

Public Document Pack

NOTICE OF AUTHORITY MEETING

You are hereby summoned to a meeting of the South Yorkshire Pensions Authority to be held at the offices of the South Yorkshire Joint Secretariat on Thursday 11 October 2012 at 10.00 am for the purpose of transacting the business set out in the agenda.

**M V Oades
Deputy Clerk and Monitoring Officer**

**Member Services Officer: Gill Garrety
Tel: 01226 772806 Email: ggarrety@syjs.gov.uk**

WEBCASTING NOTICE

This meeting may be filmed for live or subsequent broadcast via the Authority's web site. At the start of the meeting the Chair will confirm if all or part of the meeting is being filmed.

You should be aware that the Authority is a Data Controller under the Data Protection Act. Data collected during this webcast will be retained in accordance with the Authority's published policy.

Therefore by entering the meeting room, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.

Distribution

Councillors M Lawton (Chair), R Wraith (Vice-Chair), D Baker, E Butler, R Ford, K Goulty, B Lodge, C McGuinness, B Perrin, L Rooney, A Sangar and P Wootton

Contact Details

For further information please contact:

<p>Gill Garrety South Yorkshire Joint Secretariat 18 Regent Street, Barnsley, South Yorkshire S70 2HG</p> <p>Tel: 01226 772806 ggarrety@syjs.gov.uk</p>	<p>Andrew Shirt South Yorkshire Joint Secretariat 18 Regent Street, Barnsley, South Yorkshire S70 2HG</p> <p>Tel: 01226 772207 ashirt@syjs.gov.uk</p>
---	---

SOUTH YORKSHIRE PENSIONS AUTHORITY

**11 OCTOBER 2012 AT 10.00 AM AT THE OFFICES OF THE SOUTH YORKSHIRE
JOINT SECRETARIAT, 18 REGENT STREET, BARNSELY**

Agenda: Reports attached unless stated otherwise

	Item	Page
1	Apologies	
2	Announcements	
3	Urgent Items To determine whether there are any additional items of business which by reason of special circumstances the Chair is of the opinion should be considered at the meeting; the reason(s) for such urgency to be stated.	
4	Items to be considered in the absence of the public and press. To identify items where resolutions may be moved to exclude the public and press. (For items marked * the public and press may be excluded from the meeting).	
5	Declarations of Interest.	
6	Minutes of the Meeting held on 26 July 2012	1 - 6
7	Minutes of the Corporate Planning and Governance Board held on 26 July 2012	7 - 12
8	Work Programme	13 - 14
9	Performance Snapshot Report 2012/13: Q1	15 - 20
10	Board Chairs' Report	Verbal Report

	Item	Page
11	LGPS Reform Proposals Update	Verbal Report
12	Employer Discretions	21 - 30
13	Public Pensions Service Bill	31 - 32

SOUTH YORKSHIRE PENSIONS AUTHORITY

26 JULY 2012

PRESENT: Councillor M Lawton (Chair)
Councillor R Wraith (Vice-Chair)
Councillors; D Baker, B Ford, K Goulty, B Lodge,
C McGuinness, B Perrin, L Rooney, A Sangar and P Wootton

Trade Unions: G Boyington (Unison) and G Warwick (GMB)

Officers: G Chapman (Head of Pensions Administration),
J Hattersley (Fund Director), M McCoolle (Senior Member
Services Officer), M Oades (Deputy Clerk & Monitoring Officer)
and B Clarkson (Head of Finance)

An apology for absence was received from Councillor E Butler

1 APOLOGIES

Apologies were noted as above.

2 ANNOUNCEMENTS

None.

3 URGENT ITEMS

None.

4 ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS

None.

5 DECLARATIONS OF INTEREST

None.

6 AUTHORITY GOVERNANCE ARRANGEMENTS

A report of the Clerk and Treasurer was submitted to provide Members with proposals for the rearrangement of Authority meeting structures and decision-making procedures.

Within the proposed meeting schedule the Authority would continue to meet four times per year, to concentrate upon strategy and scrutiny, with time allocated for more formal reviews of policies and procedures. A standard item at each meeting would be a report from the Chair of each Board advising Members on the business discussed at their respective Boards. A Member training session would be held at the conclusion of every Authority meeting. J Hattersley requested Members to let officers know of any

suggestions or preference for training items. Members noted that the LGE Fundamentals Training sessions would still need to be attended during the year in addition to any other training undertaken.

Meetings of the Corporate Planning and Governance Board would be held as and when timetabling arrangements required, rather than to restrict it to quarterly meetings. The Board would operate to a split agenda where the first half of the meeting would deal with pension administration matters, and the second half to operate as an audit committee. Occasional internal team presentations on certain aspects of Pensions Administration work would be brought to the Board. The Investment Board would continue to meet quarterly to discuss management issues, and would hold additional meetings to discuss strategic matters as and when necessary. Councillor Lawton commented that the Vice Chair and himself had suggested an additional meeting of the Investment Board be added onto the meeting schedule for a specific topic, and the matter would be discussed shortly with the advisors. Occasional internal team presentations on certain aspects of investment work would be brought to the Board.

