

Agenda Item No.6 (b)

**DERBYSHIRE COUNTY COUNCIL
PENSIONS AND INVESTMENTS COMMITTEE**

24 January 2018

Report of the Director of Finance & ICT

LOCAL AUTHORITY PENSION FUND FORUM

1 Purpose of the Report

To approve the nomination of the Chair or Vice Chair of the Pensions and Investments Committee (“the Committee”) and the Head of Pension Fund as Derbyshire Pension Fund’s Authorised Representatives for dealings with the Local Authority Pension Fund Forum (“the Forum”).

2 Information and Analysis

The Forum 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, commensurate with statutory regulations.

In accordance with Provision 15 of the Forum’s 2017 Constitution, attached at Appendix 1, members must nominate two persons who may act as Authorised Representatives for its dealings with the Forum and at least one Authorised Representative must be a councillor or trustee equivalent.

It is proposed that the Chair or the Vice Chair of the Committee (to be determined by the Chair of the Committee) and the Head of Pension Fund are nominated as the Authorised Representatives of Derbyshire Pension Fund. Authorised Representatives may nominate in writing a proxy to act on their behalf at General Meetings of the Forum.

3 Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal, human rights, human resources, equality and diversity, health, environmental, transport, property, social value and prevention of crime and disorder considerations.

4 Background Papers

None.

5 Officer's Recommendation

To approve the nomination of the Chair or Vice Chair of the Committee and the Head of Pension Fund as Derbyshire Pension Fund's Authorised Representatives for dealings with the Local Authority Pension Fund Forum.

PETER HANDFORD

Director of Finance & ICT

LAPFF Constitution

THE CONSTITUTION OF THE LOCAL AUTHORITY PENSION FUND FORUM

NAME

1. The name of the organisation shall be the Local Authority Pension Fund Forum (referred to in this document as the Forum).

MISSION STATEMENT

2. The mission statement of the Forum is as follows:

The Forum 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, commensurate with statutory regulations. Furthermore the Forum: -

- i. provides a forum for information exchange and discussion about investment issues;
- ii. facilitates the commissioning of research and policy analysis of issues in a more effective manner than individual members could achieve;
- iii. provides a forum for consultation on shareholder initiatives; and
- iv. that 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.

MEMBERSHIP

Eligibility

3. Eligibility for membership is available for all pension funds that are established under the Local Government Pension Scheme.
4. Eligible pension funds may apply to be members of the fund using the membership application form agreed for this purpose from time to time by the Executive. The completed membership application form shall have been approved by the fund's governing body and signed by a member of that body or its secretary.

Membership Periods

5. Membership shall commence on the later of the date of receipt of a membership application form that has been validated by the contractor undertaking the secretarial function or the date of receipt of the fee due for the initial period of membership.
6. The initial membership period shall be from the date of commencement of membership until the end of the LAPFF financial year in which membership began. The LAPFF financial year runs from 1 April to 31 March in any given year (the 'LAPFF Financial Year').
7. Subsequent membership periods shall be determined by reference to LAPFF Financial Years and may be on a one-year rolling basis or a three-year-rolling basis.

Fees

8. Membership fees, including any proposed discounts to such fees, shall be recommended by the Executive and approved at a General Meeting.
9. Membership fees may vary according to whether the member elects to have a rolling one-year term of membership (an Annual Member) or a rolling three-year term (a Three-Year Member).
10. The fee for the initial membership period shall be pro-rata to the fee that would be payable for the full LAPFF Financial Year as appropriate for Annual Members or for Three-Year Members.
11. Following the initial membership period, fees are payable in advance and must be paid no later than one calendar month after the start of the LAPFF Financial Year. Fees for Three-Year Members are due in equal annual installments.
12. The Honorary Treasurer shall report to the Executive any member fund whose fees are more than three months in arrears, for consideration in accordance with Clause 46.
13. Members may apply to the Executive to be exempt from fees for a period not exceeding three months. Any such application shall be considered at the discretion of the Executive.

