

Public Document Pack

Date: 29 September 2016

To: MEMBERS OF THE SOUTH YORKSHIRE JOINT
LOCAL PENSION BOARD



**SOUTH YORKSHIRE
LOCAL PENSION BOARD**

18 Regent Street
Barnsley
South Yorkshire
S70 2HG

www.southyorks.gov.uk

This matter is being dealt with by: Gill Richards

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Dear Member

SOUTH YORKSHIRE JOINT LOCAL PENSION BOARD

Thursday 6 October 2016

A meeting of the South Yorkshire Joint Local Pension Board will be held at 12.00 pm on Thursday 6th October, 2016 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 Tony Corden, Cllr Ben Curran, Nicola Doolan, Kevin Morgan, 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 an 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.

SOUTH YORKSHIRE JOINT LOCAL PENSION BOARD

THURSDAY 6 OCTOBER 2016 AT 12.00 PM

AGENDA

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6	Investment Pooling Update	Verbal Report
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Agenda Item 3

SHEFFIELD CITY REGION COMBINED AUTHORITY/SOUTH YORKSHIRE PENSIONS AUTHORITY

JOINT LOCAL PENSION BOARD

20 JULY 2016

PRESENT: G Boyington (Scheme Member) (Chair)

G Berrett (Employer, SYP), S Carnell (Scheme Member), K Morgan (UCATT), S Ross (Scheme Member) and G Warwick (GMB)

Officers: S Barrett (Interim Fund Director), G Chapman (Head of Pensions Administration SYPA), M McCarthy (Deputy Clerk), M McCoolle (Senior Democratic Services Officer) and A Hunt (Risk and Governance Manager)

Apologies for absence were received from Councillor T Corden, Councillor B Curran, N Doolan-Hamer, M Priestley, J Thompson, F Foster, A Frosdick and G Richards

1 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting, and introductions were made. Apologies for absence were noted as above.

G Boyington referred to a number of employer representatives that had not attended any of the Board meetings; he suggested that the employer representatives' membership should be considered at a future Board meeting.

M McCarthy commented that a letter would be sent on behalf of the Chair to seek the views of those employer representatives. The Board's constitution would be considered if a negative response was received.

RESOLVED – That Members noted that a letter would be sent, on behalf of the Chair, to those employer representatives that had not attended any of the Board meetings.

2 DECLARATIONS OF INTEREST

None.

3 MINUTES OF THE MEETING HELD ON 17 MARCH 2016 AND MATTERS ARISING

RESOLVED – That the minutes of the meeting of the Board held on 17 March 2016 were agreed as a correct record.

4 WORK PROGRAMME

The Board considered its Work Programme to 6 October 2016.

G Boyington commented that the Work Programme had been further developed since the last Board meeting. Colleagues were requested to inform him of any additional items for inclusion onto the Work Programme.

G Berrett requested that the Board's Terms of Reference should be reflected within the Work Programme, in particular in relation to the Audit function, monitoring the validity of any discretions made by the employers/Administering Authority and monitoring the level of fees against the annual budget set for the Pensions Board.

M McCarthy would discuss those monitoring issues within the Terms of Reference, with Section 151 Officers and colleagues, with a view to providing reports to the next Board meeting. The Head of Internal Audit would provide an Audit function report to the next Board meeting.

A draft agenda would be circulated onto Members prior to the next Board meeting, to establish whether any additional items were required to provide the necessary assurance.

S Barrett referred to the Internal Audit report presented at today's Corporate Planning and Governance Board (CP&GB) meeting. He suggested that Members of the Board be provided with an electronic link to the reports upon despatch of the CP&GB agendas.

G Berrett added that he would also expect specific CP&GB reports to be presented to meetings of the Board. He suggested that it would be useful for the Board to have been presented with reports in relation to each item of the Terms of Reference, at the end of the 12 month period.

G Boyington requested officers to ascertain how the Board's agenda items fit with the Authority and other Board meetings, to ensure that the items were included on the Board's agendas, in order for Members to acknowledge that they had seen them and to avoid duplication.

G Berrett requested that the following items be included onto the Work Programme:-

- To review the Pensions Regulator Code of Practice.
- Breaches of the Law, to enable the Board to review the numbers of such breaches in the internal reviews and action plan.
- Service Level Agreement.

RESOLVED – That Members:-

- i) Noted the Work Programme.

- ii) Were requested to inform G Boyington of any additional items for inclusion onto the Work Programme.
- iii) Agreed that a draft agenda be circulated prior to the next Board meeting.
- iv) Noted that an Audit function report would be presented to the next Board meeting.
- v) Agreed the proposed items for inclusion on the Work Programme.
- vi) Noted that M McCarthy would discuss the monitoring issues within the Terms of Reference, with Section 151 Officers and colleagues, with a view to providing reports to the next Board meeting.
- vii) Noted that officers would ascertain how the Board's agenda items fit with the Authority and other Board meetings, to ensure that the items were included on the Board's agendas.

5 ISSUES FOR CONSIDERATION AS A RESULT OF AUTHORITY MEETINGS

G Warwick suggested that it would be useful, when reviewing the summary fund account, for an explanation to be provided in relation to the contributions that had reduced from 2014/15 to 2015/16 from £315m to £220m.

S Barrett commented that in 2014/15 cash injections had been accelerated by the four larger employers; the deficit had been addressed by a percentage of the employers.

RESOLVED – That Members noted the update.

6 RISK MANAGEMENT ARRANGEMENTS - SOUTH YORKSHIRE PENSIONS BOARD

A report of the Clerk to the Authority was presented to update Members on the developing Risk Management arrangements for the South Yorkshire Pensions Authority.

A Hunt informed Members of the good engagement made with G Chapman, J Hattersley and S Barrett to refine the draft Risk Register. He would develop the policy and strategy to be presented with a final version of the Risk Register to the next Authority and Board meetings in October 2016.