At the last Authority meeting it was suggested that some presentations be transferred from Board meetings to Authority meetings. A number of the presentations would require advisor attendance, and would not be suitable for webcasting; and therefore these would remain on the Board agendas. All Members would be informed when these presentations would be taken to the Board meetings, to provide the opportunity for them to attend.

It was suggested that the present Management Committee arrangements be kept.

Members considered the proposed meeting schedule for 2012/13 as follows:-

September 2012

20th Investment Board (already arranged)
28th LGPS 2014 Presentation (already arranged)

October 2012

11th Authority (already arranged)

November 2012

15th CP&GB
22nd Authority

December 2012

13th Investment Board

January 2013

17th Authority

February 2013

28th Investment Board

March 2013

14th CP&GB
21st Authority

May 2013

16th CP&GB
23rd Investment Board

June 2013

13th Authority (Annual Meeting)
20th CP&GB

RESOLVED – That:-

- i) The proposals contained within the report be accepted.
- ii) Councillor M Lawton, be appointed the Vice Chair of the Corporate Planning and Governance Board.
- iii) Councillor R Wraith, be appointed Vice Chair of the Investment Board.
- iv) The proposed meeting schedule for 2012/13 be approved.

7 APPOINTMENT OF CLERK AND TREASURER

A report of the Clerk and Treasurer was submitted to recommend the appointment of Mr S Pick as the Clerk and Treasurer of the Authority with effect from the 1 September 2012.

Members noted that B Wilkinson would formally retire at the end of October 2012. Councillor Wraith commented that B Wilkinson had been an excellent ambassador for the Authority, and a letter of appreciation should be sent to him on behalf of Members for the appreciation of his sterling work. Councillor Sangar gave thanks to B Wilkinson for the support and sound guidance provided to him during his time as Chair of the Authority.

RESOLVED – That:-

- i) Members agreed to appoint Mr S Pick, Clerk and Treasurer of the South Yorkshire Joint Secretariat to be the Clerk and Treasurer of the Authority with effect from the 1 September 2012.
- ii) A letter of appreciation to be sent to B Wilkinson on behalf of Members for all of his sterling work given to the Authority and Boards.

8 LOCAL GOVERNMENT PENSION SCHEME: PROPOSED CHANGES FROM 2014 SEMINAR

A report of the Clerk and Treasurer was submitted to advise Members that an all day seminar on the proposed changes to the Local Government Pension Scheme from 2014 had been arranged.

The Local Government Association and trades unions had agreed proposed changes to the structure of the Local Government Pension Scheme, to be implemented with effect from 2014. Members noted that the all day seminar would be held on Friday 28 September 2012 at 10.30 am, at the offices of the South Yorkshire Joint Secretariat, Regent Street, Barnsley. Representatives from the district councils and the Fund's independent investment advisors would also be invited to the meeting.

RESOLVED:- That Members noted a day seminar on the proposed changes to the Local Government Pension Scheme from 2014, would be held on Friday 28 September 2012 at 10.30 am, at the offices of the South Yorkshire Joint Secretariat, Barnsley.

9 ANNUAL REVIEW OF THE RISK MANAGEMENT POLICY AND THE CORPORATE RISK REGISTER

A report of the Clerk and Treasurer was submitted to review the Authority's Risk Management Policy and the Corporate Risk Register.

The Risk Management Policy was agreed by the Authority in April 2010. Since April 2010 risk management processes had been fully documented in the Risk Management Handbook. The Authority had agreed to review the Risk Management Policy annually. Minor revisions had been made to the policy to reflect current job titles and the policy owner.

The Corporate Risk Register was presented to each meeting of the Corporate Planning and Governance Board, and was updated by the Pensions Officer Planning Group. The only risk identified on the Corporate Risk Register with a high residual risk rating was Risk No. 6 – Future Changes to the Local Government Pension Scheme (LGPS). An update would be provided to Members at the full day's seminar on Friday 28 September 2012.

RESOLVED – That Members:-

- i) Agreed that the revised Risk Management Policy attached at Appendix A to the report be adopted.
- ii) Approved the Corporate Risk Register attached at Appendix B to the report.

10 SOUTH YORKSHIRE PENSION FUND ANNUAL GENERAL MEETING 2012

A report of the Head of Pensions Administration was submitted to advise Members about the 2012 Annual General Meeting of the Fund.

Pensions Authority: Thursday 26 July 2012

The 2012 Annual General Meeting would be held on Thursday 11 October 2012, at 5.30 pm, at the Civic, Barnsley. Invites would be put in all three newsletters, and Scheme Members would be asked to write in with questions prior to the meeting.

RESOLVED – That Members noted the 2012 Annual General Meeting of the Fund would be held on Thursday 11 October 2012, at the Civic, Barnsley.

