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 21 March 2013 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.

With effect from 01.09.12: S Pick CPFA Clerk & Treasurer

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

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SOUTH YORKSHIRE PENSIONS AUTHORITY

21 MARCH 2013 AT 10.00 AM AT THE OFFICES OF THE SOUTH YORKSHIRE JOINT SECRETARIAT, 18 REGENT STREET, BARNSLEY

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 of the Authority held on 17 January 2013	1 - 6
7	Minutes of the Pensions Advisory Panel held on 22 January 2013	7 - 10
8	Work Programme	11 - 12
9	Section 41 Feedback from District Councils	
10	Quarter 3 Performance Snapshot Report	13 - 20
11	Treasury Management Strategy Statement 2013/14	21 - 34

	Item	Page
12	Review of Funding Strategy Statement	35 - 48
13	Board Chairs' Report	Verbal Report
14	LGPS 2014: Update	Verbal Report
15	Report on the current position of the Additional Voluntary Contribution facility offered by the Authority	49 - 52
16	Meetings of the Authority and Boards 2013/14	53 - 56
17	Member Learning and Development: External Conferences and Seminars	57 - 58
	<u>Exclusion of the Public and Press</u>	
*18	Release of Preserved Benefits - Compassionate Grounds **(Exemption Paragraph 1)**	59 - 68

SOUTH YORKSHIRE PENSIONS AUTHORITY

17 JANUARY 2013

PRESENT: Councillor M Lawton (Chair)
Councillor R Wraith (Vice-Chair)
Councillors: D Baker, E Butler, K Goulty, B Perrin, L Rooney, A Sangar and P Wootton

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

Officers: S Pick (Clerk and Treasurer), G Chapman (Head of Pensions Administration), J Hattersley (Fund Director), M McCarthy (Deputy Clerk), R Bywater (Principal Policy Officer) and M McCoole (Senior Democratic Services Officer)

Apologies for absence were received from Councillors B Ford, B Lodge and C McGuinness

1 APOLOGIES

Apologies were noted as above.

2 ANNOUNCEMENTS

None.

3 URGENT ITEMS

RESOLVED – That an urgent report entitled 'Local Authority Pension Fund Forum: Elections' be considered in the absence of the public and press.

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

RESOLVED – That agenda item 16 entitled 'Software Sales' be considered in the absence of the public and press.

5 DECLARATIONS OF INTEREST

None.

6 MINUTES OF THE MEETING OF THE AUTHORITY HELD ON 22 NOVEMBER 2012

The Chief Executives at the four local authorities had previously been sent letters on behalf of the Authority, to draw their attention to the issues which needed addressing regarding the timely issue of pensions data. A formal response had been received from Barnsley but no response had yet been received from Doncaster or Sheffield. It was agreed that no response was expected from Rotherham as they had been sent a letter acknowledging their good performance in issuing pensions data. Members from

Doncaster and Sheffield agreed to make contact with their respective Chief Executives in relation to a response.

M McCarthy reported that Fundamentals training was in the process of being provided to the one remaining Member.

RESOLVED – That the minutes of the Authority meeting held on 22 November 2012 be noted.

7 MINUTES OF THE BOARDS

a) Corporate Planning and Governance Board held on 15 November 2012

RESOLVED – That the minutes of the Corporate Planning and Governance Board held on 15 November 2012 be noted.

b) Investment Board held on 13 December 2012

RESOLVED – That the minutes of the Investment Board held on 13 December 2012 be noted.

8 WORK PROGRAMME

The Authority considered its Work Programme to 13 June 2013.

Councillor Lawton commented that training and development should be looked at further; and suggested the only training to be held at the conclusion of the AGM on 13 June 2013 should be new member induction training.

RESOLVED – That the contents of the Work Programme be noted.

9 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

Councillor Goulty referred to the Ministerial Statement of the intention to consult on removing access to the Local Government Pension Scheme (LGPS) to councillors from April 2014.

RESOLVED – That the matter be discussed at Item 12 'LGPS Reform Proposals Update' on the agenda.

10 REVENUE ESTIMATES 2013/14

A report of the Clerk and Treasurer was submitted to confirm the endorsement by the South Yorkshire Leaders of the Authority's draft budget proposals considered by the Authority on 22 November 2012.

RESOLVED – That Members:-

i) Formally confirmed the budget proposals.

ii) Approved the budget of £5,340,700 for 2013/14.

11 BOARD CHAIRS' REPORTS

Councillor Lawton had recently attended an LGA meeting on infrastructure funding, which had been attended by a number of local authorities, trade unions, Government departments and FTSE 100 companies. Councillor Lawton would report back to the Authority following further meetings.

12 LGPS REFORM PROPOSALS UPDATE

The Head of Pensions Administration gave a verbal update to the Authority on the LGPS Reform Proposals.