G Warwick referred to Risk No. 002 'Failure to ensure that the Elected Members' knowledge and understanding of Pensions related activities is robust, and meets the statutory requirements in terms of Section 248a of the Pensions Act 2004'. He added that scrutiny was one of the Board's primary objectives, and he hoped that the Board would be included within the risk.

M McCarthy referred to Member learning and development; Board Members would be invited to attend any pertinent training courses.

A Hunt requested Members to inform him of any risk management training requirements.

G Berrett commented that the six monthly review periods were too infrequent, and that it would be good practice to review the risks on a quarterly basis.

A Hunt commented that he would update the Risk Register to indicate the next review period. He added that BMBC reviewed their risks twice annually; he would reconsider the Board's review periods to include a number of interim review dates.

RESOLVED – That Members:-

- i) Noted the developing Risk Management arrangements for South Yorkshire Pensions Authority.
- ii) Agreed to continue to receive periodic updates regarding the Risk Management arrangements for South Yorkshire Pensions Authority during 2016/17.
- iii) Noted that the policy and strategy would be presented with a final version of the Risk Register to the next Authority and Board meetings in October 2016.
- iv) Agreed to inform A Hunt of any risk management training requirements.
- v) Noted that A Hunt would include a number of interim review dates onto the Board's Risk Register.

7 LOCAL PENSION BOARD BUDGET

Members were presented with the Board's expenditure to 31 June 2016. The Board had only incurred travel expense claims, subsistence and training expenses at the end of Quarter 1, and therefore the expenditure had been minimal against the budget.

M McCarthy referred to previous conversations with the Chair and Vice Chair in relation to the courses currently available; the consensus had been that Members would not gain a great deal from the current courses available in comparison to the expensive course fees.

Members noted that they could seek professional advice within the Board's terms of reference is so required. M McCarthy requested Members to inform him of any specific training requirements.

RESOLVED – That Members:-

- i) Noted the Local Pension Board budget.
- ii) Agreed to inform M McCarthy of any specific training requirements.

8 MEMBER LEARNING AND DEVELOPMENT

G Boyington referred to the CIPFA Local Pension Boards Conference held on 29 June 2016 in London which J Thompson and himself had attended. The conference had predominately been attended by the chairs and vice chairs of the local pension boards. The Pensions Regulator had shown a keen interest in transparency, and he had queried that G Boyington's photograph and/or biography could not be located on the South Yorkshire Authorities' website. A suggestion had been made to regularly review the Regulator Code of Practice, together with the need to consider complaints and complements. A distance training package was available on the Pensions Regulator website www.thepensionsregulator.gov.uk.

Members would be provided with the details of the 3 day fundamentals training courses, to which Elected Members attended. K Morgan commented that he would be interested in attending the training courses.

G Warwick gave thanks to G Chapman and colleagues for the background information provided in relation to the Pensions Regulations and the internal training which had always been of an excellent standard. He added that it was important for Members to be kept up to date on developments in relation to the pooling arrangements and nearing the end of the Government's consultation period on the final investment pool. It was noted that GMB were concerned at the outcome of the Tata negotiations on the restriction of pensions.

G Boyington reiterated that it was imperative for the Board to be kept updated on developments. He gave thanks to J Hattersley and G Chapman for the information previously provided to Members, which had provided a useful steer on the Board's responsibilities, and would continue through S Barrett.

RESOLVED – That Members:-

- i) Noted the verbal update.
- ii) Noted that G Boyington's photograph and/or biography should be included onto the South Yorkshire Authorities' website.
- iii) Agreed to be provided with the details of the 3 day fundamentals training courses.

9 SOUTH YORKSHIRE JOINT LOCAL PENSION BOARD ANNUAL REPORT 2015/16

Members were presented with the South Yorkshire Joint Local Pension Board Annual Report 2015/16.

G Boyington gave thanks to G Richards for her sterling work in producing the report. Members agreed that it would be appropriate to include Member attendance and details of the Board's budget within the report.

M McCarthy informed Members that it was incumbent of the Board to prepare an annual report to be presented to the Authority (the scheme manager). The Authority was not scheduled to meet again until October 2016; he queried whether a report should be released in the interim period.

G Boyington commented that subject to it being legally correct, he would like an interim report to be published onto the South Yorkshire Authorities' website, in an easily locatable area.

G Warwick referred to a number of concerns raised by the Advisory Board in relation to the function, role and payment of some of the chairs. He suggested that it would be useful to send a copy of the Board's Annual Report onto the Advisory Board and the Department for Communities and Local Government, to indicate that the Board was active and undertaking its' duties for the purposes that it was initially intended.

M McCarthy commented that he would draft a letter on behalf of G Boyington, to be sent to those Members who had not attended the Board's meetings. He would also request D Terris to speak to her colleagues at the district councils to request their respective members' attendance at the Board meetings.

G Berrett drew Members' attention to the 'Work of the Board 2015/16' section within the report. He suggested that the first bullet point should read 'A model Constitution and Terms of Reference', and that the additional narrative within that bullet point should be included onto the sentence above.

RESOLVED – That Members:-

- i) Noted the South Yorkshire Joint Local Pension Board Annual Report 2015/16.
- ii) Agreed that Member attendance and details of the Board's budget be included on the Annual Report.
- iii) Noted that the Annual Report would be presented to the Authority meeting in October 2016.
- iv) Agreed that an interim Annual Report be published onto the South Yorkshire Authorities' website in an easily locatable area, subject to it being legally correct.
- v) Agreed that a copy of the Annual Report be sent to the Advisory Board and the Department for Communities and Local Government.
- vi) Noted that a letter would be sent on behalf of G Boyington, to those Members who had not attended the Board's meetings, and that D Terris would be requested to speak to her colleagues at the district councils, to request their respective members' attendance at the Board meetings.
- vii) Noted the suggested amendment to the Annual Report.

