

## Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE
MEETING DATE:	12 DECEMBER 2014
TITLE:	LOCAL AUTHORITY PENSION FUND FORUM ENGAGEMENT REPORT 3Q14
WARD:	ALL
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b>	
Appendix 1 - LAPFF Quarterly Engagement Monitoring Report	

### 1 THE ISSUE

- 1.1 The Chair has requested that the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report is reported separately rather than as part of the Investment Performance Report.
- 1.2 The quarterly engagement report from LAPFF for the period ending 30 September 2014 can be found in Appendix 1.

### 2 RECOMMENDATION

**The Avon Pension Fund Committee is asked to:**

- 2.1 **Note LAPFF Quarterly Engagement Report at Appendix 1**

**3 FINANCIAL IMPLICATIONS**

3.1 The subscription for LAPFF is provided for in the annual budget.

**4 LAPFF QUARTERLY ENGAGEMENT REPORT**

4.1 The Fund is a member of LAPFF, a collaborative body that exists to serve the investment interests of local authority pension funds. In particular, LAPFF seeks to maximise the influence the funds have as shareholders through co-ordinating shareholder activism amongst the pension funds.

4.2 The Fund recognises that collaboration with other investors is a powerful tool to influence corporate behaviour, both in terms of corporate governance and to ensure non-traditional investment risks are brought to the attention of company boards so they can be addressed and managed more effectively by the company.

4.3 Fund members and/or officers regularly attend LAPFF meetings and conferences. The work of LAPFF supports the officers and Investment Panel members in their discussions with the investment managers.

4.4 LAPFF’s activity in the quarter is summarised in their Quarterly Engagement Report at Appendix 4.

**5 RISK MANAGEMENT**

5.1 A key risk to the Fund is that the investments fail to generate the returns required to meet the Fund’s future liabilities. This risk is managed via the Asset Liability Study which determines the appropriate risk adjusted return profile (or strategic benchmark) for the Fund and through the selection process followed before managers are appointed. This report monitors (i) the strategic policy and funding level in terms of whether the strategy is on course to fund the pension liabilities as required by the funding plan and (ii) the performance of the investment managers. An Investment Panel has been established to consider in greater detail investment performance and related matters and report back to the committee on a regular basis.

**6 EQUALITIES**

6.1 An Equality Impact Assessment has not been completed as this report is for information only.

**7 CONSULTATION**

7.1 This report is for information and therefore consultation is not necessary.

**8 ISSUES TO CONSIDER IN REACHING THE DECISION**

8.1 The issues to consider are contained in the report.

**9 ADVICE SOUGHT**

9.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director – Business Support) have had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	Matt Betts, Assistant Investments Manager (Tel: 01225 395420)
<b>Background papers</b>	LAPFF Member Bulletins, Data supplied by The WM Company

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