

THE VIEW FROM THE FORUM

Myners Review – We Develop Our Links with HM Treasury

LAPFF Hon. Treasurer invited to join working group

As reported in our Summer Newsletter, on 25 April our Chairman and officers met with Peter Green, Head of Capital Markets at HM Treasury, to discuss the Treasury review of progress of the Myners Principles (published in December 2004).

Following this very useful initial meeting, John Kingman, Director and Head of Enterprise and Growth Unit at the Treasury, attended the Forum meeting on 12 July to report on the progress on Myners. He was accompanied by his colleague James Templeton, Corporate Governance and Corporate Law Branch Manager.

For more information about the Forum, contact Forum Officer, Keith Bray on 07811 800612. Alternatively, you can email postmaster@keithbray.plus.com or visit our website www.lapfforum.org



HM Treasury

John Kingman described the consultation process that had been undertaken by HM Treasury, to review progress by pension funds in the adoption of the Myners principles.

He said evidence has shown that local authority pension funds have been enthusiastic in adopting the principles. He also outlined proposed changes to the principles, with regard to the role of the Chair of trustee boards and the perceived need

for a proportion of trustees to be 'familiar' with investment issues.

John indicated that the Government is now reviewing responses to the consultation exercise, and a working group has been established to develop an independent report on compliance.

The Forum is delighted that **LAPFF Honorary Treasurer, Brian Bailey (below) has been invited by HM Treasury to join the working group.**

The Government is to make a further assessment of progress in 2007.



Brian Bailey, LAPFF Honorary Treasurer

Fund Managers and Good Practice in Corporate Governance

The Forum is taking several steps to develop the Investor Guide, including meetings with fund managers, developing a Forum approach to the forthcoming statutory Operating and Financial Review, and consultation with LAPFF members. The plan is for the Guide to be updated by April 2006.

The current version of the Investor Guide has been circulated to all LAPFF members and is to be circulated to all local authority pension funds that are not currently members of the Forum. It will also feature in the programme for the Trustee Training Seminars in November 2005 referred to on the back page of this newsletter.

Overseas Employment Standards

Our China Project makes more progress

The Forum's project on how FTSE 100 companies are addressing the employment risks of operating in China, has reached an advanced stage. Interviews with five companies, which have a substantial portion of their supply chains in China, have been completed and company profiles written up. It was noted that a sixth major UK company has recently agreed to participate in the study, and an interview with its representatives is due to be arranged shortly.

Once this interview is completed, an interim China Project report will be published in early autumn 2005 together with best practice guidelines. The report will be sent to interested groups, stakeholders and China experts for independent assessments of the findings. Longer-term, a final report will be produced together with the Investor Guide.

Expanded LAPFF Alerts –

We Introduce Our New Approach

Four of our new style 'expanded alerts' covering a wider range of corporate governance issues have been distributed to LAPFF members. Companies covered include: **RBS Group; Reuters Group; Schroders; Hanson; Datamonitor; COLT Telecom; Persimmon; Randgold Resources; AstraZeneca; Serco Group; Unilever; Bunzl; GaxoSmithKline; WM Morrisons Supermarkets; Rentokil Initial; HSBC Holdings; Kingfisher and Royal & Sun Alliance.**



“New Look” for Forum meetings

Future Forum meetings will provide opportunities for more discussion and debate. At its last meeting, the Forum approved changes to the structure of its regular quarterly meetings. In future, we intend to invite external speakers to each meeting to enhance our discussions on topics of current interest to local authority funds, as well as highlighting one of the Forum's research and engagement projects.

A new succinct Research and Engagement Summary report will provide brief progress reports on the full range of the Forum's work programme, and detailed reports will continue to be submitted on individual reports as they reach a critical stage.

Background information on each individual project will also be placed on the LAPFF members' web site and updated each quarter, so that new members, in particular, are aware of the context for each current project or campaign.