S Barrett referred Members to the development of Borders to Coast; the final submission had been made by 15 July 2016. Members had been provided with copies of the Pension Authority agenda of 30 June 2016, which underpinned matters further.

S Carnell commented that the Board was not permitted to receive private Pensions Authority papers.

S Barrett commented that an essential principle for the final governance structure was that each fund would establish its own asset allocation, which for the Board rested with the Pensions Authority. The decision of how the funds would be used and managed would be made through the executive body. A supervisory entity would be established for a member from each fund within the pool, and all 12 of the voting members would have voting rights (except the Passenger Transport Pension Fund, who wanted to avoid sharing a cost of the fund). It was noted that the Government would respond to submissions by September/October 2016; a large proportion of work was required ahead of 1 April 2018.

G Boyington referred to discussions with colleagues in London, who were equally on board; it was apparent that people were struggling with the concept of having a pooled fund, to which individual authorities were still responsible for their own assets and allocation.

S Barrett commented that there would be a role for the Board. At this stage the administrative side would retain all administrative functions, to which the Local Pension Board would still have a large interest into how it was managed.

G Boyington commented that the Board's direct involvement in investment was limited. The Board hoped that as much investment work as possible would be retained in-house; he queried the position of any physical relocation for the Investment Team.

S Barrett commented that there would almost certainly be a physical relocation in Yorkshire. The main internal investment teams were based in Teesside, East Riding and South Yorkshire.

RESOLVED – That Members noted the update.

11 CIPFA LPB SURVEY

The Board was presented with a report to advise of the results of a survey conducted by CIPFA regarding Local Pension Boards. A total of 59 responses to the survey had been made, which included one submission on behalf of the Board. The results of the survey would be discussed at the workshops scheduled at the CIPFA annual conference later this month.

M McCarthy commented that the Board was conforming to everything that the Pensions Regulator and the CLG had requested in the establishment of the Board.

G Berrett referred to the statistics from the summary results from the survey. He suggested that the Board's budget and Members attendance at meetings should be included in the Annual Report, to identify the work that the Board intended to undertake.

G Boyington commented that he would speak to the Chair of the Authority to firm up his capacity of attending Pensions Authority meetings.

RESOLVED – That Members:-

- i) Noted the report.
- ii) Agreed that the Board's budget and capability of Members be included in the Annual Report.

12 INDEMNITY INSURANCE FOR LOCAL PENSION BOARDS

Members were presented with the Counsel's Opinion of James Goudie QC on the Local Government Pension Scheme 'LGPS' Pension Boards. Counsel's Opinion related to the legal status of a LPGS Board, the legal relationship between such a Pension Board and the scheme manager and details of the conflict between the two.

G Boyington referred to the large number of individuals that were exercised by the business of insurance. Counsel's Opinion had highlighted that as the Board was not classed as a local authority committee, that it was highly likely that many of the local authority insurers would not automatically provide indemnity cover for the Board. He considered that the risks were low, but that it would be necessary to ascertain the opinion of the Authority's insurers or legal team, in the event that the Board was unjustly accused.

M McCarthy commented that he would seek to obtain a definitive answer from the Authority's insurers and A Frosdick, Monitoring Officer.

G Boyington requested that Members be provided with a response in the interim period.

G Boyington gave thanks to everyone for attending today's meeting.

RESOLVED – That Members:-

- i) Noted Counsel's Opinion.
- ii) Noted that a definitive answer would be sought from the Authority's insurers and legal team in relation to indemnity cover for the Board from local authority insurers.

CHAIR

SOUTH YORKSHIRE PENSIONS AUTHORITY

Joint Local Pension Board

6 October 2016

Board Work Programme

1. Summary

The Work Programme attached is based on the Board's Terms of Reference and provides a structured approach to the work required to enable members to fulfil the Board's responsibilities. It also provides for the regular review of the Board's working arrangements.

2. Recommendations

Members are recommended to:

- a) Consider and agree the updated Work Programme attached.**
 - b) Consider and nominate topics for future meetings.**
-

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Appendix A

South Yorkshire Joint Local Pension Board Work Programme

Terms of Reference Area	Jan	March	July	Oct	Author
<u>Board Arrangements</u>					
Board Work Programme	x	x	x	x	GR
Cycle of Board Meetings		x			GR
Board's Annual Report			x		MM/GR
LPB Budget Monitoring	x	x	x	x	BC
Minutes of Previous Meeting/Matters Arising	x	x	x	x	GR
Annual Review of Constitution & ToR			x		MM/GR
Learning & Development	x				MM/GR
Amendment to Terms of Reference				x	GR
<u>Administration</u>					
Employers Performance		x			GC
Pensions Administration Update	x		x		GC
Review of Administration Strategy		x			GC
Investment Update	x	x	x	x	Various
Authority and Board Work Programmes				x	FB
SYP Annual Fund Meeting				x	GC
SYP Annual Fund Meeting Survey	x				GC
Employers Forum Survey		x			GC
Review of Annual Report				x	GR
Treasury Management	x				TBC
Authority Budget Monitoring			x		TBC
<u>Auditors</u>					
Internal Audit Update (incl. recommendations)	x				RW
Internal Audit Annual Report			x		RW
External Audit Annual Governance Report			x		LW
External Audit Annual Audit Letter	x				LW
<u>Risk Management</u>					
Annual Review of Risk Management			x		AH
Risk Register	x				AH
<u>Communications</u>					
Information of the SYPA Website	x		x		GR
Information provided on retirement, leaving etc.		x			GR

Appointment of External Auditor will be added when appropriate.
 Topical issues & requests from LPB members will be added where necessary.

