



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 meeting held in London on 11 April 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 in the attached engagement report) 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:
 - 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. Tim Bush from PIRC updated the meeting on the situation regarding errors made by the Financial Reporting Council in its interpretation of the Companies Act regarding 'distributable profits'. These errors may have led to the production of unreliable company accounts and unlawful distributions of dividends. LAPFF has undertaken further legal research into the Companies Act and the next step is to write to all auditors of FTSE listed companies.

6. The usual quarterly update on LAPFF's engagement work was also provided and a copy is attached to this report. Sports Direct remains reluctant to meet with LAPFF and is yet to issue an apology for failing to attend a meeting that had been arranged by LAPFF. It was also noted that at the Sports Direct EGM in January company chairman Keith Hellawell had been re-appointed 'despite overwhelming opposition from independent shareholders'. LAPFF's engagement work in this area is therefore ongoing.
7. A short presentation on cybersecurity was made by Olivia Mooney from PRI (Principles for Responsible Investment).

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 the report be noted.

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For any enquiries about this report please contact: Ciaran Guilfoyle

Constitutional Comments

9. Because this report is for noting only Constitutional Comments are not required.

Financial Comments (TMR 26/06/17)

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

Background Papers

- LAPFF constitution