A statutory consultation on draft regulations for the new LGPS had been issued by The Department for Communities and Local Government (DCLG) prior to the 2012 Christmas break. From 1 April 2014 the regulations were due to come into force, which would cover the core aspects of the new scheme relating to membership, contributions and benefits.

Members noted a second consultation exercise would be issued as soon as possible, to cover the following key areas:-

- Transitional arrangements
- Cost control
- Governance
- Fair deal
- Councillors' pensions

Headline changes to the new scheme would include:-

- A Career Average Scheme
- An accrual rate of $1/49^{th}$ of pay for each year of membership
- Scheme retirement age linked to new state pension age for active and deferred members

In order to qualify for a retirement benefit under the new scheme, contributions must be paid for a minimum of two years. Members wishing to retire at age 55 (the earliest that benefits could be taken) would no longer need the permission of their employer, but their benefits would be subject to an actuarial reduction due to early payment; and they would have to give their employer three months' notice. Members could elect to be part of the 50/50 scheme, where they would pay 50% of their required contribution rate in return of 50% of the benefits.

The establishment of a National Board was envisaged, to monitor the standards of administration across the country, and to ensure what the Regulations and Pensions Bill required in terms of governance. Membership of the board would be elected from employers, trades unions and representative bodies.

A discussion arose around the Ministerial Statement regarding the intention to consult on removing access to the scheme to councillors from April 2014. Members agreed that the issue should be pursed through SEGOMA.

The Fund Director reported that the Public Service Pensions Bill had recently had its second reading in the House of Lords. The Pension Minister had made a statement on State Pension Reform, which would have implications for Local Government Employers in the long term.

RESOLVED – That the update be noted.

13 COMPLIANCE WITH MYNERS' PRINCIPLES: SELF-ASSESSMENT

A report of the Clerk and Treasurer was submitted to inform Members of the outcome of the self-assessment against the Myners' Principles. In October 2011 Members had adopted a self-assessment system and agreed to use a template to gauge compliance. Members had been requested to complete and the return the forms to the Clerk and Treasurer at the end of the financial year (March 2012), and seven of the twelve forms had been returned. The results had been positive, and no areas of concern or development needs had been identified.

M McCarthy reported that the Democratic Services Team had recently been restructured to provide greater support and assistance to Member development.

RESOLVED – That the Authority:-

i) Noted the contents of the report.

ii) Confirmed its commitment to the process for this financial year.

iii) Agreed to any development needs arising from the results.

14 MANAGEMENT ARRANGEMENTS

A report of the Clerk and Treasurer was submitted to formally record the changes of job titles of senior officers of the Authority. Following the retirement of the Assistant Treasurer, and in anticipation of the retirement of the incumbent Clerk and Treasurer, changes had taken place to the senior management structure of the Authority in 2011.

RESOLVED – That Members formally approved the following job title changes:-

Formerly Assistant Treasurer now Head of Pensions Administration
Formerly Fund Manager now Fund Director
Formerly Assistant Fund Manager now Head of Investments
Formerly Operations Manager now Head of Finance

15 TRADES UNION REPRESENTATION ON BOARDS

A report of the Clerk and Treasurer was submitted to inform the Authority of the current position regarding Trades Union seats on the Corporate Planning and Governance Board and the Investment Board.

A discussion arose around the non-attendance at Authority meetings of the UCATT representative. Members agreed that a letter be sent on behalf of the Authority to the UCATT Senior Officer suggesting that an alternative representative be appointed to attend future Authority meetings. Councillor Wraith suggested that if a trades union representative had not attended any meetings or sent apologies for a period of 12 months, then a letter should be sent to that trades union.

RESOLVED – That Members:-

i) Approved the extension to the Terms of Office of the Trades Union representatives on the Authority's Boards until 31 March 2014.

ii) Agreed a letter be sent on behalf of the Authority to UCATT suggesting that an alternative representative be appointed to attend future Authority meetings.

16 <u>EXCLUSION OF THE PUBLIC AND PRESS</u>

RESOLVED – That, under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act and the public interest not to disclose information outweighs the public interest in disclosing it.

17 <u>SOFTWARE SALES</u>

A report of the Head of Pensions Administration was submitted to update Members on the recently completed 'Pilot Project' and to seek approval for further sales to other LGPS Administering Authorities.

Members thanked all officers involved for the commendable work undertaken.

RESOLVED – That Members approved the sale of internally developed software to other LGPS Administering Authorities on a commercial basis.

18 <u>LOCAL AUTHORITY PENSION FUND FORUM: ELECTIONS</u>

A report of the Clerk and Treasurer was submitted to inform Members that an election was being held for the Chair and Vice Chair of the Local Authority Pension Fund Forum.

