

**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 business meeting held in London on 16 June 2015.

**Information and Advice**

2. The Local Authority Pension Fund Forum (LAPFF) 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 65 member funds 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:
  - i. Provides a forum for information exchange and discussion about investment issues.
  - ii. Facilitates the commissioning of research and policy analysis of issues in a more effective manner than individual members could achieve.
  - iii. Provides a forum for consultation on shareholder initiatives.
  - iv. Provides a forum to consider issues of common interest to all pension fund administrators and councillors.
4. The business meeting was attended on behalf of Nottinghamshire Pension Fund by Cllr Mike Pringle and Ciaran Guilfoyle (Investments Officer).
5. A key item on the agenda of the business meeting is the quarterly engagement report (which can be found at Appendix A). The main focus of the discussion on the report was a recent meeting between LAPFF and the chairman of Barclays Bank Sir David Walker. The tone of this meeting had been very positive and Sir David had assured LAPFF that the culture of the bank has changed since the controversy over Libor rate manipulation.
6. Following this report it was requested that LAPFF regularly update its website with this and similar engagement activities to allow its own members to respond to questions relating to their strategies concerning responsible investment.

7. Also on the agenda was an item relating to pooled fund voting. LAPFF is concerned that its members lack voting rights on equities they hold through pooled funds. It intends to start lobbying fund managers to allow this.
8. On the issue of mergers and acquisitions LAPFF reported that their research had shown that only a third of these had created clear value in companies. It was therefore recognized that LAPFF need to develop an ongoing method for assessing the success or otherwise of any future mergers or acquisitions. Over time such a method may even become useful in assessing the track records of key M&A personnel, potentially providing a forward assessment of future activity.
9. LAPFF presented a Carbon Strategy scoping paper outlining how best to engage with companies in the energy sector to encourage them to sign up to a UN proposal to limit global temperature increases to 2 degrees.
10. PRI – Principles for Responsible Investment – delivered a presentation outlining their work with corporate pension funds and fund managers in promoting a similar strategy to LAPFF's. Their annual conference is being held at ExCeL, London, 8-10 September 2015. LGPS fund Members and officers are welcome to attend.

## **Statutory and Policy Implications**

11. 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.

## **RECOMMENDATIONS**

- 1) That the report be noted

**Report Author:**  
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**Investments Officer**

**For any enquiries about this report please contact: Ciaran Guilfoyle**

### **Constitutional Comments**

12. Because this report is for noting only, no Constitutional Comments are required.

### **Financial Comments (SRC 22/06/15)**

13. There are no direct financial implications arising from this report.

**Background Papers**  
None