CHAIR

This page is intentionally left blank

SOUTH YORKSHIRE PENSIONS AUTHORITY

CORPORATE PLANNING AND GOVERNANCE BOARD

26 JULY 2012

PRESENT: Councillor R Wraith (Chair)
Councillors: D Baker, Councillor B Ford, M Lawton, L Rooney
and P Wootton

Officers: G Chapman (Head of Pensions Administration),
B Clarkson (Head of Finance), J Hattersley (Fund Director),
M McCoolle (Senior Member Services Officer), M Oades
(Deputy Clerk & Monitoring Officer) and M Wilkinson (Internal
Audit Manager)

G Boyington (Unison) and G Warwick (GMB)

J Prentice and L Wild (Audit Commission)

An apology for absence was received from Councillor E Butler

1 APOLOGIES

Apologies were noted as above.

2 ANNOUNCEMENTS

None.

3 URGENT ITEMS

None.

4 ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS

RESOLVED – That all agenda items be considered in the presence of the public
and press.

5 DECLARATIONS OF INTEREST

Councillor Baker informed the Board that he was now in receipt of a pension from
the Authority.

Councillor Lawton informed the Board that he was on the Board of Groundwork
Sheffield, which was linked in with other Groundwork organisations one of which is
in the pension fund.

6 MINUTES OF THE MEETING HELD ON 17 MAY 2012

RESOLVED – That the minutes of the meeting of the Board held on 17 May 2012 be agreed and signed by the Chair as a correct record.

7 BUDGET MONITORING

A report of the Clerk and Treasurer was submitted to advise Members of the current expenditure levels within the Authority against the approved budget.

The Authority had approved an original budget in November 2011 of £5,340,700 for 2012/13, to maintain current levels of service. Investment Management Expenses was one of the largest areas of expenditure and the report would always be one quarter behind due to invoices not being received until after the end of the quarter. As at 30 June 2012 only a small value of any investment costs linked to market values had been received.

RESOLVED – That the report be received.

8 BUSINESS PLANNING AND PERFORMANCE FRAMEWORK - PERFORMANCE REPORT FOR PERIOD ENDING MARCH 2012

A report of the Clerk and Treasurer was submitted to present the framework performance results for the period ended March 2012.

The report brought together information which was previously reported upon separately, and was intended to provide Members with a snapshot of Fund performance. Members noted that reports on the work of Internal Audit were regularly brought to the Board.

RESOLVED – That the report be noted.

9 RISK REGISTER

A report of the Clerk and Treasurer was submitted in order to review the Authority's Risk Register.

The Board was responsible for the oversight of the Authority's Risk Register, and was involved in the identification of high level strategic risks. Updates had been made to the Risk Register to the commentary in the Control Measures column in relation to risks Nos. 1, 2, 3 and 6. No new risks had been added to the Risk Register since the last meeting of the Board.

RESOLVED – That Members approve the updated Risk Register.

10 INTERNAL AUDIT PROGRESS REPORT

A report of the Head of Internal Audit was submitted to consider the work undertaken by the Internal Audit Team during the first quarter of 2012/13 financial year, and the outstanding recommendations as at 30 June 2012, from reports issued prior to December 2011.

The Team was on track to deliver the planned projects for the first quarter of 2012/13; and Members noted the work completed, which in the main had received positive assurance. The only outstanding action was the External Audit Data Flow report, which was being pursued for completion by the Head of Pensions Administration.

Planned work for the Team during July 2012 to September 2012 was:-

- IT Business Continuity
- IT Backup
- Commencement of Fundamental Systems Testing Programme

RESOLVED – That the report be received.

11 ANNUAL GOVERNANCE REPORT

The Audit Commission's Annual Governance Report was submitted which summarised the findings from the 2011/12 audit which was substantially complete.

The draft accounts were submitted for audit within the agreed timescales. The audit of the financial statements had identified one material presentational issue that required an adjustment to the face of the Net Assets Statement. This did not impact on the financial position of either the Authority or the Fund. A number of issues relating to accounting treatment and disclosure were raised with officers resulting in further amendments being made to the draft accounts. There had been two non-trivial issues identified in relation to the Authority not applying the accruals concept in the Pension Fund.

The Authority continued to engage with the four district councils to seek ways to improve data flows, and had recently joined a framework contract with other pension funds to seek a preferred supplier for the provision of administration software. Following the review of the performance against the SLA during 2011/12 there was no evidence of overall continual improvement at the district councils, although individually Rotherham MBC's performance was far superior to the others. Members agreed that separate letters would be sent to the Leader/Chief Executives at Sheffield CC, Barnsley MBC and Doncaster MBC to make them aware of the issues that need addressing.

The District Auditor concluded that the Fund's statements give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2012 and the amount and disposition of the Fund's assets and liabilities at that date and that they have been properly prepared and that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Subject to satisfactory clearance of outstanding matters it was the District Auditor's intention to issue an unqualified opinion on the financial statements.

RESOLVED – That:-

- i) The matters raised in the report be noted.