RESOLVED – That Members:-

i) Agreed to vote in the election.

ii) Indicated which candidates to support in the election.

CHAIR

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SOUTH YORKSHIRE PENSIONS AUTHORITY

PENSIONS ADVISORY PANEL

22 JANUARY 2013

PRESENT:	Councillor M Lawton (Chair) Councillor R Wraith (Vice-Chair)
Trade Unions	G Boyington (Unison)
Pensioners & Deferred Representatives	D Carr, G Johnston, D Tomkins and J Weston
Officers	R Bywater (Principal Policy Officer), G Chapman (Head of Pensions Administration), G Garrety (Democratic Services Officer), J Hattersley (Fund Director), M McCarthy (Deputy Clerk) and S Pick (Clerk and Treasurer)
	Apologies were received from: M Eeles and D Stevenson

1 MINUTES OF THE PENSIONS ADVISORY PANEL HELD ON 23 OCTOBER 2012

G Chapman updated the Group regarding the AVC compensation scheme. A test spreadsheet had been received from the body administering the scheme; this was then populated with test data and returned. The test had been successful and a data file was now awaited which would be cross-checked, amended as necessary and returned. He commented that although things were now moving in the right direction, it was a very slow process.

RESOLVED – That the minutes of the Pensions Advisory Panel held on 23 October 2012 be agreed as a correct record.

2 MINUTES OF THE AUTHORITY AND BOARDS

Corporate Planning and Governance Board

In response to a query, G Chapman reported that with regard to data flows the position was mixed; Rotherham was still performing well. Due to an oversight, Doncaster had not signed the original SLA – this had now been rectified. There would be a training session on SLA's after the next meeting of the Pensions Authority on 21 March to which Advisory Panel members would be invited.

With regard to minute 23 – 'EU Members State Tax Rules: Potential Tax Refunds' a member queried the reason for the potential refunds. J Hattersley explained that the EU was supposed to be a common market but that Member States had differing tax rules; this had led to challenges to the legality of member state tax rules. It was the Authority's policy to pursue the claims where it was cost-effective to do so.

Pensions Authority

With regard to the agenda item, 'Pensions Advisory Panel Feedback', it was noted that the minutes of the Panel were on the agenda at item 1; the Group felt that unless there was something else to report that was not in the minutes, this item should be removed from the agenda.

Investment Board

The Group had a discussion around the actuarial valuation that would be carried out at the end of March 2013. Contributory factors to the valuation were noted e.g. low bond yields, academies, pressure on the actuary to keep contributions low and the number of members opting out of the Scheme. G Chapman reported that members enquiring about opting out of the Scheme were provided with full pension information specific to the individual to help them make an informed decision. So far, from the 416 requests received, 84% had decided to stay in the Scheme.

3 LGPS UPDATE

The Group discussed the draft LGPS Regulations which had been issued in late December 2012. G Chapman informed the Group that the draft regulations were what had been expected after the informal consultation, but several areas had not been covered and these would be subject to a further consultation. These included:

- Transitional Arrangements.
- Cost Control.
- Governance.
- Fair Deal.
- Councillors Pensions.

It was noted that the intention to remove access to the Scheme to councillors from April 2014 had not been in the original proposals. In response to a query, G Boyington remarked that he expected the Trades Unions to take this matter up on behalf of councillors.

The Group also noted that the State Pension reform proposals announced last week would have significant implications for LGPS employers NI costs if implemented.

4 MEMBER TRAINING AND DEVELOPMENT

The new Member Handbook and Glossary of Investment Terms had recently been circulated; the Panel felt that the Glossary of Terms was a useful document. M McCarthy gave an update on Member Training and Development. He reported that as R Bywater was back at work, it was hoped to send a 'training needs' form to the Group within the next few weeks and further develop the Learning and Development Programme. The Panel discussed the difficulty of finding information/training that was specific to LGPS, with the exception of the Fundamentals training delivered by the LGA. M Lawton commented that there was some useful information on the internet that may be of interest to members of the Panel, though they should be wary because most of it addressed private sector or trust law schemes. It was agreed that it would be useful for a report to be produced highlighting useful sources of training.

M McCarthy commented that it was intended to use a range of mediums to deliver information/training and that suggestions/feedback from members of the Panel would be very welcome. Feedback forms would be sent to all members after every training event.

J Weston commented that the presentation by PIRC after the last meeting of the Authority had been very beneficial. It was noted that Panel members could attend all meetings of the Authority and its Boards as members of the public, and this may help develop their knowledge and understanding.