Termination

14. Membership may be terminated by Annual Members by giving one year's notice or, by Three-Year Members, by giving three years' notice. Notice shall be given in writing to the contractor undertaking the secretarial function.

MEMBER REPRESENTATION

15. Following the date of adoption of this amended constitution, each member shall nominate two persons who may act as Authorised Representatives for its dealings with the Forum. At least one Authorised Representative must be a Councillor or trustee equivalent. Such nominations shall be approved by the member's governing body and confirmed through the Confirmation of Membership Form which will be sent to members following adoption of this amended constitution and signed by a member of that body or an appropriate officer of the administering authority.
16. Applicant members shall nominate such representatives through the membership application form.
17. Authorised Representatives may exercise all the powers of the appointing member in relation to the Forum.
18. Authorised Representatives may nominate in writing a proxy to act on their behalf at General Meetings of the Forum.

GENERAL MEETINGS

19. The Forum will hold an Annual General Meeting in each LAPFF Financial Year. Other General Meetings of the Forum shall be called Business Meetings. The term General Meeting in this constitution refers to both Annual General Meetings and Business Meetings.

Annual General Meeting (AGM)

20. The AGM of the Forum shall transact the following ordinary business:
 - a. elect the Officers of the Forum and members of the Executive;
 - b. receive the annual accounts of the Forum;
 - c. receive the annual report of activities of the Forum and of the Forum Executive; and
 - d. elect the Honorary Auditor (who may have a maximum tenure in office of five years) who shall audit the Forum's annual accounts.
21. The AGM may also consider items of other business set out in the Notice convening the AGM.

Business Meetings

22. The Forum will meet in Business Meetings at least four times each LAPFF Financial Year, with no more than six months elapsing between Business Meetings.
23. At least once in each LAPFF Financial Year, the Budget and the Work Plan of the Forum will be approved at a Business Meeting. Progress against the Budget and Work Plan will be reviewed at each Business Meeting.
24. Each Business Meeting may also consider items of other business set out in the Notice convening the Business Meeting.

Convening General Meetings

25. The Executive may call AGMs and Business Meetings and may determine the business to be considered at such meetings.
26. Five or more members may make a written request to the Chair that a particular item or items of business be considered at the next AGM or Business Meeting, as specified, and, provided that there is sufficient time to give notice of this in accordance with Clause 27, the Executive shall include such item in the business to be considered at such meeting.
27. At least fourteen days' notice shall be given of a General Meeting, but a Business Meeting may be called on shorter notice if the Executive Committee, or the Chair in consultation with the Executive Committee, considers it necessary.
28. Notice shall be given in accordance with Clause 82, to the address specified by the member for this purpose.
29. The Notice shall specify the nature of the business to be transacted.

Proceedings of General Meetings

30. General Meetings shall be chaired by the Chair of the Forum;
31. No business shall be transacted at any General Meeting unless a quorum of fifteen (15) members represented is present.
32. In the absence of the Chair of the Forum, the members represented may elect one of the Deputy Chairs of the Forum to chair the meeting. If neither of the Deputy Chairs is present, the represented members may elect a substitute chair from amongst themselves.
33. Decisions at General Meetings are normally reached by consensus, but an Authorised Representative or his or her proxy may call a vote.
34. In the event of a vote being called each member fund represented and entitled to vote has one vote, and member funds may appoint the Chair of the meeting as their proxy to cast votes on their behalf. In the event of a tied vote, the Chair shall have a second or casting vote.
35. Minutes of the proceedings of General Meetings shall be taken and kept as a permanent record.

