

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 in London on 19 July and 10 October 2018.

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 79 funds and 5 pools (shown at Appendix A) with combined assets of over £230 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. At the July meeting an update was provided on LAPFF's work in relation to the Financial Reporting Council (FRC). LAPFF has drafted a submission to the independent review of the FRC (the Kingman Review) claiming that the FRC is not fit for purpose and that it needs to be replaced by a purely public sector entity wholly answerable to government.
6. At the October meeting a further update was provided on the issue of financial reporting, and the decision made that in future LAPFF will engage with the big four audit firms in addition to the companies in which its members invest. This is to help ensure that the sets of accounts that shareholders read genuinely do present a 'true and fair view'.
7. A presentation by RE100 concluded the October meeting. RE100 is an initiative which encourages companies to source 100% of their power from renewable energy sources. Its website can be found here:

<http://there100.org/>

8. At both meetings an update on LAPFF's engagement work was provided. Copies of these engagement reports are available as background papers. For information, all LAPFF engagement reports can be found here:

<http://www.lapfforum.org/publications/qrtly-engagement-reports/>

Statutory and Policy Implications

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

Report Author:
Ciaran Guilfoyle
Investments Officer

For any enquiries about this report please contact: Ciaran Guilfoyle

Constitutional Comments (KK 18/10/2018)

10. This is an updating information report and 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 16/10/2018)

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

Background Papers

- LAPFF constitution
- LAPFF Quarterly Engagement Report April to June 2018
- LAPFF Quarterly Engagement Report July to September 2018 (pending)