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SOUTH YORKSHIRE PENSIONS AUTHORITY
LOCAL PENSION BOARD EXPENDITURE TO Q/E 30/09/16

Agenda Item 7

	ORIGINAL OUTTURN	ACTUAL OUTTURN	2016-17 VARIANCE	Note
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LOCAL PENSION BOARD

Travel, Accommodation and Subsistence	3,500	720	2,780	1
Training	8,000	300	7,700	1
Professional Advice	3,500	-	3,500	1
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	15,000	1,020	13,980	

1. Expenditure has been minimal against this budget as the Local Pension Board has only incurred travel expense claims, subsistence and training expenses at the end of Qtr2

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South Yorkshire Pensions Authority – cycle of future meetings

Authority Meetings

Agendas	6 October 2016	24 November 2016	12 January 2017	16 March 2017
Strategic Overview of Business	Verbal update on matters arising since last meeting	Verbal update on matters arising since last meeting	Verbal update on matters arising since last meeting	Verbal update on matters arising since last meeting
	S41 Feedback	S41 Feedback	S41 Feedback	S41 Feedback
Board Scrutiny	Call-Ins	Call-Ins	Call-Ins	Call-Ins
Review of Strategies		Annual Review of Risk Management Policy		
	Actuarial Valuation 2016 Presentation from Mercer			
	Government Consultation on LGPS Pooling verbal update	Government Consultation on LGPS Pooling	Government Consultation on LGPS Pooling	Government Consultation on LGPS Pooling
	Qtr 1 Performance Snapshot Report	Qtr 2 Performance Snapshot Report		Qtr 3 Performance Snapshot Report
	<u>Member Development Annual Update</u>	<u>Member Development Annual Update</u>		Treasury Management Strategy Statement
	CP&GB Audit Committee Functions Annual Report			
Business	Board Chairs' Reports	Board Chairs' Reports	Board Chairs' Reports	Board Chairs' Reports

	6 October 2016	24 November 2016	12 January 2017	16 March 2017
Business	Review of Pensions Admin/UPM	Budgets and Revised Estimates	Budgets and Revised Estimates	Meeting Dates of Authority and Boards
	SYPF Annual Fund Meeting	FoIA Annual Report Publication Scheme	Members Self-Assessment Report	
	Webcasting Contract	SYPF Annual Fund Meeting	SYPF Annual Fund Meeting	
Training & Development				

**South Yorkshire Pensions Authority – cycle of future meetings
Corporate Planning & Governance Board**

Agendas	20 July 2016	20 October 2016	16 February 2017	1 June 2017
Overview of Business	Minutes of Previous Meeting	Minutes of Previous Meeting	Minutes of Previous Meeting	Minutes of Previous Meeting
	Work Programme	Work Programme	Work Programme	Work Programme
Pensions Admin	Pensions Administration Update	Pensions Administration Update	Pensions Administration Update	Pensions Administration Update
	Annual Review of Ill Health Retirements	Benchmarking Results		
	Annual Review of Appeals			
Stakeholders	Employers SLA Performance	Employers SLA Performance	Employers SLA Performance	Employers SLA Performance
	Annual Review of Employers SLA performance			
Audit Committee Issues	Risk Management	Risk Management	Risk Management	
	External Audit Annual Governance Report (ISA 260)	KPMG Annual Audit Letter	Internal Audit Plan 2017/2018	Approve Annual Governance Statement
	Final Accounts 2015/2016	External Audit Progress Report and Technical Update	Internal Audit Charter & Strategy 2017/2018	CP&GB Audit Committee Functions Draft Annual Report
	Internal Audit Progress Report Qtr 1/outstanding recommendations	Internal Audit Progress Report Qtr 2/outstanding recommendations	Internal Audit Progress Report Qtr 3/outstanding recommendations	Internal Audit Annual Report

	20 July 2016	20 October 2016	16 February 2017	1 June 2017
Audit Committee Issues	Letter of Representation	Internal Audit Planning 2016/2017 consultation paper	KPMG Annual Audit Plan	Internal Audit Effectiveness Report 2016/2017
	Approve Final Annual Governance Statement	Statement on Internal Control Investment Mandate		KPMG Audit Progress Report and Technical Update
	Annual Report			
	FCA Clients Assets			
Corporate Governance Monitoring Compliance	Budget Monitoring (April-June)	Budget Monitoring (July-September)	Budget Monitoring (October-December)	Budget Monitoring (January-March)
Business		Treasury Management Update		Treasury Management Update
		European Withholding Tax		
		Annual Review of Tender Contracts		
Training & Development				

South Yorkshire Pensions Authority – cycle of future meetings

Investment Board – Work Programme

Agendas	15 September 2016	8 December 2016	9 March 2017	22 June 2017
Overview of Business	Pre Meeting Discussion	Pre Meeting Discussion	Pre Meeting Discussion	Pre Meeting Discussion
	Minutes of Previous Meeting	Minutes of Previous Meeting	Minutes of Previous Meeting	Minutes of Previous Meeting
	Work Programme	Work Programme	Work Programme	Work Programme
	Verbal update on matters that have arisen since the last meeting	Verbal update on matters that have arisen since the last meeting	Verbal update on matters that have arisen since the last meeting	Verbal update on matters that have arisen since the last meeting
Training & Development	External Training Events	External Training Events	External Training Events	External Training Events
Strategic Development/Review	LAPFF Minutes LAPFF Conference	LAPFF Minutes	LAPFF Minutes LAPFF Conference	
	Actuarial Valuation 2016 Update	Actuarial Valuation 2016 Update	Actuarial Valuation 2016 Update	
Review of Fund Performance	Qtly Update	Qtly Update	Qtly Update	Qtly Update: preliminary performance figures 2016/2017
Business and Contracts	Government Consultation on LGPS Pooling/ Investment Regs 2016	Government Consultation on LGPS Pooling	Government Consultation on LGPS Pooling	Government Consultation on LGPS Pooling
	Investment Strategy Statement/Statement of Investment Principles	IIGCC Renewal	IIGCC Annual Report	Commercial Property Management Update