THE EXECUTIVE

Function and Powers

36. The management body of the Forum shall be known as the Executive.
37. The Executive will meet at least four times each LAPFF Financial Year and may convene additional meetings as necessary.
38. The Executive has the power to make decisions on behalf of the Forum except for items of business reserved by this constitution for transaction at General Meetings. In respect of business, which is not so reserved for transaction at General Meetings, but which is deemed by the Executive to involve significant policy changes or significant proposed actions, the Executive shall refer such business with recommended proposals to the next General Meeting. If, however, the Executive deems that such business is too urgent for referral to a General Meeting, the Executive shall have power to transact such business and report its actions to the next General Meeting.
39. The Executive will manage the work of the Forum within the approved Budget, manage the implementation of the Work Plan and ensure that due consideration is given to issues raised by member funds.
40. The Executive is empowered to make adjustments to the Budget and Work Plan and will report any such adjustments at the next Business Meeting.
41. The Executive is empowered to authorise arrangements for making adjustments to the Budget and the Work Plan between meetings of the Executive.
42. The Executive will oversee the preparation of the Forum's annual conference programme and consider and approve a draft report of the Forum's activities to the AGM.
43. The Executive shall have the power to appoint one or more Forum Officer posts on a part-time or full-time basis. Any such posts shall be appointed using appointment procedures determined by the Executive. Officers of members of the Forum would not be eligible for such posts.
44. The Executive shall have the power to appoint a Research and Engagement Partner or other contractors from time to time to carry out services on behalf of the Forum. Any such contractors shall be appointed using the appointment procedures determined by the Executive.
45. In overseeing the implementation of the Work Plan, the Executive shall be responsible for the coordination of the Forum Officer posts, and any contractors engaged.
46. The Executive shall have the power to suspend the voting rights of a LAPFF member if such member's fees are more than three months in arrears.

Composition of the Executive

47. There shall be elected at each AGM from amongst the Authorised Representatives the following Office-holders, each of whom shall become members of the Executive:
 - a. a Chair of the Forum (Councillor or trustee equivalent candidate);
 - b. two Deputy Chairs of the Forum (Councillor or trustee equivalent candidates); and
 - c. an Honorary Treasurer of the Forum (Officer candidate)
48. At each AGM there shall also be elected to the Executive:
 - a. six Authorised Representatives who are Councillor or trustee equivalents of a member fund, of whom at least two shall be women;
 - b. three Authorised Representatives who are Officers of a member fund.
49. The Executive shall have the power to co-opt up to two additional Authorised Representatives to the Executive.
50. For Executive membership elections all nomination forms from prospective candidates shall have the supporting signature of the Chair of their Pensions Committee.
51. The contractor providing secretarial services to the Forum shall conduct the ballot for the Executive membership election.
52. In the event that any Office-holder or other member of the Executive is unable to complete the year in office, the Executive shall have the power to fill the resulting vacancy on the Executive, and report any such action taken to the next General Meeting.
53. Any Office-holder or other member of the Executive may resign by notice in writing addressed to the Forum.
54. Any Office-holder or other member of the Executive who has ceased to hold the position which rendered them eligible to be elected or co-opted to the Executive shall automatically cease to be an Office-holder and/or member of the Executive with effect from the date of such cessation.
55. If the Chair of the Forum ceases to be eligible to be elected to the Executive, the Executive shall convene a by-election to appoint a new Chair as soon as practicable. The Executive shall appoint one of the Deputy Chairs as Acting Chair until the results of such by-election are finalised.
56. If an Executive member fails to attend two consecutive Executive Meetings without the Chair's authorization, the Executive shall have the right to suspend that Executive member's participation on the Executive.