- ii) The adjustments to the financial statements and unadjusted items included in the report be noted and confirmed.
- iii) The letter of representation on behalf of the Authority be approved.
- iv) The responses to the proposed action plan be approved.
- v) Separate letters be sent to the Leader/Chief Executives at Sheffield CC, Barnsley MBC and Doncaster MBC to make them aware of the issues that need addressing.

12 STATEMENT OF ACCOUNTS 2011/12

A report of the Clerk and Treasurer was submitted to approve the Authority's audited Statement of Accounts for 2011/12.

J Hattersley acknowledged B Clarkson for her work undertaken in producing the accounts.

In order to meet FSA requirements the Statement of Accounts needed to be signed off by the District Auditor by 31 July 2012. This was a very tight deadline and during the audit a number of presentational amendments had been made to the Statements, but no material mis-statements had been identified.

The Statement of Accounts included an Annual Governance Statement which had to be signed by a leading member of the Authority, which had been approved at the meeting of the Board on 17 May 2012.

The balance of the Fund account rose from £4,464.65m at 31 March 2011 to £4,687.90m at 31 March 2012. The main changes included an increase in statutory benefits paid (£14.7m), an increase in investment income (£17m); and a change in market value of investments (an increase of £115.8m).

RESOLVED – That Members:-

- i) Approved the Authority's audited Statement of Accounts for 2011/12.
- ii) Approved the Chair of the Board to sign the audited Statement of Accounts for 2011/12.

13 LETTER OF REPRESENTATION

A report of the Clerk and Treasurer was submitted regarding the issue of a formal letter by the Clerk and Treasurer to the District Auditor confirming the information in the final accounts for 2011/12 regarding the Authority's liabilities and any outstanding legal issues. This was now a formal part of the annual statutory audit.

RESOLVED – That Members noted and confirmed the Clerk and Treasurer's letter, and that the Chair of the meeting be asked to sign it.

14 ANNUAL REVIEW OF ILL HEALTH RETIREMENTS

A report of the Head of Pensions Administration was submitted which reported on the number and cost of ill-health retirements, during the period 1 April 2011 to 31 March 2012.

Referral cases were up from 113 in the previous year to 165 during this period. From the 165 referral cases 92 of the cases were supported. The majority of ill-health retirement cases were from the district councils.

Across the employers for the period 1 April 2010 to 31 March 2011 there had been a total of 59 ill health retirements at a cost of £3,658,414 compared to the period 1 April 2011 to 31 March 2012 of 44 ill health retirements totalling £4,836,982.

RESOLVED – That the report be noted.

15 CONSULTATION AND COMMUNICATION POLICY

A report of the Head of Pensions Administration was submitted to obtain Members approval of the revised policy document and to enquire if there was any formal consultation Members wished to be undertaken on their behalf.

From January 2009 the Authority's and the Service's strategies were combined into a single document, which had been reviewed annually to keep it up to date with changing circumstances. The strategy had been rewritten this year to give it a modern feel, to ensure it has a true reflection of the desire to consult and communicate with all customers in ways which were suitable to them. The rewritten strategy had been out to consultation both internally and externally, and had received a positive response. Members were asked to bring to officers' attention any items they considered should be included in future consultations.

RESOLVED – That Members received the revised consultation and communication policy.

16 DISTRICT COUNCIL'S SERVICE LEVEL AGREEMENT PERFORMANCE ANNUAL REVIEW

A report of the Head of Pensions Administration was submitted to provide Members with an annual review of the performance of the district councils against the agreed service level agreement targets for 2011/12 compared with the same data from 2010/11; and to monitor their progress. The SLA required the employer to produce all relevant documentation within specific target days sufficient to enable the scheme member's records to be created or amended, and any resultant benefits to be calculated.

Members noted that this was a brand new report, which could be adapted for future years.

RESOLVED – That the report be noted.

17 EMPLOYERS SLA PERFORMANCE AND OUTSTANDING WORKLOAD

A report of the Head of Pensions Administration was submitted to update Members on employers' performance and any known levels of outstanding workload for the quarter ending 30 June 2012.

New starter caseload had seen a steady rise during the quarter, with the majority being current cases. The performance level had also increased across all categories with current cases up from 91% to 94%, backlog cases up from 24% to 25% and the overall new starter performance level up from 65% to 70%. The number of early leavers cases had increased from 234 last quarter to 267 this quarter, and the overall performance had increased from 45% to 62%. There had been a steady rise in retirement cases during the quarter from 171 to 230, and Rotherham MBC had recorded 100% in all of the retirements they had processed during the quarter.

In relation to the SLA Annual Contribution Returns, the only outstanding district Council was Barnsley MBC.

Members noted the comments made by the District Auditor in his Annual Governance Report received earlier on this subject.

RESOLVED – That Members noted the report, and recorded the steps being taken to address any performance shortfall.

18 CONSULTATION PROGRAMME - ONLINE PRESERVED BENEFIT STATEMENT SURVEY

A report of the Communications Manager was submitted to inform Members of the results of the online survey carried out amongst Preserved Benefit Members who received their 2011 Annual Pension Statement online with a view to testing the Members' overall experience.