	15 September 2016	8 December 2016	9 March 2017	22 June 2017
Business and Contracts	Health & Safety SLI Annual Report	Compliance with the FRC's Stewardship Code	BVCA Membership	Shareholder Engagement Statement
	Securities Class Actions	Asset Allocation: Overseas Equities	Voting Guidelines	
	Asset & Liability Study/Health Check		Responsible Investment Engagement Update	
Review of Advisor Performance				
Presentations	Standard Life Presentation		Royal London Presentation	

SHEFFIELD CITY REGION COMBINED AUTHORITY

South Yorkshire Passenger Transport Pension Fund Committee

Work Programme

Responsibilities	11 April 2016	23 May 2016	4 July 2016	August 2016 tbc
Internal Governance			Election of Chair and Vice Chair	
	Minutes	Minutes	Minutes	Minutes
	Local Pension Board: Constitution	Local Pension Board	Local Pension Board	Local Pension Board
	Verbal update on matters arising since last meeting	Verbal update on matters arising since last meeting	Verbal update on matters arising since last meeting	Verbal update on matters arising since last meeting
			SCRCA minutes 20 June 2016	
Member Training & Development	External Training Events	External Training Events	External Training Events	External Training Events
Responsible Investment/Corporate Governance Issues		LAPFF Minutes LAPFF Conference		LAPFF Minutes
		Member/Advisor Self-Assessment		
Review of Strategies		De-risking Trigger Mechanism	De-risking Trigger Mechanism	De-risking Trigger Mechanism
Business	Pensions Administration Strategy	6 Monthly Administration Review	Pooling: July Submission	Pooling: SYPA relationship
	EHRC survey	SYTPF Quarterly Report		SYTPF Quarterly Report
	External audit fee	Pooling: SYPA relationship		Shareholder Engagement Statement

	11 April 2016	23 May 2016	4 July 2016	August 2016 tbc
	COP21 and climate change		FRC Corporate Governance Code	Stewardship Code Compliance
Business	Actuarial valuation 2016 timetable: verbal update			
	Voting Guidelines			
	CLG Consultation on pooling: verbal update			
	Pooling: SYPA relationship etc: verbal update			
External presentations				

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SOUTH YORKSHIRE PENSIONS AUTHORITY

Joint Local Pension Board

6th October 2016

SYPF - Annual Fund Meeting 2016

1. Purpose of the Report

To advise members about the 2016 Annual Fund Meeting

2. Recommendations

Members are recommended to note Thursday 20th October for this year's Annual Fund Meeting

3. Information

- 3.1 The 2016 Annual Fund Meeting (AFM) will be held at The Holiday Inn, Dodworth, Barnsley on Thursday 20th October.
- 3.2 Following the format of previous meetings the AFM will be held during the evening with a 5.30pm start time to allow maximum attendance. A light buffet will be served after the meeting has concluded and transport for Fund members will be arranged to and from the meeting.
- 3.3 The style and format of the meeting will follow last year's event but with more time being set for questions.
- 3.4 For the first time last year the meeting was available to view in near real time and although the viewing numbers were disappointing we intend to provide this facility again. The link which enables members with internet access to watch the event is publicised in our newsletters and on the website. In addition this year we will email a reminder about the event on the day. We then intend to review this facility after the meeting. However, as with all venues, this facility will be subject to testing the mobile phone service at the Holiday Inn prior to the event.
- 3.5 Members will also receive an email from the Communications Team, inviting those who wish to attend the meeting to complete an application form, confirming attendance, closer to the event date.

4. Implications and risks

Implications

- Financial

There is a provision within this year's budget to hold the event

- Legal

There are no legal implications

- Diversity

There are no diversity implications

Officer Responsible: Joanne Webster Communications Manager
Telephone contact 01226 772915

Gary Chapman
Head of Pensions Administration
Phone 01226 772954
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Background papers used in the preparation of this report are available for inspection in the Pensions Administration Unit.

Other sources and references:

SOUTH YORKSHIRE PENSIONS AUTHORITY

Joint Local Pension Board

6 October 2016

South Yorkshire Pension Fund Annual Report

1. Purpose of the Report

To give Local Pension Board members the opportunity to review South Yorkshire Pension Fund's Annual Report 2015/16.

2. Recommendations

Members are invited to comment and make suggestions on the Annual Report.

3. Information

- 3.1 There is a statutory requirement to prepare and publish a pension fund Annual Report; the term 'publish' covers electronic publishing. The Regulations require the report to be published by 1 December each year but most administering authorities align the date with the date for the administering authority's Statement of Accounts (30 September). However, because of the need to provide the Financial Conduct Authority with audited accounts before the end of July, the publication of the fund Annual Report is brought forward.
- 3.2 Although not specifically required under the LGPS Administration Regulations, CIPFA recommend that good practice dictates that prior to publication the Annual Report be formally reviewed by those charged with governance of the Fund (the Corporate Planning and Governance Board).
- 3.3 The Annual Report was submitted to the July meeting of the Corporate Planning and Governance Board. The report was in essence the final version but was labelled 'draft' in case of any amendments; any proposed amendments would have to be submitted to the external auditor for approval.
- 3.4 The Corporate Planning and Governance Board approved publication of the Annual Report; the report was subsequently published on the SYPA website.
- 3.5 As the report is too large to include within the agenda pack, members are advised that the report can be viewed at <http://www.sypensions.org.uk/Publications/Annual-Reports>.
- 3.6 Attached as appendices to this report are the sections on:
- Pensions Administration

- Report of the Advisors
- Statement by the Consulting Actuary
- Local Pension Board

Members are invited to comment on the above or any other section available on the website.

