

Date: 24 September 2015

To: ALL MEMBERS OF THE LOCAL PENSION BOARD



**SOUTH YORKSHIRE  
LOCAL PENSION BOARD**

Authorised and regulated by the  
Financial Conduct Authority

D Terris  
*Clerk*

18 Regent Street  
Barnsley  
South Yorkshire  
S70 2HG

This matter is being dealt with by: Gill Richards

Direct Line: 01226 772806  
Email: [grichards@syjs.gov.uk](mailto:grichards@syjs.gov.uk)

Dear Member

**LOCAL PENSION BOARD**  
**Thursday 1 October 2015**

A meeting of the Local Pension Board will be held at 12.00 pm, or at the later conclusion of the Pensions Authority, on Thursday 1st October, 2015 at the offices of the South Yorkshire Pensions Authority, 18 Regent Street, Barnsley, S70 2HG.

Car parking will be available at the rear of the building.

The agenda is attached.

Yours sincerely

D Terris  
Clerk

Encs

**Distribution:** Glyn Boyington (Chair), Geoff Berrett, Steve Carnell, Cllr Ben Curran, Nicola Doolan, Kevin Morgan, Melanie Priestley, Susan Ross, Jill Thompson (Vice-Chair) and Gary Warwick.

## **Terms of Reference**

### **1. Administration**

- 1.1 Monitor and review the performance of Scheme administration including suggesting any changes to Service Level Agreements.
- 1.2 Monitor, review and report on the receipt of contributions.
- 1.3 Monitor investment manager reports.
- 1.4 Review the format, timing and source of management information presented to the Board.

### **2. Auditors**

- 2.1 Monitor and review the appointment and performance of the auditors.
- 2.2 Monitor and review the Annual Report and accounts.
- 2.3 Review the recommendations produced by audit and give consideration to what action should be taken and make recommendations to the Scheme Manager as appropriate.
- 2.4 Monitor and Review the Work Programmes for the Pensions Authority and its Boards and the South Yorkshire Passenger Transport Pension Fund Committee.

### **3. Internal Controls and Risk Register**

- 3.1 Monitor and review the Authority's Risk Register.
- 3.2 Monitor internal controls and procedures of the Pensions Authority.

### **4. Communications**

- 4.1 Monitor and make recommendations as appropriate on:-
  - The information available on the SYPA internet site
  - The information provided to Scheme members on leaving, retirement etc.
- 4.2 Produce and Annual Report upon its activities to be submitted to the Pensions Authority.
- 4.3 Produce reports and make recommendations to the Pensions Authority that relate to the work of the LPB. Any reports must be provided at least ten working days in advance of the next Pensions Authority meeting.

### **5. Monitoring and the Exercising of Discretions**

- 5.1 Monitor the validity of any discretions made by the employers/Administering Authority.

### **6. Budgets**

- 6.1 Agree a yearly budget for the operation of the Local Pension Board and submit to the Authority for approval.
- 6.2 Monitor the level of fees against the annual budget set for the Pensions Board.

# LOCAL PENSION BOARD

THURSDAY 1 OCTOBER 2015 AT 12.00 PM

## AGENDA

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1	Welcome and Apologies	
2	LGPS/South Yorkshire Scheme - Induction  John Hattersley, Fund Director and Gary Chapman, Head of Pensions Administration.	
3	Declarations of Interest	
4	Minutes of the Meeting of the Board held on 23 July 2015  - Matters arising	1 - 6
5	Joint Local Pension Board	7 - 8
6	LPB Constitution and Terms of Reference  Subject to the outcome of the preceding meeting of the Pensions Authority.	9 - 10
7	Correspondence Received Regarding Constitution and Terms of Reference	
8	Issues for consideration as a result of Authority meetings convened since the last meeting of the Local Pension Board  Members are requested to refer to the link to the agenda for the meeting of the Investment Board previously circulated for information.	
9	Member Learning and Development Update	Verbal Report
10	Any Other Points of Business	

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11	Date of Next Meeting	

## 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



**Department for  
Communities and  
Local Government**

John Hattersley  
Fund Director  
South Yorkshire Pensions Authority  
18 Regent Street  
Barnsley  
South Yorkshire  
S70 2HG