From the 1049 members who were issued with the online survey, 99 members (9.4%) had completed it; and the Communications and Training Team had carried out the analysis of the replies. It was a statutory responsibility to provide Preserved Benefit Statements, and by making them available online provided security and convenient storage benefits to Members, and saved printing and postage costs to the Authority.

Overall Members were happy with the online service, although paper copies would still be provided to Members who did not have online access. Previously the Board had recommended that the overall customer satisfaction target required by Members needed to move from 47% to 55% very satisfied; and the latest results indicated the target had been exceeded by 3.6%.

RESOLVED – That the report be noted.

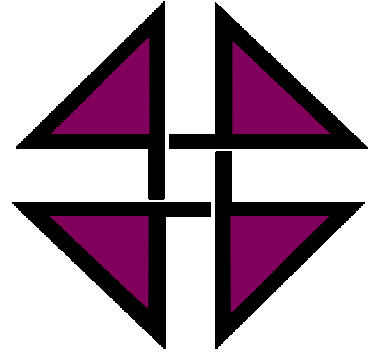
CHAIR

South Yorkshire Pensions Authority – cycle of future meetings

Authority Meetings

Agendas	11 October 2012	22 November 2012	17 January 2013	21 March 2013
Strategic Overview of Business	Meeting Overview & Context	Meeting Overview & Context	Meeting Overview & Context	Meeting Overview & Context
	S41 Feedback	S41 Feedback	S41 Feedback	S41 Feedback
Board Scrutiny	Call-Ins	Call-Ins	Call-Ins	Call-Ins
		Annual Review of Risk Policy	Risk Register Review	
		CPGB Audit Committee Functions Annual Report		
Review of Strategies	Qtr 1 Performance Framework Report	Qtr 2 Performance Framework Report		Qtr 3 Performance Framework Report
		Budgets and Revised Estimates	Budgets and Revised Estimates	Treasury Management Strategy Annual Report
				Funding Strategy Statement
Business	Board Chairs' Reports	Board Chairs' Reports	Board Chairs' Reports	Board Chairs' Reports
	LGPS Reform Proposals Update	LGPS Reform Proposals Update		AVC's Annual Review

	11 October 2012	22 November 2012	17 January 2013	21 March 2013
	Public Service Pensions Bill	SYPF Annual Meeting Report		Consultation Strategy
		FoIA Annual Report		Write Offs
		FoIA Publication Scheme		
		Members Self-Assessment Report		
		Pensions Advisory Panel Feedback		
Training & Development	Training Session	Training Session	Training Session	Training Session



SOUTH YORKSHIRE PENSIONS AUTHORITY

Business Planning and
Performance Framework 2012/13
for the Pensions Service
and Pensions Authority

**Performance Snapshot Report
2012/13: Q1**

ISSUED: October 2012

The strategic framework in outline

Pensions Service Strategic Objectives	Area of Impact
1: The Best	1.1: Engaging with all our partners, including employers, to ensure that we understand and meet their agreed needs 1.2: Providing an accurate and timely service to all customers 1.3: Gaining and retaining external recognition through quality standards awards such as Charter Mark and Customer Service Excellence 1.4: Ensuring that we continue to provide Value for Money
2: Investment returns	2.1: Monitoring performance against the adopted benchmark and targets
3: Responsible Investment	3.1: Developing and implementing a responsible investment policy that is compatible with the fiduciary duties of the Fund 3.2: Adopting a voting strategy and guidelines specific to the Fund's requirements and ensuring that it is regularly reviewed in accordance with industry best practice
4: Valuing our Employees	4.1: Maintaining a competent, valued and motivated workforce. 4.2: Encouraging personal development to improve knowledge, skills and effectiveness.
5: Pensions Planning	5.1: Providing information through written material to all customers 5.2: Developing interactive website facilities 5.3: Encouraging attendance at annual events to provide forums for discussion 5.4: Maintaining an "on-site" presence to address personal concerns
6: Effective and Transparent Corporate Governance	6.1: Clarifying functions and roles towards delivering a common purpose 6.2: Promoting good governance through upholding high standards of conduct and behaviour 6.3: Developing the capacity and capability of members and officers to be effective 6.4: Ensuring robust accountability

Snapshot performance results for each Strategic Objective and Area of Impact appear on the following pages

Pensions Service Strategic Objectives

1. The Best

Area under Review	Activity During Quarter	Target	Status/Comment
Consultation Strategy		100% on Schedule	
Transactions with Members		97%	

2. Investment Returns

Area under Review	Activity During Quarter	Target	Status/Comment
Fund Value	£577.6m	N/A	£4652.7m at end March
Performance Against Benchmarks	Qtr--1.4%	Qtr -2.1%	Equity markets were weak this quarter and as we were underweight equities this added value. Stock selection also added value.

3. Responsible Investment

Area under Review	Activity During Quarter	Target	Status/Comment
Responsible Investment	Voting guidelines and Shareholder Engagement reported in May.	-	Reports on FRC Corporate Governance Code and FRC Effective Stewardship Code due September 2012.