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Pensions Administration

It has been another challenging year for the Pensions Administration team. Our recovery from the twin events of LGPS 2014 and the implementation of our new Pensions Administration system has been the main focus of our attention throughout the period. I am pleased to report that the team have performed magnificently despite a number of setbacks and the sheer volume of work. Whilst the new system is still problematical at times and there's still a way to go we are firmly on the road to recovery.

Despite heavy concentration on clearing casework backlogs there have also been some highlights during the year. In November we launched our new website which was well received and during March we successfully retained our Customer Service Excellence award following our annual inspection. We also consulted upon and introduced our Pension Administration Strategy which clearly sets out the responsibilities of SYPA as administering authority and the responsibilities of our 350+ employers in order to comply with the complex requirements of the LGPS.

On the downside we were extremely frustrated to fail to meet the deadline for issuing annual benefit statements to scheme members. In any year, 31st August is a challenging target to achieve but a combination of system problems and late submission of annual returns by employers meant we had no hope of meeting it. On a positive note, however, although we issued the statements late they were subject to a thorough check which overall was preferable to issuing them on time and possibly incorrect. The new version of mypension was launched in conjunction with the new website and whilst it is usable it is rather disappointing. Whilst we have done what we can to improve the look and feel of online member access, the core functionality is largely out of our control. We have however been pushing for improvements to be made and the good news is that a phase 2 version is on the way, incorporating the benefit calculator that many of our members have been asking for.

We continue to operate the formal dispute resolution procedure in compliance with the scheme regulations as well as our local customer service complaints procedure. During the year we had just one formal dispute which went all the way through our two-stage process and onto the Pensions Ombudsman. The appeal was dismissed internally and also by the Pensions Ombudsman. The Ombudsman also ruled in our favour on a case that had been through the internal dispute procedure last year but did award £500 for distress and inconvenience. We had 31 formal customer service complaints during the year which were personally responded to by our Complaints Manager. This is a significant increase in the number of complaints we usually receive and entirely due to the problems associated with the implementation of the new system. Pensions Administration staff also dealt with many more informal complaints during the period. I am pleased to report that in both instances complaints are back to previous low numbers.

The employers of the Fund are required to collect contributions from active scheme members and pay them over no later than the 19th of the following month to which the contributions relate. During 2015/16 one employer paid contributions late and was required to pay interest for late payment.

The forthcoming year presents a number of challenges which include the triennial actuarial valuation, the 31st August deadline for annual benefit statements, the impact of changes to pension tax legislation and work relating to the end of contracting-out. All this in addition to regular casework and member communication. Just another typical year for Pensions Administration!

Gary Chapman
Head of Pensions Administration

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Report of the Advisors 2015 – 2106

Overall the global economy has continued its somewhat hesitant recovery from the 2008-9 financial crisis. On the other hand, the US economy has continued to perform robustly, allowing the Federal Reserve to raise interest rates for the first time since the crisis (albeit to a still lowly 0.5%). The UK has also seen solid growth, and economic growth has picked up in parts of Continental Europe.

On the other hand, the Chinese economy's structural shift away from infrastructure investment has seen its own growth rate fall and has had a depressing impact on commodity prices. Oil prices fell sharply, with the Brent crude oil price falling from over \$120 in mid-2014 to \$30 per barrel early in 2016. While this improves the outlook for Western consumers, it has brought further pressures – a new phase of debt write downs for beleaguered US banks who lent to drillers at much higher oil prices, and recession in several highly significant economies which are needed to fuel global growth, most notably Russia and Brazil, both heavily reliant on commodity exports.

The overwhelming feeling within markets is still one of nervousness that growth may disappoint. The OECD has recently revised down its growth expectations for 2016. Levels of Government debt remain high, inflation is negligible and Central banks have limited new fire power to generate faster growth. Monetary policy has been very accommodative for many years and interest rates are already at extreme low levels (or even negative in some cases). We are likely to see “more of the same” – continued slow progress, punctuated by periods of concern over Chinese Growth and political/economic instability.

While stock markets have been volatile, and fell sharply in early 2016 when fears over global growth were accentuated, returns over the year have proved steady if quite pedestrian by recent standards. Most leading developed markets provided returns to a sterling investor of between -5% and +5%. Within this, the US dollar strengthened leading to higher returns from US equities, and Government bonds slightly outperformed equities. By contrast, Emerging Markets and their currencies were notably weak. Equity valuations remain high, and bond yields are ultra-low by historic standards, so low returns should be expected from current levels. UK direct property produced the highest returns over the last one and three years, but this market too is showing signs of peaking.

During the year, the advisors worked closely with the investment team and the trustees as they implemented the final parts of the changes of strategy agreed in 2014. In June 2015, Royal London Asset Management took on a new “buy and maintain” corporate bond mandate, replacing Hendersons. The objective is to provide returns in a more efficient and lower cost manner from a high quality credit portfolio. Work has already started towards the 2014 actuarial valuation, and any investment strategy implications will then be considered.