CHAIR

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South Yorkshire Pensions Authority – cycle of future meetings

Authority Meetings

Agendas	17 January 2013	21 March 2013	13 June 2013 AGM	13 June 2013 Ordinary Meeting
Strategic Overview of Business	Meeting Overview & Context	Meeting Overview & Context		Meeting Overview & Context
	S41 Feedback	S41 Feedback		S41 Feedback
Board Scrutiny	Call-Ins	Call-Ins		Call-Ins
Training & Development				
Review of Strategies	Budgets and Revised Estimates	Qtr 3 Performance Snapshot Report		Qtr 4 Performance Snapshot Report
		Treasury Management Strategy Annual Report		CPGB Audit Committee Functions Annual Report
		Review of Funding Strategy Statement		
Business	Board Chairs' Reports	Board Chairs' Reports	Appointment of Chair and Vice Chair	Board Chairs' Reports
	LGPS Reform Proposals Update	LGPS Reform Proposals Update	Membership of the Authority	LGPS Reform Proposals Update
	Members Self-Assessment Report	AVC's Annual Review	Appointment of Boards and Committees	Webcasting

11.3.13

	17 January 2013	21 March 2013	13 June 2013 AGM	13 June 2013 Ordinary Meeting
Business	Management Update Report		Questions in Meetings of District Councils	Members Self-Assessment Report
	Software Sales	Meeting Cycle Dates		Framework Agreement
	Trades Union Representation on Boards			Loyalty Awards
Training & Development	Training Session PIRC	Training Session Service Level Agreements		

SOUTH YORKSHIRE
PENSIONS AUTHORITY

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

Performance Snapshot Report
2012/13: Q3

ISSUED: March 2013

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	Employers Forum	100% on Schedule	High level of satisfaction recorded
Transactions with Members	13835 cases of which 99.8% on target	97%	Performance 0.1% down on previous quarter but 1831 more cases processed

2. Investment Returns

Area under Review		Target	Status/Comment
Fund Value	£4892.4	N/A	£4721.7m at end September
Performance Against Benchmarks	Qtr 3.7% YTD 5.7%	Qtr 3.6% YTD 4.8%	Equity markets rallied as investment worries that had dominated earlier in the year receded. Stock selection particularly in property added value this quarter.

3. Responsible Investment

Area under Review	Activity During Quarter	Target	Status/Comment
Responsible Investment	Statement of Investment Principles renewed in December and membership of IIGCC renewed.		

4. Valuing Our Employees

Area under Review	Activity During Quarter	Target	Status/Comment
Staff Turnover	1 leaver 1 New Starter	Annual 4.25%	Running total for 2012/3 is 3 leavers 1 new starter
Staff Training	MS Outlook Foundation MS Word Intermediate	Plan 100% up to date	On target

5. Pensions Planning

Area under Review	Activity During Quarter	Target	Status/Comment
Interactive Facilities	12 new employers registered for EPIC 65% of registered employers who submitted information did so via EPIC 408 new members registered for MyPension	N/A	173 employers (84%) now registered for EPIC Communication with employers continuing to issue paper forms is on-going with the aim of significantly increasing the use of online forms 11794 Members now registered in total.
Annual Meetings	Employers Forum. Forum attended by 83 delegates from 44 employer Scheme Member AGM. Attended by 59 scheme members	Improve attendance	Attendance up 6% on 2011 Attendance down 43% on 2011 which was disappointing although Barnsley usually poorest attended.

Face to Face Communication	537 Advisory Sessions Held 51 group presentations. Over 1000 attendees	Less than 0.5% complaints	No complaints received. Numbers seen consistent with previous quarter. Excellent feedback received.
Employer Activity	14 New Employers (12 Academies and 2 Transferee Admission Bodies) 0 Employer Terminations	N/A	At the end of December 2012 we had 275 participating employers of which 214 had active members. This is predicted to rise to over 250 within the next few months due to the number of new academies already in the pipeline.

Pensions Authority Strategic Objectives

6. Effective & Transparent Corporate Governance

Area under Review	Activity During Quarter	Target	Status/Comment
Internal Audit Annual and Quarterly Reports	November – Quarterly Progress Report reviewed by CP& GB	100%	On target

External Audit Reports /Plans	November – Annual Audit Letter considered by CP&GB November – Annual Fees Letter approved by CP&GB	100%	On target
Risk Management Annual and Quarterly Reports	November -Risk Register considered by CP&GB November – Annual Review of Risk Register considered by the Authority	100%	On target
Constitution Policy /Procedure Revision Dates	No updates reported	100% Up to date	
Financial Reporting	Budget Monitoring report – Quarter 2 considered by CP&GB	100% achievement of reporting schedule	On target.
Annual Governance Statement Conclusion		No Significant Weaknesses	Accuracy of pay and contributions identified. Action continuing.
Audit Committee – Annual Self Assessment	November – Annual Report of the Audit Committee approved by CP&GB and considered by the Authority		
Member Training	October – 4 Members attended Fundamentals Day 1 November – 4 Members attended Fundamentals Day 2 December – 4	100% Induction & Fundamentals Training & Fundamentals Refresher	85% had induction. 100% had Fundamentals Day 1 100% had Fundamentals Day 2 92% had

	Members attended Fundamentals Day 3 November – 5 Members attended Treasury Management training November – 9 Members attended training on the National Fraud Initiative December – 6 Members attended training on the UK Equity Portfolio	Fundamentals Day 3 85% had Fundamentals refresher.

