

Pension Fund Committee

Meeting to be held on Friday, 18th September 2020

Electoral Division affected: (All Divisions);
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Responsible Investment Report

(Appendix 'A' refers)

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Executive Summary

Responsible Investment encompasses a range of stewardship activities associated with Lancashire County Pension Fund (the Fund) fulfilling its duty to act in the best long-term interests of fund beneficiaries.

Set out at Appendix 'A' is a report from the Local Pensions Partnership which provides the Committee with an update on responsible investment matters during the second quarter of 2020 (April to June).

Recommendation

The Committee is asked to note the report.

Background

The report at Appendix 'A' has been prepared by the Head of Responsible Investment at Local Pensions Partnership Investments Ltd (LPPI) and provides information on how the Fund is being supported to fulfil its commitment to long term responsible asset ownership in line with the approach set out within its Investment Strategy Statement and the Responsible Investment Policy approved by the Committee at its meeting in March 2018.

Appendix 'A' incorporates the dashboard style report together with the qualitative overview of LPPI stewardship activities for the second quarter of 2020. A workshop for members of the Committee and the Lancashire Local Pension Board regarding the new dashboard style reporting will be held remotely on the 3rd November at 2:00pm and invitations will be circulated in due course.

Other matters of note for the Pension Fund Committee:

Covid-19

As reported at the last meeting, the Covid-19 pandemic continues to affect the corporate environment. There are clear indications that it may impact shareholder returns and senior executive pay. However, Annual General Meetings are generally taking place virtually, with a few being cancelled or postponed.

Principles for Responsible Investment

LPP have recently received their assessment result for 2020. The result has seen an improvement compared to last year. The ratings for both 'Strategy and Governance' and 'Direct Active Ownership' have improved to 'A+' and 'B' respectively. Additionally, 'Selection Appointment and Monitoring of Managers' has remained constant at a very respectable 'A' rating.

Local Authority Pension Fund Forum (LAPFF)

As reported previously, LAPFF, the Fund's engagement partner, continues to operate in accordance to the adjustments which have been made regarding Covid-19. Meetings are held online, together with regular email updates from the chair of the Forum.

With the quarterly Business Meetings being conducted online, it may be possible to facilitate attendance by a member of the Pension Fund Committee, if that was deemed useful. Expressions of interest can be made to the Chair of the Pension Fund Committee.

Consultations

Frances Deakin the Head of Responsible Investment at the Local Pensions Partnership was consulted regarding this report.

Implications:

This item has the following implications, as indicated:

Risk management

It is an important component of good governance that the Fund is an engaged and responsible investor committed to actions which are in the best long term interests of fund members and beneficiaries.

The monitoring of investee companies and the promotion of good corporate governance practices can help to reduce the risk of unexpected losses arising as a result of poor over-sight and lack of independence.

Responsible investment practices underpin the fulfilment of the Funds fiduciary responsibilities to Fund beneficiaries and are implemented in practice through the advisory and investment management services provided by Local Pensions Partnership Investments.

Quarterly Reports provide information to the Pension Fund Committee on the stewardship of the Fund's assets by Local Pensions Partnership Investments and enable the Committee to monitor the activities undertaken.

Involvement in a non-US type of “class action” may result in the recovery of losses incurred by the Fund but, should the claim be lost, the Fund may incur related costs which may not be known with certainty at the time of filing.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
N/A		
Reason for inclusion in Part II, if appropriate		
N/A		