4. Valuing Our Employees

Area under Review	Activity During Quarter	Target	Status/Comment
Staff Turnover	0 leavers 0 New Starters	Annual 4.25%	
Staff Training		Plan 100% up to date	On target
Sickness Monitoring	Certified Uncertified	n/a	

5. Pensions Planning

Area under Review	Activity During Quarter	Target	Status/Comment
Interactive Facilities	new employers registered for EPIC of registered employers submitted a change via EPIC members registered for MyPension	N/A	of all employers now registered for EPIC Total registered at year end members.
Annual Meetings	N/A	Increase/Maintain Attendance	No meetings held during the review period
Face to Face Communication	Advisory Sessions Held	Less than 0.5% complaints	
Employer Activity	New Employers (All Academies) Employer Termination	N/A	All new employers have received handover training session.

Pensions Authority Strategic Objectives

6. Effective & Transparent Corporate Governance

Area under Review	Activity During Quarter	Target	Status/Comment
Internal Audit	May	100%	On target
Annual and Quarterly Reports	Quarterly Progress Report and Annual Report reviewed by CP&GB March - Strategy and Plan 2012/13 reviewed by CP&GB		
External Audit	May	100%	On target
Reports /Plans	Audit Commission Annual Plan 2011/12 considered by CP&GB		
Risk Management	May	100%	On target
Annual and Quarterly Reports	Risk Register reviewed by CP&GB		
Constitution	April /June	100% Up to date	Some slippage, which will be addressed by October 2012
Policy /Procedure Revision Dates	Amendments to Procedural and Contract Standing Orders approved by the Authority		
Financial Reporting	Budget Monitoring report – Quarter 4 31.2.12 considered by CP&GB	100% achievement of reporting schedule	On target.

Annual Governance Statement Conclusion	May Annual Governance Statement considered and approved by CP& GB	No Significant Weaknesses	Accuracy of pay and contributions identified. Action continuing.
Audit Committee – Annual Self Assessment			Reviewing format will be presented later in the year
Member Training		100% Induction & Fundamentals Training	80% had induction. 80% had fundamentals.

SOUTH YORKSHIRE PENSIONS AUTHORITY

11th October 2012

Employer Discretions

1. Purpose of the Report

To agree a policy for the exercise of discretions on behalf of former fund employers who no longer function as a scheme employer.

2. Recommendations

Adopt SYPA staff discretionary policies for scheme members of employers who no longer function as a scheme employer.

3. Background

- 3.1 Occasionally the authority has had to consider the request of a scheme member to exercise discretion in accordance with the regulations that should have been considered by their former employer but the employer is no longer a fund employer. The authority had no regulatory backing to do this but took a pragmatic view that it was their responsibility as custodians of the fund. To date no published policy has been formulated and due to the small number of cases each request has been treated individually on its own merits.
- 3.2 The Local Government Pension Scheme (Miscellaneous) Regulations 2012 effective from 1st October 2012 have formalised the situation and now require administering authorities to formulate and maintain a policy for making decisions on behalf of a former employer no longer in existence. Unfortunately the new regulations are limited to only include members who left after 1st April 2008 but given the policy lead it would make sense to incorporate earlier leavers within its scope.

4. Employer Discretions

- 4.1 There are a number of scenarios where the consent of the employing authority (or former employing authority) is required before a benefit can be paid or an actuarial reduction due on a benefit can be waived, or where the former employing authority has to obtain an opinion from an Independent Registered Medical Practitioner (IRMP).
- an active member wishing to voluntarily retire and draw immediate pension benefits on or after age 55 and before age 60 can only do so with the consent of the employing authority,
 - a member with deferred benefits can apply to have the deferred benefits brought into payment on or after age 55 but an election

prior to age 60 is ineffective unless the former employing authority agrees to the early release of the deferred benefit,

- a member with deferred benefits can apply to the former employing authority to have the deferred benefits brought into payment on the grounds that the member has become permanently incapable of discharging efficiently the duties of their former employment because of ill health or infirmity of mind or body and has a reduced likelihood of being capable of gainful employment before Normal Retirement Age or for at least 3 years, whichever is the earlier. The former employing authority has to obtain an opinion from an Independent Registered Medical Practitioner before agreeing to the release of the deferred pension,
- an employing authority can agree to waive, on compassionate grounds, any actuarial reduction that would be applied to benefits paid earlier than the member's Normal Retirement Age,
- a member who has a tier 3 ill health pension that has been suspended can apply to the former employing authority to have the suspended pension brought back into payment on or after age 55 but an election prior to age 60 is ineffective unless the former employing authority agrees to the early release,
- a member who has a tier 3 ill health pension that has been suspended can apply to the former employing authority to have the suspended pension brought back into payment on the grounds that the member has become permanently incapable of undertaking any gainful employment. The former employing authority has to obtain an opinion from an Independent Registered Medical Practitioner before agreeing to bring the suspended pension back into payment on these grounds.

