

SHEFFIELD CITY REGION COMBINED AUTHORITY/SOUTH YORKSHIRE PENSIONS AUTHORITY

JOINT LOCAL PENSION BOARD

17 MARCH 2016

PRESENT: G Boyington (Scheme Member) (Chair)

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

Officers: J Hattersley (Fund Director SYPA), G Chapman (Head of Pensions Administration SYPA), M McCarthy (Deputy Clerk), G Richards (Democratic Services Officer) and I Baker (Pensions Manager SYPA)

Apologies for absence were received from Councillor T Corden, Councillor B Curran, N Doolan, S Carnell, F Foster and A Frosdick

1 **WELCOME AND APOLOGIES**

The Chair welcomed everyone to the meeting - apologies were noted as above.

Apologies were made regarding the late start to the meeting; the preceding Pensions Authority meeting had lasted longer than anticipated due to long debates around the Civica administration system and the Authority's Climate Change policy. Officers would strive to better "guesstimate" the length of preceding meetings to avoid LPB members having a lengthy wait before meetings.

2 **DECLARATIONS OF INTEREST**

None.

3 **MINUTES OF THE MEETING HELD ON 14 JANUARY 2014 AND MATTERS ARISING**

With regard to minute 3, the Board was informed that earlier in the day, the Pensions Authority had approved the requested amendments to the Boards' constitution. Subject to SCRCA also agreeing the constitution would be updated accordingly.

With regard to the review of the Risk Management Policy and Risk Register, M McCarthy informed the Board that A Hunt, Risk and Governance Manager at Barnsley MBC, had met with J Hattersley and G Chapman to discuss SYP's requirements and to ensure a proportionate approach.

Further work was now ongoing to develop draft Risk Management Policy and Risk Register for submission to a future SYPA meeting. The planned Risk Workshop had not taken place due to time constraints, but Members of the Board would be kept up to date and comments and suggestions sought before the updated documents were presented to SYPA for approval. If necessary, an extra meeting of the LPB could be arranged to discuss the matter in more detail.

A Hunt would be invited to a future meeting of the Board to discuss risk management in detail with Members.

The minutes of the meeting of the Board held on 14 January 2016 were agreed as a correct record.

4 WORK PROGRAMME

The Board considered its Work Programme.

G Berrett commented that the Work Programme should reflect the Boards Terms of Reference so the Board could be confident that it was able to fulfil its role.

The Chair commented that it would be useful to look at the Work Programmes for the two Authorities (and Boards) and mirror this in the Board's Work Programme to enable the Board to make timely comments on current issues.

Officers kept Members up to date between meetings by email and the supply of links to all meeting agendas; S Ross commented that the minutes on the Authorities website provided a good overview of current issues.

It was agreed that the Work Programme be developed further for the next meeting of the Board.

5 PENSIONS AUTHORITY MEETING CYCLE

Members considered the 2016/17 Pensions Authority meeting cycle which had been approved by the Authority at its meeting earlier in the day.

The Board agreed to continue holding their meetings after meetings of the Authority or its Boards.

It was noted that the meeting of the Investment Board scheduled to be held on 23 June 2016 would have to be rescheduled due to a clash with the EU Referendum.

Joint Local Pension Board meeting dates were confirmed as:

20 July 2016
6 October 2016
12 January 2017, and
16 March 2017.

6 ADMINISTRATION STRATEGY

The Board considered the Pensions Administration Strategy which would be introduced by SYPA on 1 April 2016 and implemented on a phased basis. It was hoped that SCRCA would approve its adoption from 1 May 2016.

J Thompson commented that the Action Housing management team had welcomed the strategy.

The Board discussed the implications of the announcement in the recent Budget that all schools would become academies by 2020. The Board commented that a strategy and plan would need to be in place to accommodate the possibility of hundreds of new employers, making it clear what was expected of them and the position on any deficits.

G Chapman agreed, informing the Board that a system was already in place which would be reinforced by the Pensions Administration Strategy.

A report on how the Authority planned to deal with the situation would be submitted to the Pensions Authority in due course; the Local Pension Board would be kept up to date with the situation and asked to comment where appropriate.

7 INVESTMENT POOLING UPDATE

J Hattersley confirmed to the Board that the Authority's preferred investment pool was Border to Coast (B2C) which comprised of Bedfordshire, Cumbria, Durham, East Riding, Lincolnshire, North Yorkshire, Northumberland, South Yorkshire, South Yorkshire Passenger Transport Fund, Surrey, Teesside, Tyne and Wear and Warwickshire. The pool would have combined assets of approximately £36 billion. Within the pool, South Yorkshire and Tyne and Wear were the largest with SY Passenger Transport Fund being by far the smallest. South Yorkshire, East Riding and Teesside had a degree of internal management.

A response to the Government's consultation had been submitted at both Authority and Pool level by the deadline of 19 February 2016. Government's response to the proposal was still awaited.

Guidance regarding the legal structure of pools was still outstanding. B2C was likely to use the Authorised Contractual Scheme and joint committee approach if agreed by Government.

Some pools were discussing with each other a joint approach with regard to infrastructure investment.

The Board were informed that establishment costs estimates would not be less than £150,000 per fund. This caused concerns for smaller funds, like the SY Passenger Transport Fund, especially since their largest allocation of fund assets would likely be held outside the pool.

S Ross queried whether there was any provision for government assistance for these large costs. J Hattersley replied that the government had made it clear from the outset that funds would have to bear all costs.

The Chair commented that there seemed to a lot of unanswered questions especially considering the tight timetable and queried whether the costs involved would have any impact on members' benefits.

J Hattersley replied that benefits were statutory but there might, eventually, be an increase in employers' contributions, albeit minor.

Officers would keep the Board up to date on any future developments.

8 EXTERNAL AUDIT ARRANGEMENTS

The Board considered a report which informed them of the external audit arrangements following the closure of the Audit Commission on 31 March 2015. The local government contracts had recently been extended to cover the audits for the 2017/18 financial year. This meant that the Authorities would need to appoint their own auditor with effect from the 2018/19 financial year.

The SYPA Corporate Planning and Governance Board had considered the report, along with the attached KPMG paper, at its November meeting; SCRCA Passenger Transport Fund Committee in September. The selection of the external auditor had been added to SYPA Work Programme for 2016/17.

SYPA would be developing a strategy for the appointment of the external auditor which LPB members could be involved with.

A Member questioned the audit arrangements for the Local Pension Board. The Board were informed that officers had asked both CLG and the LGA for guidance and had been advised that it was up to administering authorities to satisfy themselves with regard to the LPB budget.

The Chair commented that with such a small budget it would not be worth appointing an external auditor; internal audit would be sufficient.

G Berrett agreed that it would not be proportionate and suggested that the Board should be monitoring its own budget with a simple budget monitoring report submitted to each meeting.

RESOLVED - That a Budget Monitoring report be submitted to each meeting of the Local Pension Board.

CHAIR