Tin Gardener

Neil MacKinnon

Leslie Robb

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Statement by the Consulting Actuary

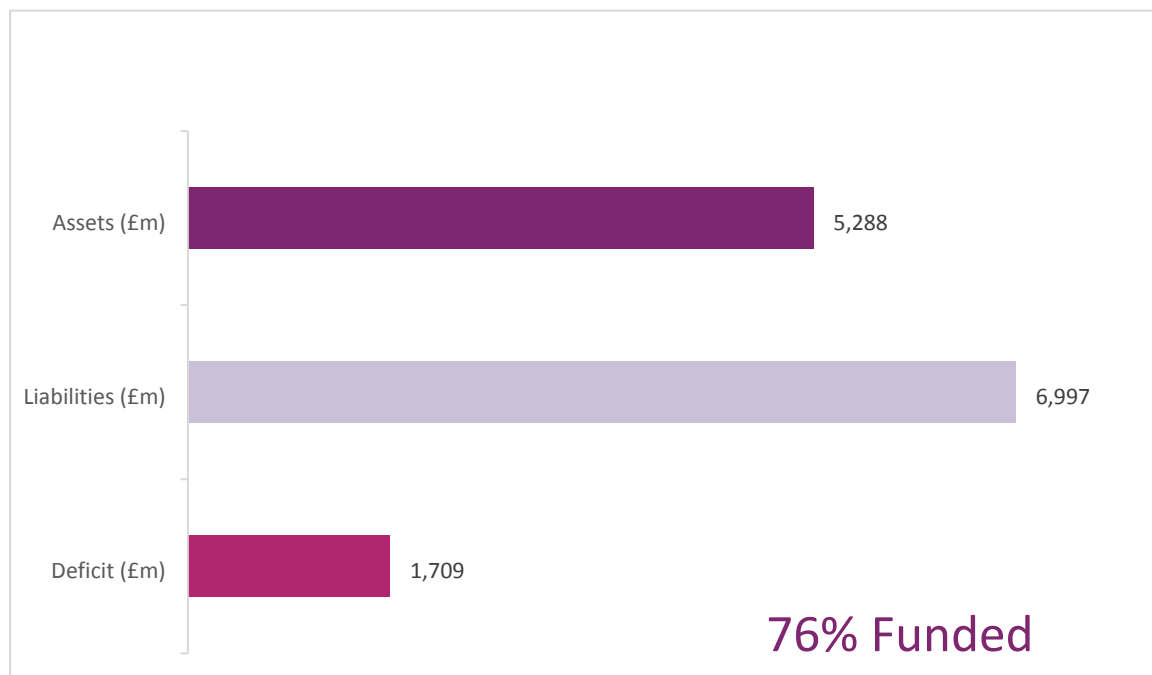
Accounts for the year ended 31 March 2016

This statement has been provided to meet the requirements under Regulation 57(1)(d) of the Local government Pension Scheme Regulations 2013.

An actuarial valuation of the South Yorkshire Pension Fund was carried out as at 31 March 2013 to determine the contribution rates with effect from 1 April 2014 to 31 March 2017.

On the basis of the assumptions adopted, the Fund's assets of £5,288 million represented 76% of the Fund's past service liabilities of £6,997 million (the "Funding Target") at the valuation date. The deficit at the valuation date was therefore £1,709 million.

The valuation also showed that a common rate of contribution of 12.8% of pensionable pay per annum was required from employers. The common rate is calculated as being sufficient in the long term, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date. It allowed for the new LGPS benefit structure which became effective from 1 April 2014.



After the valuation date, there were significant changes in financial markets. In particular there was an increase in gilt yields, which underpin the liability assessment. This improved the funding position materially to 80% with a resulting deficit of £1,330 million. This improvement was taken into account when setting the deficit contribution requirements for employers where required to stabilise contribution rates. On average across the Fund, the updated deficit would be eliminated by a contribution addition of £79 million per annum increasing at 2.6% per annum (equivalent to 9.4% of projected Pensionable Pay at the valuation date) for 22 years if all assumptions are borne out in practice.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2014.

In practice, each individual employer's position is assessed separately and the contributions required are set out in our report. The certified contribution rates for each employer also included specific allowances (zero for some employers) to meet the additional liabilities arising from ill-health and voluntary early retirements. With effect from 1 April 2015, the certified contribution rates for certain employers were adjusted to reflect their inclusion in an ill-health captive arrangement implemented by the Fund.

Payments to cover additional liabilities arising from early retirements on the grounds of redundancy or efficiency (or ill-health/voluntary early retirements where the employer's allowance is exceeded) will also be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

	For past service Liabilities (Funding Target)	For future service liabilities (Common Contribution Rate)
Rate of return on investments (discount rate)	4.6% per annum	5.6% per annum
Rate of pay increases (long term)	4.35% per annum*	4.35% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.6% per annum	2.6% per annum

*allowance was also made for short-term public sector pay restraint over a 3 year period

The assets were assessed at market value.

The next triennial valuation of the Fund is due as at 31 March 2016. Based on the results of that valuation, the contribution rates payable by the individual employers will be revised with effect from April 2017.

Actuarial Present Value of Promised Retirement Benefits for the Purpose of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology for funding purposes.

To assess the value of the benefits, we have used the following financial assumptions as at 31 March 2016 (the 31 March 2015 assumptions are included for comparison):

	31 March 2015	31 March 2016
Rate of return on investments (discount rate)	3.3% per annum	3.6% per annum
Rate of pay increases*	3.75% per annum*	3.75% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.0% per annum	2.0% per annum

*includes a corresponding allowance to that made in the actuarial valuation for short-term public sector pay restraint.

The demographic assumptions are the same as those used for funding purposes. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2014.

During the year, corporate bond yields rose, resulting in a higher discount rate being used for IAS26 purposes at the year end than at the beginning of the year (3.6% p.a. versus 3.3% p.a.). There was no change in the expected long-term rate of CPI inflation during the year, resulting in the same assumption for pension increases at the year end than at the beginning of the year (2.0% p.a.).

The value of the Fund's promised retirement benefits for the purposes of IAS26 as at 31 March 2015 was estimated as £8,674 million.

The effect of the changes in actuarial assumptions between 31 March 2015 and 31 March 2016 as described above is to reduce the liabilities by c£445 million. Adding interest over the year increases the liabilities by c£286 million, and allowing for the net benefits accrued/paid over the period increases the liabilities by c£10 million (including any increase in liabilities arising as a result of early retirements/augmentations).