SOUTH YORKSHIRE  
PENSION AUTHORITY

07 SEP 2015

ADMINISTRATION  
DEPARTMENT

**Marcus Jones MP**  
Minister for Local Government

# Agenda Item 5

**Department for Communities and Local  
Government**

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03 SEP 2015

*Dear Mr Hattersley,*

Thank you for your email of 26 June 2015 giving the details of your request for an approval from the Secretary of State to establish a joint local pension board for the pension funds managed by the South Yorkshire Pensions Authority and the Sheffield City Region Combined Authority under Regulation 106(3) of the Local Government Pension Scheme Regulations 2013.

Regulation 106(3) of the 2013 regulations provides that where the administration and management of a scheme is wholly or mainly shared by two or more administering authorities, those administering authorities may establish a joint local pension board if approval in writing has been obtained from the Secretary of State. Officials from the Department have been given the delegated authority to consider and decide such applications on behalf of the Secretary of State.

### Consideration

The two funds will remain different in nature due to the closed position of the Passenger Transport Fund. This will require separate investment strategies, different actuaries and independent advisors. However the contractual arrangements by which the South Yorkshire Pensions Fund administers and manages the Passenger Transport Fund as well as the South Yorkshire Fund, mean that the day to day administration and management of both funds is done by the same body.

### Decision

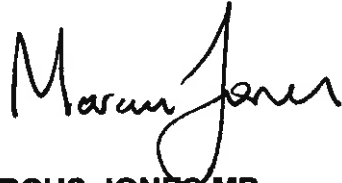
On the evidence provided, the Department is satisfied that the contractual arrangement between the South Yorkshire Pension Fund and the Sheffield City Region Combined Authority is sufficient to demonstrate that the administration and management of the pension funds managed by the two administering authorities is wholly or mainly shared for the purposes of Regulation 106(3).

Approval is therefore given for the scheme managers for the funds to establish a joint local pension board for the South Yorkshire Pension Fund and the South Yorkshire Passenger Transport Pension Fund.

The Department has the ability to revoke the approval should a change in circumstances warrant it.

A copy of this letter will be sent to the Shadow Scheme Advisory Board for their information.

*Yours sincerely,*

A handwritten signature in black ink that reads "Marcus Jones". The signature is written in a cursive style with a large, prominent 'J'.

**MARCUS JONES MP**

# Agenda Item 6

## SOUTH YORKSHIRE PENSIONS AUTHORITY

1 October 2015

### Report of the Deputy Clerk

## CONSTITUTION AND TERMS OF REFERENCE OF THE SOUTH YORKSHIRE LOCAL PENSION BOARD

### 1. Purpose of the Report

To consider amendments to the Constitution and Terms of Reference of the South Yorkshire Local Pension Board.

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### 2. Recommendations

**Members are recommended agree to the suggested amendments.**

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### 3. Background

3.1 At its first meeting on 23 July 2015 the South Yorkshire Local Pension Board considered its Constitution and Terms of Reference as approved by the Authority on 19 March 2015.

3.2 Section 5 of the Constitution details the make-up and length of appointment of Scheme member and employer representatives of the Local Pension Board.

3.3 It is usual practice for a member to serve a maximum of two terms of office and it is suggested that the Constitution should be amended to make this clear, with the addition of:

5.1.4 A member may serve a maximum of two terms of office.

3.4 Section 10 of the Constitution deals with the meetings and procedures of the Board. Section 10.1 states "the Board shall hold meetings at least twice a year. Additional meetings may be called at any time by the Chair". In order to ensure the Board can fulfil its aims and objectives satisfactorily, it is suggested that this is amended to:

10.1 The Board shall hold meetings quarterly. Additional meetings may be called at any time by the Chair.

### 4. Implications

- Financial - none
- Legal - none
- Diversity - none

**M McCarthy**  
Deputy Clerk

**Officer Responsible:** Gill Richards, Democratic Services Officer  
South Yorkshire Joint Authorities Governance Unit  
01226 772806; [grichards@syjs.gov.uk](mailto:grichards@syjs.gov.uk)

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