Proceedings at Meetings of the Executive

57. Meetings of the Executive shall be chaired by the Chair of the Forum.
58. No business shall be transacted at any meeting of the Executive unless a quorum of five (5) of its members is present.
59. In the absence of the Chair of the Forum, the Executive members may elect one of the Deputy Chairs of the Forum to chair the meeting. If neither of the Deputy Chairs is present, the Executive members may elect a substitute chair from amongst themselves.
60. Decisions at Executive meetings are normally reached by consensus, but any member of the Executive may call a vote.
61. In the event of a vote being called each member of the Executive represented has one vote, and Executive members may appoint the Chair of the meeting as their proxy to cast votes on their behalf. In the event of a tied vote the Chair of the meeting shall have a second or casting vote.
62. The Forum Officer and Research and Engagement Partner shall attend meetings of the Forum Executive.
63. Minutes of the proceedings of meetings of the Executive shall be taken and kept as a permanent record.

Expectations of Members of the Executive

64. Meetings of the Executive and General Meetings take place at least nine times a year, together with an annual conference. Those elected to the Executive are expected to attend the majority of these meetings.
65. Active participation by Executive members in the Forum's initiatives and its Work Plan is encouraged, depending upon the individual's availability. This participation is in addition to attendance at meetings of the Executive and General Meetings.
66. The Forum does not usually pay expenses for attending meetings of the Executive as these are funded by the individual member funds that they represent. Exceptional expenses may be considered.
67. Travel expenses for Executive members to attend engagement meetings will be considered on a case by case basis. Where time permits, consideration will be given by the Executive, otherwise, consideration will be given by the Chair, in consultation with the Honorary Treasurer.
68. The Executive will abide by the Forum's standards of conduct policy, conflicts of interest policy, diversity policy and training policy.
69. The Executive will maintain appropriate skills in responsible investment and stewardship.

OTHER COMMITTEES

70. Separate working groups and committees may be established from time to time for specific issues or campaigns by Business Meetings of the Forum or by the Executive.
71. The terms of reference, and reporting arrangements of such working groups shall be determined by the body that establishes them, which shall also appoint their chairs or convenors.
72. Members of any working group or committee may be appointed from amongst all members of the Forum, and non-members may attend by invitation of the group/committee chair as notified in advance to the Executive.

SERVICES

73. The Research and Engagement Partner shall undertake the secretarial function and shall be responsible for providing all relevant secretarial duties for the Forum, including the preparation of agendas, distribution of agenda documents, and the preparation of minutes for all Business Meetings of the Forum and of the Executive.
74. The contractor undertaking the secretarial function will provide all relevant secretarial duties for any working groups or committees established at a Business Meeting or by the Executive.
75. The contractor undertaking the secretarial function will receive mail delivery and service the members of the Executive and, in conjunction with the Forum Officer(s), will receive and deal with membership enquiries.
76. Members shall receive agendas and supporting documents for each General Meeting of the Forum, as approved by the Executive, at least seven days before the meeting date.
77. The Research and Engagement partner shall be responsible for press relations and press releases of the Forum in conjunction with the Chair, who will be the principal spokesperson for the Forum.
78. The Research and Engagement partner will prepare a draft Annual Report of the Forum's activities each year. This will be presented to the Executive prior to publication. The report will be presented to the Annual General Meeting of the Forum.
79. Members shall be entitled to contribute to and participate in the Work Plan of the Forum around issues of common concern determined from time to time by the Forum's members in Business Meetings and by the Executive between Business Meetings.
80. The Forum will have a web site and email facility for effective communication between its members, the Executive and between itself and other local authority pension funds. These functions shall be administered by the Research and Engagement Partner, which

undertakes the secretarial function. The Forum shall provide regular published information about itself and its activities, in appropriate formats.

AMENDMENTS TO THE CONSTITUTION

81. This Constitution may be amended at any General Meeting for which twenty-one days' notice has been given provided that:
- a) a majority of at least two-thirds of members represented at the General Meeting, in person or by proxy, have voted in favour of the resolution of amendment; and
 - b) at least fifteen (15) members of the Forum are represented at the General Meeting.

NOTICES

82. All notices, signatures and other communications referred to in this Constitution may be given by (i) personal delivery, (ii) courier, (iii) post, or (iv) electronic mail or other electronic delivery systems.

