



Agenda Item: 5

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 via Zoom on 7 October 2020 and 27 January 2021.

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 £300 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 agenda of the October meeting included, among other things, an item on the 'just transition', i.e. the transition to a greener, more sustainable economy without causing too much disruption to the communities that currently rely on the traditional carbon-driven economy. During 2021, LAPFF will be undertaking an inquiry and report into this issue through the Local Authority Pension Fund All-Party Parliamentary Group, and submitting its findings to the November 2021 UN Climate Change Conference in Glasgow. The inquiry has issued a call for evidence, the deadline for which is 30 April 2021.

6. Much of the discussion at the January meeting was given over to Covid-19 and how this can be tackled under the rubric of ESG. For instance, some of the spread of the virus has been attributed to poor working practices such as cheaply-hired migrant labour and the communal accommodation that is sometimes offered such labourers. Where appropriate, questions on such matters will be raised at future engagement meetings.
7. Before the close of the January meeting Carmen Nuzzo (Principles for Responsible Investment) gave a presentation on engagement relating to fixed income investments, which is not currently undertaken by LAPFF due to their being fewer natural channels for such engagement.
8. At both business meetings an update on LAPFF's engagement work in the previous quarter was presented. The headline engagement story in the quarter to September 2020 related to Aboriginal caves in Western Australia which had been destroyed by the Anglo-Australian multinational company Rio Tinto during a mining exploration.
9. The January meeting engagement report, covering the quarter to December 2020, reinforced the previous quarter's engagement by focussing on AngloAmerican and Glencore, both large international mining operations.
10. The latest engagement reports are listed as background papers to this report, but all LAPFF engagement reports can be found on the LAPFF website:

<https://lapfforum.org/publications/category/quarterly-engagement-reports/>

Statutory and Policy Implications

11. 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 Nottinghamshire Pension Fund Committee members consider whether there are any actions they require in relation to the issues contained within the report.

**Nigel Stevenson
Service Director – Finance, Infrastructure and Improvement**

For any enquiries about this report please contact: Ciaran Guilfoyle

Constitutional Comments (KK 08/04/2021)

12. This is an updating information report and Nottinghamshire 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 11/02/2021)

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

Background Papers

- LAPFF constitution
- Just Transition Inquiry – terms of reference
- LAPFF Quarterly Engagement Report July to September 2020
- LAPFF Quarterly Engagement Report October to December 2020