

**27 April 2023**

**Agenda Item: 11**

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

**LOCAL AUTHORITY PENSION FUND FORUM ANNUAL CONFERENCE 2022**

**Purpose of the Report**

1. To report on the Local Authority Pension Fund Forum (LAPFF) Conference 2022.

**Information & Advice**

2. The 2022 LAPFF Conference entitled 'Now More Than Ever' was held between 7 and 9 December 2022. In accordance with prior approval, and as part of the Fund's commitment to ensuring those charged with decision-making and financial management have effective knowledge and skills, the conference was attended by Mr Chris King. Details of the main sessions are set out below. It should be noted that the views set out are those of the presenters, not of LAPFF or the Nottinghamshire Pension Fund.

**Day one**

3. ***Human Rights: Establishing Parameters, The Withdrawal from Myanmar, Benoit Ribaud, TotalEnergies (Moderator: Cllr Rob Chapman, LB Hackney, LAPFF Executive)***  
The issues Total needed to consider after a decision to withdraw due to human rights concerns was made. The projects employed 95% local people, so their welfare had to be considered. Total had to pay local taxes or staff could be arrested. They donated an equivalent amount to NGOs working in Myanmar. Ultimately Total decided to leave and found a Thai company to take over but created a fund to maintain activities supporting local communities. They were transparent during the process and updated shareholders.
4. ***LAPFF Trip to Brazil: Cllr Doug McMurdo, LAPFF Executive, Lara Blecher, PIRS Ltd (Moderator: Paul Hunter, PIRC Ltd)***  
A report and video covering the LAPFF visit to Brazil to see the impact of campaigns to improve the safety of dam and the payment of reparations to affected communities. Some improvements but slow progress.
5. ***In discussion with Brazilian Investors: Jose Pugas, JGP Asset Management (Moderator: Cllr Doug McMurdo, LAPFF Executive)***  
A session highlighting the work with JGP who are supporting LAPFF activities.

6. ***Learnings for more responsible mining: Jose Luciano Duarte Penido, Vale (Moderator: Cllr Doug McMurdo, LAPFF Executive)***

Jose highlighted the improvements in governance shareholders have demanded in changing the culture of the company. 60% of Board Members are independent and there are ongoing changes to improve the ESG of the company.

**Day Two**

7. ***Reflecting on Sustainability and Stewardship: Sandy Boss, BlackRock (Moderator: Cllr Doug McMurdo, LAPFF Executive)***

A presentation covering the way BlackRock are assisting clients. Their proxy voting process allows clients to vote based on their own policies. In the case of climate change it is important to ensure the company is on a path to improvement and stays on it, but this also requires changes in public policy – shareholders are not here to replace this.

8. ***The Challenges facing ESG: Chris Hayes, Common Wealth, Stephanie Niven, Ninety One, Claudia Gray, ShareAction (Moderator: Sian Kunert, LAPFF Executive)***

Again, a discussion on how much burden is on shareholders to fill policy vacuums and is this appropriate. Also does the move to larger passive holdings mean less engagement? There is a need to have strong, consistent voice.

9. ***How climate changes relates to business and the role of non-executive directors: Dr Carol Bell, Chapter Zero (Moderator: Cllr Yvonne Johnson, LAPFF Executive)***

Responding to climate change requires increases in non executive directors

10. ***Gearing up for Electric Vehicle Charging: Graeme Cooper, Head of Future Markets, National Grid, Ryan Fisher, Bloomberg NEF, Gill Nowell, LV= General Insurance, Ralph Palmer, Transport Environment (Moderator: Tessa Younger, PIRC Ltd)***

The National Grid is planning for the significant increases in infrastructure required. Each motorway service station will need the equivalent capacity of a mid sized town to recharge the number of cars in a sufficiently short time period. Insurers are looking at a package of electric car, home charger and insurance covered by one lease charge. One rapid charger costs 27 x a 7kw charger so need a network with the right chargers in the right place. Currently electricity generation flexes to match demand, we need to flex demand to match generation, probably by flexing tariffs (cheaper to charge your car overnight).

11. ***Remuneration: CEO Pay in 2022: Luke Hildyard, High Pay Speaker (Moderator: Tom Powdrill, PIRC Ltd)***

The UK has the highest levels of CEO pay in Western Europe, and the highest income inequality. Performance and long-term performance pay is usually around a 90% pay out. Board say pay is to attract and retain executives, investors say pay is to incentivise performance.

