

REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT & 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 27 June and 17 October 2017.

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 73 members (shown at Appendix A) with combined assets of around £200 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 business meetings were attended on behalf of Nottinghamshire Pension Fund by an officer representative.
5. At both meetings an update on LAPFF's engagement work was delivered. The main issues remain executive pay, climate change, workplace practices and cyber-security. LAPFF continues to press companies on how they might change their business practices and transition to a low carbon economy. LAPFF's engagement reports for the quarters April - June and July - September are available as background papers to this report and with the meeting papers on the Council Diary:

<http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>
6. At the June meeting a short presentation was also made updating LAPFF members on the 'reliable accounts' issue. LAPFF continues its lobbying work

highlighting how company law is being subverted by accounting standards. One particular concern raised at the meeting is how companies themselves (and not their directors) are being fined whenever false accounting occurs. In effect, this penalises long-term shareholders such as local government pension funds. LAPFF intends to raise this issue with its All-Party Parliamentary Group.

7. At the October meeting Richard Murphy gave a presentation on the work of his organisation Fair Tax, which awards a fair tax mark to companies that provide transparent information about their tax liabilities. Legal & General, Prudential, SSE and Vodafone were all held up as current exemplars of tax transparency.

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.

Report Author:
Ciaran Guilfoyle
Investments Officer

For any enquiries about this report please contact: Ciaran Guilfoyle

Constitutional Comments

9. This is an updating information report and Pension 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 23/10/17)

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

Background Papers

- LAPFF constitution
- LAPFF Quarterly Engagement Report April 2017 – June 2017
- LAPFF Quarterly Engagement Report July 2017 – September 2017