The net effect of all of the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2016 is £8,525 million.

Paul Middleman
Fellow of the Institute and Faculty of Actuaries
Mercer Limited
May 2016

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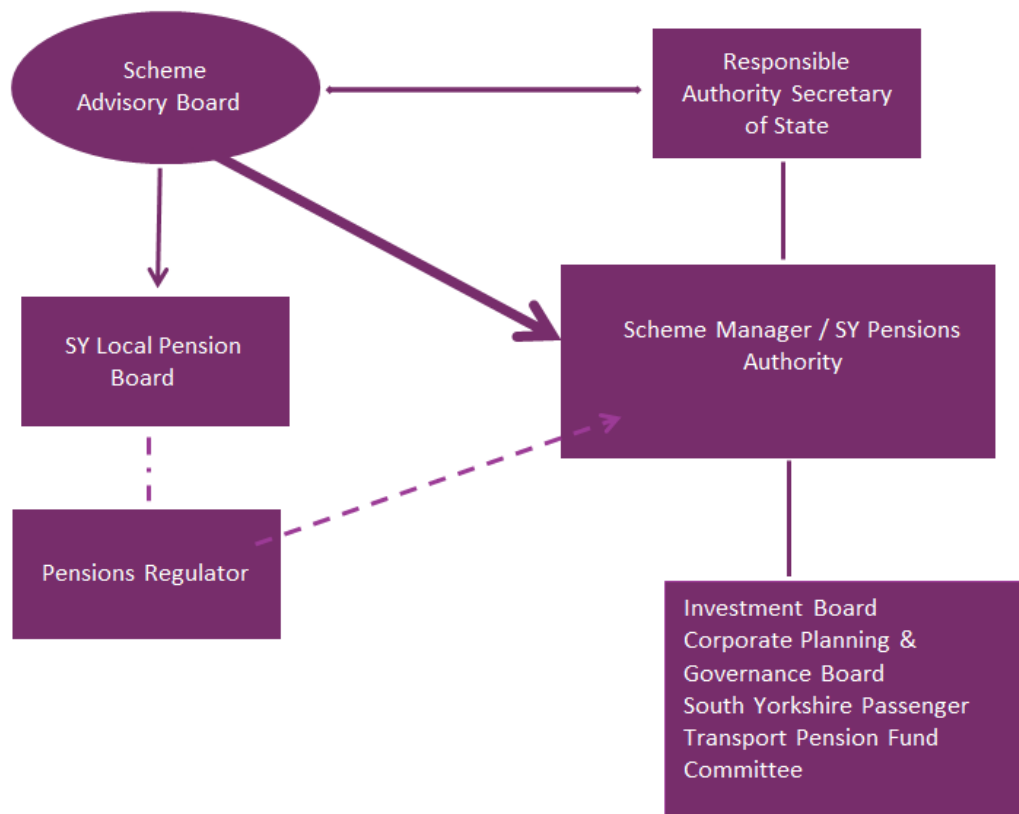
Local Pension Board

The Secretary of State granted the two South Yorkshire LGPS funds permission to establish a Joint Local Pension Board. The role of the Local Pension Board is defined by Sections 5(1) and (2) of the Public Service Pensions Act 2013.

The Board seeks to assist the South Yorkshire Pensions Authority and the South Yorkshire Passenger Transport Pension Fund to maintain effective and efficient administration and governance. Members of the Scheme can now have direct influence on how the Fund is managed. The LPB comprises both Scheme members, retired and active, together with employer representatives. Employer representation is not restricted to the four large local councils.

Although the Board only held its first meeting on 23 July 2015 it is already contributing towards the effective governance of the two Funds. It meets quarterly and all Board members have undertaken training and have established a work programme that will enable them to meet their obligations to ensure that the two Funds comply with the relevant codes of practice and current legislation.

The draft Board constitution was suggested by the two administering authorities but since then changes have been agreed which remove what some regarded as unnecessary restrictions on the scope of the LPB's ability to question and offer advice on investments. This demonstrates that, whilst not having direct control over the two Funds, the LPB intends to work with the funds on the widest possible range of issues. The following diagram shows the governance framework as it now operated and the following table reveals the membership of the Board.



Employee Representatives

Glyn Boyington - LGPS Member (Chair)

Garry Warwick (GMB) - Trades Union

Kevin Morgan (UCATT) - Trades Union

Nicola Doolan (Unison) - Trades Union

Susan Ross - LGPS Member

Steve Carnell - SYPTPF Member

Employer Representatives

Jill Thompson (Action Housing) - Admitted Body (Vice-Chair)

Geoff Berrett (South Yorkshire Police) - 'Other Large Employer'

Melanie Priestley (St Mary's Academy Trust) – Academy

Councillor Tony Corden - Local Authority Member (Doncaster)

Councillor Ben Curran - Local Authority Member (Sheffield)

Vacancy – (South Yorkshire Passenger Transport Pension Fund)

Although it is still early days the performance so far is encouraging and it can only go from strength to strength. The Board will publish its own Annual Report and this will be posted to the Fund website.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Joint Local Pension Board

6 October 2016

Amendment to the Terms of Reference

1. Purpose of the Report

To inform the Local Pension Board of an amendment to its Terms of Reference.

2. Recommendations

Members are recommended to accept the amendment to the Terms of Reference.

3. Information

3.1 Following the adoption of the Pensions Administration Strategy on 1 April 2016, the employers' Service Level Agreements are now incorporated within the Strategy. This requires a slight amendment to the Terms of Reference (ToR) of the Joint Local Pension Board.

3.2 ToR 16.1.1 has been changed from:

“Monitor and review the performance of the Scheme administration including suggesting any changes to Service Level Agreements”.

To:

“Monitor and review the performance of the Scheme administration including suggesting any changes to Pensions Administration Strategy”.

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