

SOUTH YORKSHIRE PENSIONS AUTHORITY

14 APRIL 2011

PRESENT: Councillor Andrew Sangar (Chair)
Councillors: R Wraith (Vice-Chair), E Butler, D Baker, B Ford, K Goulty,
B Lodge, B Perrin and P Wootton

Trade Unions: Glyn Boyington (Unison) and Gary Warwick (GMB)

Apologies for absence were received from: Councillor Barry Johnson JP
and Councillor Garry Weatherall

Officers: John Hattersley (Fund Manager), Bill Wilkinson (Clerk &
Treasurer), Len Cooksey (Member Services Manager) and Gary
Chapman (Head of Pensions Administration)

76/11 URGENT ITEMS.

None.

77/11 ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS.

None.

78/11 ANNOUNCEMENTS.

The Chair welcomed Gary Chapman to his first meeting of the Authority in his
new role as Head of Pensions Administration.

79/11 DECLARATIONS OF INTEREST.

None.

80/11 APOLOGIES.

Apologies for absence were noted as above.

81/11 MINUTES OF THE AUTHORITY HELD ON 17 FEBRUARY 2011

RESOLVED – That the minutes of the meeting of the Authority held on 17
February 2011 be signed by the Chair as a correct record, subject to it being
noted that with reference to minute 42/11, the salaries of the Fund's senior
managers would be evaluated using a Hay evaluation.

82/11 WORK PROGRAMME

The Authority noted its work programme for 2011, which set out a cycle of
future meetings. A Member queried when the Authority would carry out a
review of the cost and benefits of webcasting Authority meetings. The Authority
noted that a three year contract had been signed in 2009; however that would

not preclude the Authority from reviewing the cost and benefits of webcasting meetings if it so wished.

RESOLVED – That the work programme now submitted be noted.

83/11 CHAIR FEEDBACK

None.

84/11 SECTION 41 MEMBER FEEDBACK OF ISSUES FROM DISTRICT COUNCILS

Councillor Wraith queried whether the district councils were continuing the improvement in performance previously reported. G Chapman stated that the results to the end of March were not yet available but those to the end of December had shown an improvement. Councillor Wraith added that some of the schools in Barnsley which had previously outsourced their payroll had reverted to BMBC's team. G Chapman commented that fewer payroll providers ought to improve the flow of data in future.

85/11 MEMBERS' TRAINING AND EDUCATION: EXTERNAL CONFERENCES AND SEMINARS

A report of the Clerk and Treasurer was submitted drawing Members' attention to potential training opportunities.

RESOLVED – That the Authority agrees not to be represented at either the National Association of Pension Fund's annual local authority conference or the LGE's Annual "Trustees" Conference.

86/11 BUDGET DEVELOPMENT

The Clerk and Treasure provided a verbal update.

87/11 REVIEW OF RISK POLICY

A report of the Clerk and Treasurer was submitted which presented the current Pensions Risk Policy for consideration and agreement. The current Risk Policy was agreed by the Pensions Authority meeting of 15 April 2010. Since April 2010 processes had been fully documented in the Risk Management Handbook which was aimed at officers and their operational needs. The approach was good practice because it made the Policy much more focussed, which should assist the Authority in its consideration. As agreed in 2010 only the Policy document was being presented to the Authority for agreement. This allowed officers to update the Handbook as and when required without the need for the Authority to consider internal management processes, which remained framed within the requirements of this policy document.

RESOLVED – That the Authority agrees to the continued use of the existing Risk Policy.

88/11 2010 TRIENNIAL VALUATION REPORT

A report of the Head of Pensions Administration was submitted advising the Authority of the final outcome of the 2010 Triennial Valuation exercise.

At the November meeting of the Committee, Members had received a presentation from the actuary on his initial findings from the valuation exercise. In summary, his assessment revealed a notional deficit of £1,085m representing a funding level of 79% and an average employer's future accrual contribution of 12%.

Following discussions with the actuary, Members agreed that the actuarial assumptions to be used in the actuary's final calculations and concluded that the deficit would be recovered over the next 25 years.

The actuary had now completed his calculations and his final report was attached to the report now considered for information. The funding level remained at 79%. Bespoke employer contribution rates and the deficit/surplus adjustments were set out in Appendix 1. The Authority noted that, following representations from the Treasurers of BMBC and SCC, the Chair and Vice-Chair had agreed to exempt those authorities from the standard requirement to apply inflationary indexation to their deficit recovery payments, on the basis that the resulting underpayment would be made good during the three years contributions period following the 2013 valuation. This arrangement was also offered to and taken up by DMBC and RMBC. Note 2 to the contribution certificate formalised this arrangement and the Funding Strategy Statement had been amended accordingly.

A copy of the valuation report has been forwarded to the Secretary of State as required by the pension regulations.

RESOLVED – That the outcome of the 2010 Actuarial Valuation, including the exemptions agreed, be noted and that Mercers and officers be thanked for their input.

89/11 MEETINGS OF THE AUTHORITY AND BOARDS IN 2011/12 - ROLLING PROGRAMME

RESOLVED – That the Authority and Boards shall meet on the following dates:

Pensions Authority	Corporate Planning & Governance Board	Investment Board	Pensions Advisory Panel
	2011		
9 June (AGM)	*23 June		
	21 July		
		22 September	
			11 October
20 October			
	17 November		

24 November			
			6 December
		8 December	
	2012		
12 January			
	2 February		
16 February			
		15 March	
12 April			17 April
	17 May	24 May	
7 June (AGM)			12 June

90/11 INDEPENDENT PUBLIC SERVICE PENSIONS COMMISSION: UPDATE

A report of the Fund Director was submitted advising the Authority that the Independent Public Service Pensions Commission had published its final report on 10 March 2011 and that the Government had broadly welcomed its conclusions.

There were twenty seven recommendations to Government in the report. Government had responded by stating that it would set out proposals in the autumn as to how it would take it forward but it had warned that there would be no cherry-picking on either side. Any changes to the benefit structure were unlikely to be made before April 2014 and the impact upon fund members coming up to retirement before then was unlikely to be significant.

The report drew attention to certain contradictions within the Commission's report. In particular there was an unresolved "conflict" between a desire for greater central government control and an advocacy of more local accountability. With regard to the future of LGPS the report noted that the suggestion of greater fund consolidation within the Scheme that had been floated at the interim stage of the review had not been followed through. However, of greater immediate import was the threat posed by Hutton's assertion that private sector employees should not have the right to join LGPS. Coupled with the potential opt-out rates that might follow should the Treasury's proposed increase in employee contributions come to pass the report argued that this could seriously affect the future viability of the LGPS. These concerns were not fully accepted by the Members present although the trades union representatives supported them.

RESOLVED – That the report be noted.

CHAIR