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SOUTH YORKSHIRE PENSIONS AUTHORITY

21 MARCH 2013

Report of the Clerk and Treasurer

TREASURY MANAGEMENT STRATEGY STATEMENT 2013/2014

1) Purpose of the report

To seek Members' approval of the treasury management procedures and strategy followed by the Authority.

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2) **Recommendation**

It is recommended that the Authority:-

a) **adopts the Annual Investment Strategy and recommendations set out in Appendix I; and**

b) **in accordance with Section 3(1) of the Local Government Act 2003 approves an Affordable Borrowing Limit, on a rolling basis for the forthcoming year and two successive years as outlined in Appendix II, of £250,000 being the maximum amount the Authority can afford to borrow; and**

c) **keeps the above under review.**

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3) Background information

3.1 Local authority treasury management activities are governed by Section 12 of Part I, Chapter I of the Local Government Act 2003 ("the Act") which provides that a local authority may invest "for any purposes relevant to its functions under any enactment, or "for the purposes of the prudent management of its financial affairs". Pursuant to section 15 of the Act, in carrying out its functions, a local authority is required to have regard to relevant guidance and regulations issued by the Secretary of State and under the supporting Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 Regulations to "have regard" to the Chartered Institute of Public Finance and Accounting (CIPFA) publication "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes" ("the Code"). The Code was updated in November 2011 and covers the whole range of treasury management issues, including the fundamental principles for making and managing investments and requires local authorities to prepare an annual treasury management strategy statement ("TMSS"). Under the Code treasury management is defined as:

"the management of the Authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of the optimum performance consistent with those risks".

3.2 Amongst the primary requirements of the Code are the need to establish and maintain a Treasury Management Strategy Statement (TMSS) which sets out the policies and objectives of the Authority's treasury management activities and sets out how they will be achieved; approval of the Annual Investment Strategy (AIS); regular reporting on activities during the year and establishment of the delegation by the Authority of its responsibilities to other bodies and its officers. The AIS can be incorporated within the TMSS. For this Authority the delegated scrutinising body is the Corporate Planning and Governance Board.

3.3 The Authority manages its cash itself. The customised benchmark allocation for cash changed during the year (from 0% to 1.5%) but the tactical range (0%-10%) has not. This decision stemmed from the introduction of currency hedging, agreed by the Investment Board, which potentially requires considerable cash sums to meet rollover obligations. In addition to meeting that requirement some cash needs to be held in order to service creditors etc and the pension payroll. In absolute terms the amount of cash held at any one time might run to tens of millions of pounds but it is normally going to represent a relatively small percentage of total Fund assets. This is one reason why the CIPFA Code has not been universally adopted by Local Government Pension Scheme ("LGPS") administering authorities for the purposes of investing local authority pension funds. The specialised nature of pension fund monies does not lend itself easily to the Code: this is especially so since the funds themselves have no borrowing powers.

3.4 The decision to undertake currency hedging has affected treasury management operations. These have been reported to the Investment Board and officers provide quarterly reports to the Board. For Members' information the currency values being hedged are determined by the monthly Fund valuation. The transactions themselves take place in the middle of the month and as close as possible to 4pm on the relevant day. This is so the daily WM Reuters FX Fixing can be used to monitor the prices. Currency exposure is sold forward for one month with precise timing reflecting market liquidity conditions. This time period was determined by HSBC in light of legal advice the bank obtained when interpreting the LGPS Regulations. An overall limit of £1.8bn has been agreed with HSBC for these exposures.

3.5 At the time of the decision to commence rollovers the Board was made aware that the monthly rollover exposure could fall within the range of £22m to £45m and that based upon standard deviations there is a one in twenty chance that exposure could be much higher than that and up to as much as £75m. Members accepted that accommodating that potential requirement would affect the nature of the Fund's treasury management operations and would result in higher minimum cash levels being maintained.

3.6 The hedging operation has worked smoothly so far and the costs have been reasonable given the size and frequency of the transactions. The period up to end 2012 was unusually peaceful in the currency markets, however, and the Fund has yet to be tested by volatility of any real dimension. However, Sterling's depreciation against both the Euro and US dollar so far this year has been more difficult to manage. It is worth reiterating that currency rates can move violently over short periods – 2008 saw two separate months when Sterling fell by more than 10% - and if this were to be repeated now with the passive hedging policy in place, the Fund would have to find over £100m for each fall.

