

REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

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 Leeds on 17 April 2019.

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. In 2018 membership was also extended to cover pension fund pools. LAPFF membership currently stands at 80 funds and 6 pools (shown at Appendix A) with combined assets of over £250 billion. It is consequently able to exert significant influence over companies in which funds are invested.
3. LAPFF exists 'to assist Administering Authorities discharge their statutory responsibilities and promote the long-term investment interests of UK local authority pension funds. In particular, it seeks to maximise their influence as investors to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they hold an interest, commensurate with statutory regulations'. 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 Forum 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 boards, committees and their supporting administrative staff, as well as to other interested parties from national, local and regional governments.
4. The business meeting was attended on behalf of Nottinghamshire Pension Fund by an officer representative.
5. It was reported that the lobbying work that PIRC has done regarding the Financial Reporting Council now has an ending, with the FRC to be replaced by a properly accountable public body. Over the last 9 years PIRC has always maintained that accounting standards (promoted by the FRC) should not be allowed to trump the 'true and fair view' required by the Companies

Acts, and that straying from the 'true and fair view' results in dividends exceeding prudent limits. This in turn can lead to the financial collapse of a company.

6. At the meeting an update on LAPFF's engagement work to March 2019 was provided. A copy of the latest engagement report is available as a background paper. For information, all LAPFF engagement reports can be found here:

<http://www.lapfforum.org/publications/qrtly-engagement-reports/>

7. The meeting concluded with a seminar on 'Just Transition', looking at various ways that the transition to a more sustainable economy be managed so that communities, employees, etc don't lose out. For instance, a repeat of the problems caused by UK coal-mine decommissioning in the 1980s is to be avoided.

Statutory and Policy Implications

8. 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 Pension Fund Committee members consider whether there are any actions they require in relation to the issues contained within the report.

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Constitutional Comments (KK 24/06/2019)

9. This is an updating information report and Pension Fund Committee is the correct body for considering that information and any further action which members may wish to take in light of that information.

Financial Comments (TMR 08/07/2019)

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

Background Papers

- LAPFF constitution
- LAPFF Quarterly Engagement Report January to March 2019