12. ***Governance Failure at FTX: Patrick Daniels, Robbins Geller Rudman & Dowd (Moderator: Tom Harrington, LAPFF Executive)***

A fascinating presentation setting out what went wrong, covering the promised high returns, the lack of investor due diligence, marketing using celebrity spokespersons and the high level of donations to political and news organisations. Most of the issues raised have subsequently appeared in the press.

13. ***The ‘S’ in ESG: Luba Nikulina, IFM Investors, Lisa Hayles, Trillium Asset Management (Moderator: Tom Powdrill, PIRC Ltd)***

The difficulty of assessing the ‘Social’ element of ESG was discussed. Also the difficulty in linking social risk to financial implications. Investors need consistent and quantifiable data to inform decisions.

14. ***Levelling Up – LGPS Panel: Cllr John Gray, LAPFF Executive, Euan Miller, West Yorkshire Pension Fund, Sandra Stewart, West Yorkshire Pension Fund, Paul Hunter, PIRC Ltd***

Discussion on the proposed 5% local investment and the implications for the LGPS. With no crown promise and no pension protection the opportunities must be investable. There needs to be better understanding of the roles of Local Authorities and Pension Funds - this is not grant funding.

15. ***The Mission to Provide Great Water, Environmentally Sustainable, Economically Beneficial in a Socially Responsible Manner: Sir David Higgins, United Utilities, Chris Mathews, United Utilities (Moderator: Cllr Doug McMurdo, LAPFF Executive)***

An argument that the issue of sewage discharge is primarily caused by the legal right to put runoff from houses, roads etc. into the sewage system. More intense rainfall is overloading combined systems. Small scale local development doesn’t require planning permission. Suggestion that only 30% of the reduction in river quality is down to utilities, the rest caused by e.g., agricultural run-off.

16. ***Valuing Water Panel: Daniel Shepard, CERES, Paul Reig, Bluerisk (Moderator: John Anzani, LAPFF Executive)***

Presentation on the need to engage companies with high water footprint and to demonstrate the financial importance of water to those companies.

17. ***Racial Equity Audit Shareholder Resolutions: Lisa Lindsley, Majority Action Speaker, Pilar Sorensen, Majority Action Speaker (Moderator: Tom Powdrill, PIRC Ltd)***

A summary of the recent campaigns and lobbying activities in this area.

### **Day Three**

18. ***Preventable: How a pandemic changed the world and how to stop the next one: Professor Devi Sridhar, Personal Chair in Global Public Health, University of Edinburgh (Moderator: Alan MacDougall, PIRC LTD)***

A fascinating presentation on the pandemic response from an expert in the field. Containment is the usual response to an outbreak (ebola, cholera, yellow fever), but different countries took different approaches. Sweden and New Zealand although very similar countries took very different approaches to lockdown etc. Most of Europe’s initial infections can be traced to one bartender in one ski resort. Most experts doubted a vaccine could be developed (we don’t have one for other coronaviruses) There must be no complacency as there are other potential infections out there, e.g. bird flu.

19. ***The Great Stewardess Rebellion: Nell McShane Wulfhart (Moderator: Rachel Brothwood, LAPFF Executive)***

A talk from the author based on her book of the same name looking at the working conditions of stewardesses in America in the 1960's and 70's and the actions they took to get improvements.

**20. *Making Transition Plans Just: Brendan Curran, Grantham Research Institute on Climate Change and the Environment (Moderator: Cllr John Gray, LAPFF Executive)***

A discussion highlighting the need to consider the social element of transition. Rapid change can lead to stranded communities or workforces. We should incentivise investors to target areas that need change. An example of a current change that may lead to problems is the move to electric vehicles. We need to set out the issues, proposed actions and a clear timetable.

**21. *Robert Peston, Political Editor and Broadcaster.***

His own take on some of the key issues of the day, and his assessment that he is a realist not a pessimist. Robert presented his view that the relative stability in the period 1992 – 2007 was the exception rather than the rule, and that we can expect more not less uncertainty. He concluded with the view that a new system is need for setting rule in the UK – there is too much power in the hands of the PM.

## **Statutory and Policy Implications**

22. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATIONS**

- 1) That Pension Fund Committee members continue to attend appropriate conferences to enable members to be kept up to date with the main national topics relating to investments.
- 2) That Members consider if there are any actions they require in relation to the issues contained within the report

### **Keith Palframan**

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**For any enquiries about this report please contact: Keith Palframan**

### **Constitutional Comments (KK 18/04/23)**

23. The proposals in this report are within the remit of the Nottinghamshire Pension Fund Committee

### **Financial Comments (KRP 18/04/23)**

24. There are no financial implications arising from this report

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None