NEWS IN BRIEF

- A meeting between representatives of LAPFF and Royal Bank of Scotland is to be held to discuss the unacceptable incentive plans for the bank's US Chief Executive.
- Following the Chairman's attendance at the 2005 Institutional Investor Summit on climate change in New York, a renewed 'Call to Action' on climate change was noted, and a speaker on climate change is to be sought to address the LAPFF business meeting in January 2006.
- LAPFF Hon Secretary, Stuart Imeson has drafted a guidance note on behalf of the CIPFA Pension Panel, for use by local authority pension funds dealing with requests for information under the Freedom of Information Act. The Panel will consider the draft guidance note when it next meets on 26 September 2005.
- A further meeting has taken place between LAPFF representatives and the Institute of Directors about developing the syllabus for the Chartered Director qualification.
- The Audit Quality Forum has agreed to a meeting to receive LAPFF's views on the audit reform agenda.
- The Executive has agreed to meet with Unison representatives at its next meeting on 21 September 2005 to explore any grounds of common interest.

Membership up by 45% since 2003 - as Devon and Southwark join us!

The £1.6 billion **Devon County Council Pension Fund** and the £0.6 billion **London Borough of Southwark Fund** are our latest recruits taking our membership to 35 funds – an increase of more than 45% since 2003 – now with assets in the region of £55 billion under management.

LAPFF Chairman John Saunders said, “We are delighted to welcome both Devon and Southwark to our ranks. This means that with Devon, Somerset, Avon and Wiltshire as members we now have excellent representation in the South West, and Southwark’s decision to join us takes us into double figures in London, where we now have 10 member funds.”

John Mills, Director of Finance and IT at Devon said, “Membership of LAPFF further demonstrates the Devon Fund’s commitment to socially responsible investment and our aim to maximise shareholder value.”

Our First “Trustee Training” Seminars

These will be held on:

2 November 2005 at the Reception Rooms, **Sheffield Town Hall**, and
4 November 2005 at the Council Chamber, **Camden Town Hall**, Judd Street, London and will include the following sessions:

- **Climate Change Mitigation: What can institutional investors do?**
- **Shareholder Activism: Pension Funds or Fund Managers?**
- **The LGPS for the 21st Century: Terry Crossley, ODPM**
- **Members’ Panel: Councillors give their experiences of being pension fund trustees. Q&A session.**
- **How do fund managers make & lose money for pension funds?**
- **Has the Stock Market fundamentally changed since the dotcom crisis?**

Further details and booking forms will be circulated shortly, and **PLEASE REMEMBER THE SEMINARS ARE FREE FOR REPRESENTATIVES OF LAPFF MEMBER FUNDS.**

Please contact Janice Hayward on info@lapfforum.co.uk for all seminar details.

10th ANNUAL CONFERENCE

Our annual conference will be held as usual at the **Bournemouth Highcliff Marriott Hotel**, on **November 30, December 1 & 2**, with the theme “**10 Years of Shareholder Activism - Results and Prospects**”

Speakers include:

Stephen Timms MP, Minister of State for Work & Pensions
Brendan Barber, General Secretary, TUC.



Please contact **Janice Hayward** on info@lapfforum.co.uk for further details. Conference places can be reserved by contacting 020 7247 2457 ext: 254

LAPFF membership as at 1 August 2005

- Avon Pension Fund
- City of Edinburgh Council
- Clwyd Pension Fund
- Derbyshire CC
- Devon CC
- Dyfed Pension Fund
- Greater Gwent Fund
- Greater Manchester Pension Fund
- Lancashire County Pension Fund
- LB Bexley
- LB Brent
- LB Camden
- LB Croydon
- LB Hackney
- LB Hammersmith & Fulham
- LB Islington
- LB Newham
- LB Southwark
- London Pension Fund Authority
- Merseyside Pension Fund
- Norfolk Pension Fund
- Northamptonshire CC
- North Yorkshire CC
- Nottinghamshire CC
- Shropshire CC
- Somerset CC
- South Yorkshire Pension Fund
- South Yorkshire PTE Pension Fund
- Teeside Pension Fund
- Tyne and Wear Pension Fund
- West Midlands Pension Fund
- West Midlands PTA Pension Fund
- West Yorkshire Pension Fund
- Wiltshire CC
- Worcestershire CC

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