5. Impact of Decisions

- 5.1 All of the above have potential to produce a 'strain on the fund' cost as they require the early payment of benefits. Where the employer is still in existence the cost is charged to the employer within the valuation process. However where the employer has ceased to function as a scheme employer the decision now rests with the authority and any costs will be spread amongst all the remaining active employers within the pension fund.
- 5.2 In an ideal world all the employers would keep their policies up to date and send the us details so in the event that an employer unexpectedly ceases to participate in the fund the authority would have some knowledge of their intention with regard to the exercise of discretions which might assist the authority with the decision making process. The reality is that very few employers do share their policies with the authority and therefore it is unlikely that anything will be available when a member makes a request.
- 5.3 In any event the responsibility now rests with the authority to make a decision and since any costs will be charged to the remaining

employers within the fund it could be argued that an employers previous policy ceased to have any relevance once the former employer ceased to participate in the fund. For information there are currently 286 former scheme members from 36 defunct employers who could possibly apply for a scheme discretion to apply to them. The average pension for these members currently amounts to £1785.10 per annum.

6. Recommendation

- 6.1 As mentioned earlier in this report the authority has previously considered scheme member requests on a case by case basis. Typically these cases have been for the release of benefits on health grounds or for compassionate reasons. As the regulations now require a published policy it would seem logical for the authority to treat requests from members from defunct employers in the same way as requests from the authority's own employees for which a published policy already exists. This will then provide the authority with a consistent approach to the exercise of discretionary decisions. The authority's current policies can be found at appendix 1.

Implications

- Financial - None to this report but exercise of an actual discretion may involve a strain on the fund.
- Legal - There are no legal implications
- Diversity - There are no diversity implications

Gary Chapman
Head of Pensions Administration
Phone 01226 772954
E-mail gchapman@sypa.org.uk

Background papers used in the preparation of this report are available for inspection in the Pensions Administration Unit.

This page is intentionally left blank



SOUTH YORKSHIRE
PENSIONS AUTHORITY

Local Government Pension Scheme

Statement of policy about exercise of discretionary functions

Employer Name South Yorkshire Pensions Authority

Regulation 66 of the LGPS (Administration) Regulations 2008 states that each employing authority must prepare a written statement of its policy, and keep its statement under review, in relation to the exercise of its functions under the following regulations:

Benefit Regulation 12:	Power of employing authority to increase total membership of active members
Benefit Regulation 13:	Power of employing authority to award additional pension
Benefit Regulation 18:	Flexible Retirement
Benefit Regulation 30:	Choice of early payment of pension

Statutory Requirements

Each employer must send a copy of its statement to the administering authority (SYPA) within 3 (three) months of joining the LGPS, and must also publish its statement.

Whenever a policy is revised, the employer must send a copy of its revised statement to the administering authority (SYPA) within one month (beginning with the date of revision).

In preparing, or reviewing and making revisions to, its statement, each employer must have regard to the extent to which its functions, in accordance with its policy, could lead to a serious loss of confidence in the public service.

Date of statement/review _____

In accordance with statutory requirements, I confirm the following to be the written statement of policy in relation to the exercise of LGPS discretionary functions as decreed by the appropriate authority.

Signed: _____
Duly authorised officer

Dated: _____

When complete, please send a copy to South Yorkshire Pensions Authority, 18 Regent Street, Barnsley. S70 2HG. Alternatively, send an electronically signed copy to admin@sypa.org.uk.



Local Government Pension Scheme

Statement of policy about exercise of discretionary functions



SOUTH YORKSHIRE
PENSIONS AUTHORITY

Benefit Regulation 12 Power of employing authority to increase total membership of active members

This regulation allows an employer to resolve to increase the total membership of an active member (augmentation). The total additional membership augmented (in relation to all employments) must not exceed 10 years.

The cost of augmentation can be provided by SYPA. Payment will normally be via capital injection to the Fund.

Power of employing authority to increase total membership of active members

Regulation 12 of the LGPS (Benefits Membership & Contributions) Regulations 2007

Policy

SYPA will not exercise its discretion to augment an employees membership unless a specific advantage to the authority, in doing so, is identified, but reserves the right to consider cases subject to actuarial costs and interests of equity.



Local Government Pension Scheme

Statement of policy about exercise of discretionary functions



SOUTH YORKSHIRE
PENSIONS AUTHORITY

Benefit Regulation 13 Power of employing authority to award additional pension

This regulation allows an employer to resolve to award a member an amount of additional pension, up to a maximum of £5000 p.a.

The cost can be provided by SYPA.

Payment will normally be via capital injection to the Fund.

Power of employing authority to award additional pension

Regulation 13 of the LGPS (Benefits Membership & Contributions) Regulations 2007

Policy

as above



Local Government Pension Scheme



Statement of policy about exercise of discretionary functions

SOUTH YORKSHIRE
PENSIONS AUTHORITY

Benefit Regulation 18 Flexible Retirement

This regulation allows the employer to consent to the early release of all, or part, of a member's LGPS benefits provided they have also consented to the reduction of hours worked or grade in which the member is employed. The member must be aged 55.

