Implications

7. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That the report be noted.

Report Author:
Ciaran Guilfoyle
Investments Officer

For any enquiries about this report please contact: Simon Cunnington

Membership of LAPFF as at 10 February 2014

1. Avon Pension Fund
2. Bedfordshire Pension Fund
3. Cheshire Pension Fund
4. City of London Corporation
5. Clwyd Pension Fund
6. Cumbria Pension Scheme
7. Derbyshire County Council
8. Devon County Council
9. Dorset County Pension Fund
10. Dyfed Pension Fund
11. East Riding of Yorkshire Council
12. East Sussex Pension Fund
13. Falkirk Pension Fund
14. Greater Gwent Fund
15. Greater Manchester Pension Fund
16. Gwynedd Pension Fund
17. Hampshire Pension Fund
18. Lancashire County Pension Fund
19. Lincolnshire County Council
20. London Borough of Barking & Dagenham
21. London Borough of Camden
22. London Borough of Croydon
23. London Borough of Ealing
24. London Borough of Enfield
25. London Borough of Hackney
26. London Borough of Haringey
27. London Borough of Harrow
28. London Borough of Hounslow
29. London Borough of Islington
30. London Borough of Lambeth
31. London Borough of Lewisham
32. London Borough of Newham
33. London Borough of Waltham Forest
34. London Borough of Tower Hamlets
35. London Borough of Southwark
36. London Pension Fund Authority
37. Lothian Pension Fund
38. Merseyside Pension Fund
39. Norfolk Pension Fund
40. Northamptonshire County Council
41. North East Scotland Pension Fund
42. Northern Ireland Local Government Officers Superannuation Committee
43. North Yorkshire County Council
44. Nottinghamshire County Council
45. Rhondda Cynon Taf Pension Fund
46. Royal Borough of Greenwich
47. Shropshire Council
48. Somerset County Council

- 49. South Yorkshire Pensions Authority
- 50. South Yorkshire Integrated Transport Authority
- 51. Staffordshire Pension Fund
- 52. Surrey County Council
- 53. Teesside Pension Fund
- 54. Tyne and Wear Pension Fund
- 55. Warwickshire County Council
- 56. West Midlands Pension Fund
- 57. West Midlands PTA Pension Fund
- 58. West Yorkshire Pension Fund
- 59. Wiltshire Pension Fund
- 60. Worcestershire County Council