3.7 The Authority has never utilised its borrowing powers other than for temporary overdraft purposes. The borrowing powers (i.e. in its own right and not on behalf of the Fund) have always been reviewed annually and resolved upon separately by the Authority. The current governing legislation is the Act and the requirements are more fully referred to in section 4 below. Please note that the Act does not apply to pension funds, being controlled by a separate regulatory regime which is administered by the Department for Communities and Local Government (CLG).

3.8 Under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009: SI 2009/3093 ("the 2009 Regulations") an administering authority has a power to borrow on behalf of the LGPS fund it administers in certain circumstances.

3.9 The management of the Fund itself is conducted in accordance with the Authority's Statement of Investment Principles which has been drawn up in accordance with extant Regulations.

3.10 Members were invited to attend a training session on treasury management matters, provided by Sector Treasury Services, last November.

3.11 This report embodies the principles of the CIPFA Code and the Act. There is no separate TMSS. There are two appendices to this report: Appendix I, which is the Annual Investment Strategy and Appendix II is the Affordable Borrowing Limit.

4) <u>The Local Government Act 2003</u>

4.1 Although pension fund monies are specifically excluded from the investment regulations [The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003] made under the Local Government Act 2003 Members should note that the Authority is subject to the capital expenditure requirements (Part 8, section 32). CLG will issue guidance under the Act from time to time and local authorities must have regard to the guidance.

4.2 Present guidance stresses the need for strategies to be prudent and defines a prudent investment policy as one having two objectives: achieving first of all security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed). The generation of investment income is distinct from these prudential objectives. In other words, the investment priorities are, firstly, security of capital; secondly, liquidity; thirdly, yield.

4.3 Section 3 (1) of the Act requires the Authority to set and keep under review an 'Affordable Borrowing Limit' (ie how much money it can afford to borrow) and to do so by reference to the CIPFA Prudential Code. The Limit is to be set, on a rolling basis, for the forthcoming year and two successive financial years. The Clerk and Treasurer can confirm that the Limit has been kept under review.

4.4 Subsection (8) provides that a local authority's function under subsection (1) shall be discharged only by the authority; i.e. Members only can determine the affordable borrowing limit.

4.5 Part 1 of the Act introduced a prudential capital finance system called the prudential code for capital finance in local authorities. The key objectives of the "Prudential Code" are to ensure within a clear framework that:-

- capital investment plans of local authorities are affordable, prudent and sustainable
- treasury management decisions (notably borrowing for capital expenditure) are taken in a manner which supports affordability, prudence and sustainability

Affordability is implied in relation to the council tax. Prudence and sustainability is implied in relation to external borrowing.

4.6 Although the Authority currently does not have and is unlikely ever to have a capital programme given its purpose Members ought to be aware that should it establish one it will need to demonstrate that it has fulfilled the objectives of the Prudential Code. The Code sets out the indicators that must be used and factors to be taken into account but does not include suggested limits or ratios as these are for the local authority to set. The prudential indicators for the forthcoming year and following years must be set before the beginning of the year. They may be revised at any time, following due process, and must be reviewed and revised, if appropriate, for the current year when the prudential indicators are set for the following year.

4.7 Section 5 of the LGA 2003 contains the power for an authority to borrow temporarily against future income yet to be received by it provided the delayed receipt of such future income was not taken into account in the setting of the affordable borrowing limit. This power is thought to apply to the Authority by virtue of Regulation 32 of the Local Government (Capital Finance and Accounting) (England) Regulations 2003.

4.8 The Authority must have regard to both the guidance issued by CLG and the CIPFA Treasury Management Code when preparing its AIS. CLG recommends that the AIS be approved at the equivalent level of full council and should be approved before the start of the financial year. Under the current cycle of Authority meetings this meeting is the appropriate one. The AIS is included within the attached Statement.

4.9 Other than the statutory obligation to set an Affordable Borrowing Limit the Authority is not materially affected by the Practice or Prudential Code though if it had a capital expenditure programme it would be different. The Authority's levy, issued in accordance with The Levying Bodies (General) Regulations 1992, finances the payment of statutory compensation and is not a function of capital financing decisions. The Authority does not borrow to fund either annual running costs or capital investment.

4.10 Whilst the Authority has no need to undertake external borrowing the Act still appears to impose a duty to set an Affordable Borrowing Limit. Last year's ABL was set at £250,000 and there is not thought to be any need to amend that limit.

4.11 In terms of delegation the Authority receives this report and approves policy and strategy. The Corporate Planning and Governance Board receives quarterly updates upon the implementation of the policy and strategy. Day to day management is entrusted to the Clerk and Treasurer.

