

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

23 JULY 2015

PRESENT: G Boyington (Scheme Member) (Chair)

G Berrett (Employer, SYP), N Doolan (Unison), K Morgan (UCATT), J Thompson (Employer, Action Housing), S Carnell (Scheme Member), G Warwick (GMB) and S Ross (Scheme Member)

Officers: J Hattersley (Fund Director), G Chapman (Head of Pensions Administration), M McCarthy (Deputy Clerk), F Foster (Treasurer), A Frosdick (Monitoring Officer) and G Garrety (Democratic Services Officer)

Councillor E Butler, F Tyas and Councillor R Wraith (Observers)

Apologies for absence were received from Councillor B Curran and M Priestley

1 WELCOME AND INTRODUCTIONS

M McCarthy, the Deputy Clerk, welcomed everyone to the first meeting of the South Yorkshire Local Pension Board and invited Members and officers to introduce themselves.

2 ELECTION OF CHAIR

G Warwick nominated G Boyington as Chair of the Local Pension Board (LPB) for the forthcoming year; this was seconded by N Doolan.

RESOLVED: That G Boyington be elected as Chair of the Local Pension Board for the forthcoming year.

3 ELECTION OF VICE-CHAIR

As per the Board's Constitution which states 'When the Chair of the Board is from the employer representatives, then the Vice-Chair will be elected from the member representatives and vice-versa' the Chair asked for an employer nomination for the position of Vice-Chair.

J Thompson was nominated by G Boyington; this was seconded by G Berrett.

RESOLVED: That J Thompson be elected as Vice-Chair of the Local Pension Board for the forthcoming year.

4 SETTING THE SCENE

M McCarthy informed the Board that a raft of guidance and regulations had been issued by the Department for Communities and Local Government (DCLG) and The Pensions Regulator (TPR); most of these were fairly prescriptive but did allow for some flexibility in the way the Board could operate.

South Yorkshire Pensions Authority had developed a very robust governance structure which was fit for purpose and transparent; the main authority meetings were webcast live and available to view as an archive for six months.

It was important that the Board felt they had full access to the way the Authority and its Boards conducted business to satisfy themselves that governance was fit for purpose.

It was intended to provide the Board with statutory documents throughout the year, e.g. the Statement of Accounts and Annual Report, along with the minutes of every meeting of the Authority and its Boards to ensure that members had sufficient levels of information. This would give members the opportunity to request agenda items for future meetings, allowing for the development of a Work Programme.

Although TPR had stated that the LPB was there to scrutinise, it was also stated that this should be proportionate and duplication should be avoided. This, however, should not prevent the Board requesting additional information if they needed further assurance on any matter.

G Berrett stated that the Terms of Reference included a lot of responsibilities for the Board and enquired if the Board would be provided with all reports.

M McCarthy replied that members could request any reports; there may be some exceptions with regard to private 'pink' reports but this would be a rare occurrence. All public agendas and reports were available on the Authority's website.

G Warwick commented that training was a priority to bring members up to speed to enable them to scrutinise and assist the Authority. The Authority employed financial, investment and administration experts, therefore the Board needed to be knowledgeable enough to make judgements.

J Hattersley replied that although the training requirements for Board members were very clear, the guidance acknowledged that the Board could not be expected to be fully trained from day one. Training courses from external providers were beginning to emerge and these would be assessed by officers, in liaison with the Chair, and offered to the Board as appropriate; there would also be internal training opportunities. There was also the online training package from TPR which members could access independently.

5 OVERVIEW - SOUTH YORKSHIRE LGPS

J Hattersley informed the Board that the Local Government Pension Scheme (LGPS) was a national, statutory scheme comprising of 89 locally administered

funds with a myriad of employers. However, each individual fund was different with different liability profiles. The South Yorkshire Fund had over 300 employers, the largest of which were the four District Councils. South Yorkshire Passenger Transport Pensions Fund had just one employer.

The LGPS rules and regulations were unwieldy and slow to change; the rules were also open to misinterpretation.

The 89 funds all had differing governance practices, including some that delegated all powers to a finance director with no governance in place. As a stand-alone Authority, South Yorkshire was more transparent than most. Sheffield City Region Combined Authority had established a specialist Committee to manage its Fund.

G Chapman reported that from 1 April 2014 the Scheme became a career average scheme under the new regulations. From an administration point of view, this meant that every member's pension entitlement was calculated every year based upon their earnings for that year. Under the previous final salary scheme this calculation was only performed when a member left the scheme.

As previously mentioned, the Scheme rules were very complicated with different calculation methods for pre-2008, 2008-2014 and post 2014; members could also now retire from age 55 (with penalties) if they could afford it. It was therefore crucial that member communications were clear and easy to understand to enable members to make informed decisions regarding their pension.

