

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 meetings held in London on 17 July and 9 October 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 meetings were attended on behalf of Nottinghamshire Pension Fund by an officer representative.
5. The July business meeting also incorporated the AGM. At the AGM Cllr. Doug McMurdo (Chair of Bedfordshire Pension Fund) was confirmed as LAPFF Chair.
6. At this meeting the issue of 'climate risk' was discussed and it was noted that a number of councils had declared 'climate emergencies' and were pushing for disinvestment from carbon-intensive companies. However, the matter is complicated by the fact that the same companies are often heavily invested in alternative and sustainable fuel sources. It is therefore hoped that

a survey of funds, to be commissioned by LAPFF later in the year, will allow the Forum to have a more detailed view of the situation.

7. Also at the meeting an update on LAPFF's engagement work to June 2019 was provided. A copy of the latest engagement report is attached as background. For information, all LAPFF engagement reports can be found here:
<http://www.lapfforum.org/publications/qrtly-engagement-reports/>
8. The meeting on 9 October coincided with a day of protest in central London organised by Extinction Rebellion. The chair emphasised to the meeting how the work of LAPFF is in alignment with the aims of Extinction Rebellion. Later in the meeting it was agreed that Climate Action 100+ (an investor initiative) would be invited to speak at a future business meeting.
9. An update was given on the subject of 'Reliable Accounts'. The collapse of Thomas Cook, and its poor balance sheet, was noted. However, it was also pointed out that Thomas Cook Germany had been successful in avoiding the fate of the parent company. It was speculated that this could be due to the Germany company operating under tighter accountancy regulations covering distributable reserves.

Statutory and Policy Implications

10. 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

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 21/10/2019)

11. 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 22/10/2019)

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

Background Papers

- LAPFF constitution
- LAPFF Quarterly Engagement Report April to June 2019
- LAPFF Quarterly Engagement Report July to September 2019 [not yet available]