4.12 The Clerk and Treasurer, is the designated s73 Officer under the Local Government Act 1985, and has overall responsibility for the execution and administration of treasury management decisions and is responsible for, amongst other matters:

recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;

submitting regular treasury management policy reports;

receiving and reviewing management information reports;

reviewing the performance of the treasury management function;

ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;

ensuring the adequacy of internal audit, and liaising with external audit;

the appointment of external service providers.

4.13 Under the Code the Clerk and Treasurer is required to ensure that Members and officers with responsibility for treasury management receive adequate and appropriate training. Members were invited to a course in November 2012 provided by Sector Treasury Services and a further one is planned for Autumn 2013. The training need of the Authority's staff is assessed on a regular basis.

4.14 The Authority utilises the services of external brokers and credit rating research published by Sector Treasury Services Limited. The Authority, however, recognises that responsibility for treasury management decisions remains with the organisation and sole reliance will not be placed on the use of external services. The Authority will also use market data and market information gleaned from other sources such as stockbrokers and the media and government support.

4.15 In summary, therefore, the Authority employs a treasury management strategy in which investments are managed broadly in accordance with the Code of Practice for Treasury Management in Public Services published by CIPFA.

5) Retail banking services

The South Yorkshire Joint Secretariat manages the treasury function of the other three Joint Authorities. As a matter of convenience and cost-effectiveness this Authority employs the same retail bank as the other Joint Authorities. Although a formal tender for the provision of these services is overdue the exercise had been put on hold pending clarification of the requirements of the Police and Crime Commissioner. Furthermore, there is now a suggestion that a combined Authority might replace the ITA. In the light of these potential changes of circumstance the Clerk and Treasurer has determined to retain the current position but if any of the Joint Authority services are carried out by someone else other than the Joint Secretariat this Authority is likely to have to conduct its own tender exercise.

6) Implications

6.1 Financial

There are no implications not otherwise mentioned within the report.

6.2 Legal

It is not thought that there are any legal implications.

6.3 Diversity

There are no diversity implications.

6.4 Risk

This Authority is the formal decision-making body for treasury management matters and has responsibility to ensure that adequate risk management processes are in place. This it discharges by agreeing a treasury management strategy and ensuring that compliance with it is regularly monitored by the Corporate Planning and Governance Board. There are potential reputational and financial risks that could arise from non-compliance with the Act and Regulations. It should also be noted that the ratings issued by credit rating agencies are only one means of assessing creditworthiness and are open to error and interpretation.

S Pick
Clerk and Treasurer

Officer responsible:
John Hattersley, Fund Director.

Contact telephone: 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: Bevan Brittan; CIPFA; CLG; LGA; Sector Treasury Services

APPENDIX I

SOUTH YORKSHIRE PENSIONS AUTHORITY

TREASURY MANAGEMENT: ANNUAL INVESTMENT STRATEGY

A) Policy Statement

1) Introduction

1.1 Treasury management can be defined as the management of the Authority's cash flow, its borrowings and its investments, the management of the associated risks and the pursuit of the optimum performance or return consistent with those risks.

1.2 The Authority's treasury management operation is relatively simple compared to that of a conventional local authority. It essentially revolves around the depositing of surplus monies (ie pending permanent investment) with approved institutions.

1.3 This Strategy is constantly monitored and if deemed necessary may be replaced by a revised strategy. The circumstances warranting a revised strategy may vary but likely triggers could be changes in legislation, changes to interest rate expectations or changes to underlying investment market conditions and money market liquidity. However, the Strategy should not be formally reviewed just because of changes to purely technical circumstances. It is to be treated as a flexible document with sufficient delegations to allow officers to effectively manage the cash balances of the Authority and Fund.

2) Treasury Management Operation and Objectives

2.1 The activities of the treasury management operation cover:-

- Lending
- Cash flow forecasting and management
- Managing the underlying risk associated with the Fund's cash balances
- Consideration, approval and use of new financial instruments and treasury management techniques
- Liaison with brokers, the Authority's bankers, and other financial institutions

2.2 The overall objectives of the Authority are to achieve the optimum return consistent with minimising risk, with the overriding principle being to maintain the Authority's and Fund's capital.

2.3 Currently, investments are restricted to a limited number of organisations which enjoy a credit rating of F1 or better for short term debt (see 3.4 below).

2.4 Under the CIPFA Code procedures for the formulation of treasury management strategy are to be set and approved each year. This involves, inter alia, forecasting sums available for investment determined annually in advance and periods of investments, determined by the forecast interest rate movements, and the need to hold cash to meet contingencies. However, because of the short term nature of the Fund's cash balances (the allocation in the benchmark presumes that the Fund will normally be fully invested in the stock markets etc.) these decisions are taken as part of the greater asset allocation exercise which considers the Fund's overall disposition. This is under constant review within the constraints laid down by the customised benchmark. Therefore, most deposits under normal circumstances are fixed for periods of not more than three months. The majority of monies are invested on call, weekly or monthly terms. If market conditions suggest that it would be beneficial for the Authority to lend longer, such loans are directly related to account settlement, real estate or payroll requirements or liabilities i.e. are determined by overall Fund requirements rather than money market considerations. The maximum length of temporary investments will not, in any case, exceed 364 days. The borrowing of monies purely to invest or on-lend and make a return is unlawful and will not be engaged in.

