



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

**LOCAL AUTHORITY PENSION FUND FORUM BUSINESS MEETINGS**

**Purpose of the Report**

1. To report on the Local Authority Pension Fund Forum (LAPFF) business meetings held in London on 28 June 2016 and on 18 October 2016.

**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 71 members (shown at Appendix A) 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 meetings were attended on behalf of Nottinghamshire Pension Fund by an officer representative.
5. The June meeting began with a brief update on pension fund pooling issues. It was agreed that representatives of the pools will be granted 'observer' status at future LAPFF meetings.
6. An update on LAPFF's engagement work was provided, and in addition an update was given on LAPFF's work concerning the legal definition of 'true and fair view'. LAPFF believes this is not being correctly interpreted by the Financial Reporting Council (FRC), resulting in distributions being made to shareholders undermining the value of a company. BHS was cited as yet another company that had fallen foul of this.

7. A presentation was made at the end by Prof Richard Murphy FCA the Corporate Tax Transparency Initiative on the work the CTTI is undertaking to ascertain companies' views on publishing their own tax data.
8. The October meeting followed a similar format. An update was provided on the research, based on a number of FOI requests, undertaken by LAPFF to highlight how the FRC has misled Parliament, the press and a number of companies regarding the nature of LAPFF's complaint. It still remains the case that FRC guidance allows companies to make illegal distributions of dividends, which in turn puts the ongoing viability of otherwise healthy companies at risk.
9. The October meeting concluded with two presentations. The first, from Faith Ward of the Environment Agency Pension Fund, related to a web-based tool that will shortly be made available to allow investors to track how far companies are along the route of 'transition' (in the first instance of having a good carbon-reduction policy, but later the idea of 'transition' could be broadened to other issues such as boardroom diversity). The second presentation was from John Sharman of the Equality and Human Rights Commission who reported on the extent of diversity in board appointments. Men still outnumber women on boards, although the position has improved in recent years. However, a number of companies are appointing women to boards on the basis of quotas, rather than by encouraging applications from women.

## **Statutory and Policy Implications**

10. 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.

**Report Author:**  
**Ciaran Guilfoyle**  
**Investments Officer**

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

## **Constitutional Comments**

11. Because this report is for noting only, no Constitutional Comments are required.

## **Financial Comments (SRC 19/10/16)**

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

## **Background Papers**

- Draft LAPFF Quarterly Engagement Report Apr 2016 – Jun 2016
- Draft LAPFF Quarterly Engagement Report Jul 2016 – Sep 2016

### Membership of LAPFF as at October 2016

|    |   |
|----|---|
| 1  | Avon Pension Fund   |
| 2  | Barking and Dagenham LB   |
| 3  | Bedfordshire Pension Fund   |
| 4  | Cambridgeshire Pension Fund   |
| 5  | Camden LB   |
| 6  | Cardiff and Vale of Glamorgan Pension Fund                          |
| 7  | Cheshire Pension Fund   |
| 8  | City of London Corporation  |
| 9  | Clwyd Pension Fund  |
| 10 | Croydon LB  |
| 11 | Cumbria Pension Scheme  |
| 12 | Derbyshire CC   |
| 13 | Devon CC  |
| 14 | Dorset County Pension Fund  |
| 15 | Dyfed Pension Fund  |
| 16 | Ealing LB   |
| 17 | East Riding of Yorkshire Council                                    |
| 18 | East Sussex Pension Fund  |
| 19 | Enfield LB  |
| 20 | Falkirk Council   |
| 21 | Gloucestershire Pension Fund  |
| 22 | Greater Gwent Fund  |
| 23 | Greater Manchester Pension Fund                                     |
| 24 | Greenwich Pension Fund RB   |
| 25 | Gwynedd Pension Fund  |
| 26 | Hackney LB  |
| 27 | Haringey LB   |
| 28 | Harrow LB   |
| 29 | Hertfordshire County Council Pension Fund                           |
| 30 | Hounslow LB   |
| 31 | Islington LB  |
| 32 | Lambeth LB  |
| 33 | Lancashire County Pension Fund                                      |
| 34 | Lewisham LB   |
| 35 | Lincolnshire CC   |
| 36 | London Pension Fund Authority                                       |
| 37 | Lothian Pension Fund  |
| 38 | Merseyside Pension Fund   |
| 39 | Newham LB   |
| 40 | Norfolk Pension Fund  |
| 41 | North East Scotland Pension Fund                                    |
| 42 | North Yorkshire CC Pension Fund                                     |
| 43 | Northamptonshire CC   |
| 44 | Northern Ireland Local Government Officers Superannuation Committee |
| 45 | Nottinghamshire CC  |
| 46 | Powys County Council Pension Fund                                   |
| 47 | Redbridge LB  |
| 48 | Rhondda Cynon Taf   |
| 49 | Sheffield City Region Combined Authority                            |
| 50 | Shropshire County Council   |
| 51 | Somerset CC   |

|    |   |
|----|---|
| 52 | South Yorkshire Pensions Authority          |
| 53 | Southwark LB                                |
| 54 | Staffordshire Pension Fund                  |
| 55 | Strathclyde Pension Fund                    |
| 56 | Suffolk County Council Pension Fund         |
| 57 | Surrey CC                                   |
| 58 | Sutton LB                                   |
| 59 | Teesside Pension Fund                       |
| 60 | The City and County of Swansea Pension Fund |
| 61 | The Environment Agency Pension Fund         |
| 62 | Tower Hamlets LB                            |
| 63 | Tyne and Wear Pension Fund                  |
| 64 | Waltham Forest LB                           |
| 65 | Wandsworth LB                               |
| 66 | Warwickshire Pension Fund                   |
| 67 | West Midlands ITA Pension Fund              |
| 68 | West Midlands Pension Fund                  |
| 69 | West Yorkshire Pension Fund                 |
| 70 | Wiltshire CC                                |
| 71 | Worcestershire CC                           |