

**REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT**

**LAPFF BUSINESS MEETING**

**Purpose of the Report**

1. To report on the Local Authority Pension Fund Forum (LAPFF) business meeting held in London on 30 January 2018.

**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 meeting was attended on behalf of Nottinghamshire Pension Fund by an officer representative.
5. The meeting began with a tribute to Kieran Quinn, the chair of LAPFF who died suddenly on Christmas Day. Kieran had also been chair of the Greater Manchester Pension Fund, which has assets of £21bn.
6. Much of the meeting was taken up by a discussion about the collapse of Carillion and the impact that this had had on LAPFF assets. Tim Bush from PIRC Ltd stated that an analysis of the Carillion balance sheet might well have given warning of the collapse, but added also that nothing can be foreseen with total clarity. He went on to provide an update of the work being undertaken to challenge and clarify the Financial Reporting Council's

interpretation of 'true and fair view' as laid down in the Companies Act. While confusion exists in this area it is more likely that other companies will leave themselves exposed to catastrophic collapse in the manner of Carillion.

7. With pooling on the horizon, LAPFF membership was discussed in relation to allowing pools themselves to join LAPFF. A new LAPFF constitution, to be agreed at the forthcoming AGM, will allow pools to be full members alongside Administering Authorities, and the suggested fee structure is as follows:

Pools that have 100% LAPFF members would not be liable to pay a fee for the first year of membership (to be reviewed in 2019), and Pools that do not have 100% LAPFF members would have to pay the annual LAPFF fee applicable to member funds (to be reviewed in 2019).

8. The AGM is planned for 28 March 2018.

## **Statutory and Policy Implications**

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

## **Constitutional Comments**

10. 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 31/01/2018)**

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

## **Background Papers**

- LAPFF constitution
- LAPFF Quarterly Engagement Report October 2017 – December 2017