Dependant upon the accrued membership, benefits may be subject to actuarial reduction. The employer may agree to waive, in whole or part, any such reduction.

It is possible (or in the case of waived actuarial reductions definite) that flexible retirements may lead to fund strain costs, which must be borne by the employer via capital injection to the Fund.

Flexible Retirement

Regulation 18 of the LGPS (Benefits Membership & Contributions) Regulations 2007

Policy

Approval of any application for either full or partial flexible retirement will only be considered on a cost neutral basis and for the avoidance of any doubt the Authority will neither waive any actuarial reduction that would otherwise apply to the retirement benefits, nor accept cases that would result in pension fund strain costs being incurred.

Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement

as above



Local Government Pension Scheme

Statement of policy about exercise of discretionary functions



SOUTH YORKSHIRE
PENSIONS AUTHORITY

Benefit Regulation 30 Choice of early payment of pension

This regulation allows the employer to consent to the early payment of 'non ill health' LGPS benefits in respect of members aged inclusively between 55 and 59.

Dependant upon the accrued membership, benefits may be subject to actuarial reduction. The employer may agree, on compassionate grounds, to waive any such reduction.

Any fund strain cost associated with this discretion will be offset against the actuarial allowance provided by the Fund's actuary. If the allowance (which also includes non discretionary ill health retirements) is exceeded employer contribution rates are likely to increase.

Choice of early payment of pension

Regulation 30 of the LGPS (Benefits Membership & Contributions) Regulations 2007

Policy

No early release of benefits below age 60 where a strain cost would arise unless the former employee is either the primary carer of a dependant relative or requires special care themselves.

Whether to waive on compassionate grounds the actuarial reduction applied to benefits paid early

As above



This page is intentionally left blank

SOUTH YORKSHIRE PENSIONS AUTHORITY

11 OCTOBER 2012

Report of the Fund Director

PUBLIC SERVICE PENSIONS BILL

1) Purpose of the report

To inform members that the Government has published the above Bill.

2) Recommendation

That the report be noted.

3) Background information

3.1 Last month the Government published the Public Service Pensions Bill which covers all of the main UK public sector pension schemes, including the Local Government Pension Scheme (LGPS), and a number of the smaller ones. It includes provision for them to be based upon career average revalued earnings, links pension ages under the schemes to State Pension Age* and introduces measures for cost sharing between employers and members. It is a framework Bill and, therefore, the detailed provisions will remain the province of individual Scheme Regulations.

3.2 The Independent Public Service Pensions Committee ("Hutton") published its final report in March 2011 and this Bill, according to HM Treasury, implements the subsequent agreements reached with stakeholders etc. Hutton had recommended establishing a common legislative framework and improving governance arrangements of public service pension schemes.

Potential implications for LGPS

3.3 At first reading there are some aspects of the Bill which will affect the LGPS. Firstly, there will be a role for The Pensions Regulator (TPR) in overseeing the operation of the Scheme. These look set to include, inter alia, the reporting of fraud and theft, overdue contributions and the implementation of a formal code of practice for scheme management.

3.4 There will be a requirement for the appointment of Pensions Boards. These Boards will assist with the management of the Scheme, complying with TPR dictats and ensuring that Boards' members have proper knowledge and understanding of the Scheme. Local management of the LGPS will remain. At this stage it is assumed that administering authorities will become the "Scheme Manager", responsible for local management and that it will be possible for the Scheme Manager to delegate responsibility to a Committee in which case the Committee would become the Pensions Board.

- 3.5 Within the details yet to be announced are any proposals regarding union or lay representation on Pensions Boards and whether there will be a national process for the development of Scheme policy. Predictions that a national LGPS oversight body will be created remain widely held. Commentators have noted that the Bill is far from clear regarding the balance between local and national responsibilities and expect clarity to emerge during consultations. There will be a need for schemes to establish internal administrative and management controls.
- 3.6 HM Treasury will become responsible for determining how members' accrued benefits are valued
- 3.7 The explanatory notes to the Bill define "solvency" for the first time but do not make it clear whether such a definition will be binding. Given that the definition refers to ensuring that the scheme's liabilities can be met as they arise this could have significant consequences for actuarial valuations and the funding of the LGPS. It appears that valuations and contribution rates will have to be subject to independent review post signature with the possibility for either or both to be revised.
- 3.8 The Bill's second reading is scheduled for later this month.

4) Implications

4.1 Financial

There are no known implications at this juncture.

4.2 Legal

There are no legal implications.

4.3 Diversity

There are no diversity implications.

4.4 Risk

This Authority is the formal decision-making body for matters relating to the Fund. There are no risk implications connected to this report.

*excluding armed forces, police and firefighters

Officer responsible:-

John Hattersley, Fund Director

Telephone contact 01226 772873

Background papers used in the preparation of this report are available for inspection at the offices of the South Yorkshire Pensions Authority in Barnsley

Other sources and references: HM Treasury; Mercers; Parliament