



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 meeting held via Zoom on 21 April 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 meeting was attended on behalf of Nottinghamshire Pension Fund by an officer representative.
5. The agenda of the meeting included, among other things, a particular focus on climate. Many fossil fuel companies are now putting climate-related resolutions before shareholders at their AGMs as part of the 'Say on Climate' campaign, and LAPFF has cautiously welcomed this. However, LAPFF maintains that 'It isn't appropriate to give credit [to companies] for merely recognising climate change exists'. Further, it expressed a wariness about nature-based solutions to carbon capture (such as reforestation), citing that this strategy could be used by some companies to prolong their extraction of fossil fuels.

6. At the meeting an update on LAPFF's engagement work in the quarter to March 2021 was presented. The headline engagement story related to National Grid's promotion of a 'Say on Climate' resolution at its AGM, which permitted shareholders to vote on the company's climate change-related targets and action plan. LAPFF continues to engage with National Grid, particularly with regard to (a) its US electricity and gas distribution businesses, and (b) the carbon-intensity of heating UK homes.
7. Copies of the latest engagement reports are listed as background papers and all LAPFF engagement reports can be found on the LAPFF website:
<https://lapfforum.org/publications/category/quarterly-engagement-reports/>

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 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 30/06/2021)

9. 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 01/07/2021)

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

Background Papers

- LAPFF constitution
- LAPFF Quarterly Engagement Report January to March 2021