Currently SYPA had approximately 50,000 active members, 48,000 deferred, 40,000 pensioners and 6,000 dependents. SYPTPF has 2,127 members of whom 203 were active, 1,510 were pensioners and there were 414 deferred members.

The Board were informed that a much more detailed overview of the Investment and Administration divisions would be provided in the near future.

6 MEMBERSHIP OF THE LOCAL PENSION BOARD

Members considered a report which set out the membership of the South Yorkshire Local Pension Board, noting that as per the Regulations, the Board comprised of an equal number of employer and scheme member representatives.

The Board also noted the two vacancies on the Board. The Doncaster MBC member was a mayoral appointment which it was hoped would be in place in time for the next meeting of the Board. The other vacancy was an employer representative for the South Yorkshire Passenger Transport Pension Fund. First Group had been requested to supply a nomination but had not responded. M McCarthy would now liaise with S Carnell (recently retired from First Group) who had contacts at a local level.

RESOLVED: That the report be noted.

7 CONSTITUTION AND TERMS OF REFERENCE

M McCarthy informed the Board that the officers had looked at best practice from DCLG and cross-referenced this with guidance from TPR in order to compile the Constitution and Terms of Reference. The Board noted that any amendments to the Constitution and Terms of Reference would have to be approved by the Pensions Authority.

The Chair commented that devising the Constitution and Terms of Reference must have been very difficult as guidance had been virtually non-existent or last-minute and was not South Yorkshire specific.

In response to a question from a member, it was confirmed that unless a member wished to resign, it was usual for a member to serve a maximum of two terms of office; the Constitution would be amended to make this clear.

With regard to the frequency of meetings of the Board, the Chair noted that the Constitution stated that 'the Board shall hold meetings at least twice a year. Additional meetings may be called at any time by the Chair.' The matter had been discussed at a meeting of the Pensions Authority, with some members of the opinion that 2 meetings were not enough.

G Warwick agreed, commenting that two meetings per year were not enough to fulfil the aims and objectives of the Board.

The Board were in agreement and the Chair suggested that the Board should meet quarterly for the first year, after meetings of the Authority or its Boards where possible.

RESOLVED: To submit a report to the next meeting of the Pensions Authority suggesting the following amendments to the Constitution and Terms of Reference:

- (i) to add: 5.1.4 A member may serve a maximum of two terms of office.
- (ii) to amend: 10.1 The Board shall meet quarterly.

8 CONFLICTS OF INTEREST POLICY

Members considered the Conflicts of Interest Policy. It was noted there was a requirement for LPB members not to have a conflict of interest; the issue of conflicts of interest must be considered in the light of the LPB's role in assisting the Scheme Manager in securing compliance with the LGPS Regulations. As the LPB does not make decisions in relation to the Scheme it was not anticipated that significant conflicts would arise.

The Monitoring Officer informed the Board that officers were at their disposal to give any guidance required.

RESOLVED: That the report be noted.

9 WORK PROGRAMME

It was noted that it was the responsibility of the Board to establish a Work Programme that would enable it to achieve its role; DCLG guidance on issues a Board may wish to consider was attached as an appendix to the report for member's information.

As discussed earlier in the meeting, it was intended to supply members with statutory and other key documents during the year along with the meetings of the Authority and its Boards. Members could then request agenda items for future meetings allowing for the development of a Work Programme.

It was also suggested that to ensure processes were proper and fit for purpose, the Board could take one case, anonymise it and go through the process from start to finish.

RESOLVED: That the report be noted.

10 MEMBER LEARNING AND DEVELOPMENT PROGRAMME

Members considered a report that aimed to assist with the creation of a Member Learning and Development Strategy.

As a first step, members had been requested to complete a Member Learning and Development questionnaire which would be used to assess priority training needs.

As discussed earlier in the meeting, external training for LPB members was beginning to emerge. This would be assessed by officers in liaison with the Chair and offered to members as appropriate. Internal training would also be offered periodically, beginning with an induction session at the next meeting of the Board.

It was noted that training could also be in the form of briefings or online, members were asked to share any useful information they found.

Members were also informed of TPR's online Public Service Toolkit which they were required to complete. The Toolkit was in modules which could be completed individually at a pace to suit each member. If required, support could be provided by officers of the Joint Authorities Governance Unit.

11 LOCAL PENSION BOARD BUDGET

Members were informed that a report on a budget for the LPB would be submitted to the next meeting of the Pensions Authority. This would now take into account that the Board were to meet quarterly, the costs of external training and members' expenses. The LPB budget would be included within the Authority's budget as a separate identifiable item in the accounts.

12 DATE OF NEXT MEETING

It was suggested that the next meeting of the LPB be held after the next Authority meeting; this would be confirmed in due course.

CHAIR