2.5 Officers employed in treasury management activities have proper working relationships with external advisors and brokers and have the appropriate level of experience. Members involved in the scrutiny of treasury management issues are encouraged to avail themselves of relevant training wherever possible.

2.6 Quarterly updates on treasury management matters are presented to the Corporate Planning and Governance Board. If this Strategy is approved at today's meeting it will be published on the Authority's website.

3) Approved Instruments and Organisations for Investment

3.1 The Authority manages its monies in compliance with the statutory requirements. Within the CLG guidance there are definitions of "local authority", "investment", "long-term investment" and "specified investment".

3.2 Under Government guidance, specified investments are categorised as those offering both high security and high liquidity and must be sterling dominated, maturing in less than one year and be made either with UK Government, local authorities or institutions with high credit ratings as determined by the Authority.

3.3 A non-specified investment is one not covered by the previous definition and is subject to greater potential risk. CLG has confirmed that building societies and similar investments are covered by this paragraph and has stated that there is no intention to discourage authorities from using non-specified investments. The aim is simply to ensure that proper procedures are in place for undertaking risk assessments of investments made for longer periods or with bodies that are not highly credit-rated.

3.4 The Authority uses the creditworthiness service provided by Sector Treasury Services. The service does not only rely on the current credit ratings of counterparties but also uses the following as overlays:-

- Credit watches and credit outlooks from credit rating agencies

- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings

- Sovereign ratings to select counterparties from only the most creditworthy countries.

This is a service which the Authority would not be able to replicate using in-house resources.

3.5 This service provides an independent assessment by professionals of the overall credit quality of an institution. Weekly reviews of the credit ratings ensure that the Authority's criteria are maintained and the Authority is alerted to changes on a daily basis. Officers also access other rating information supplied by other providers.

3.6 The Authority can currently utilise the following instruments:-

- Deposits with banks, building societies, Debt Management Office or local authorities (and certain other bodies) for up to 364 days

- Certificates of deposits (CDs) with banks and building societies for up to 364 days

- Money market funds.

The Authority itself does not lend its own monies: all lending is Fund money.

3.7 The borrowers dealt with during the last six months (to end February 2013) are shown in Appendix III.

3.8 The amount invested with any one institution is limited. All loans must take due cognisance of the amount involved and the quality of the borrower in both absolute and relative terms to the whole lending book. The lending limit for specified investments with a short term credit rating of F1 or better is £15m. However, subject to obtaining prior approval from the Chair and Vice-Chair, the limit can be extended to £20m. A unit limit of £10m applies to non-specified investments i.e. the Authority can lend to the top twenty Financial Services Authority (or equivalent FATF regulator) regulated building societies, or those with assets in excess of £1bn. These restrictions, therefore, apply to the Authority's principal bankers (i.e. Co-operative Bank and HSBC); in practice, given the Co-operative Bank's credit rating, which reflects its mutual status, it is primarily used for transactional or sweeping purposes. Officers regularly review the credit rating criteria the Authority uses and have concluded that the present approach is fit for purpose.

3.9 The Authority has a deposit facility with the UK Debt Management Office which is an executive agency of HM Treasury. This facility has no limit on deposit size but internal procedures require that should the facility be used for sums over £20m such use be reported to the next available meeting of the Board.

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3.10 The Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2004 [SI No 534] clarified the use of money market funds and CLG has confirmed that this Authority is eligible to utilise them. The Authority has approved investment in such funds up to a maximum limit of £10m into any one fund and up to a maximum of 50% of total lent monies at any one time.

3.11 Under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009: SI 2009/3093 the administering authority has a power to borrow on behalf of the LGPS fund it administers in certain circumstances.

4) Overdraft

4.1 It is proposed that an overdraft limit of £250,000 is agreed with the Authority's clearing bank, the Co-operative Bank plc with effect from 1 April 2014: this is the same as last year. The current interest rate on authorised overdrafts is officially 2% above the base rate. This facility is very rarely used. It is a contingency for unexpected events or to facilitate short term allocations.

4.2 I can report that the Authority has had no difficulty in terms of overdraft limits formerly set, nor are any difficulties envisaged for current or future years. This view takes into account current commitments, existing plans and proposals in the approved budget.

5) Delegated powers

5.1 The Authority's Standing Orders and Financial Regulations have delegated to the Clerk and Treasurer the responsibility for all aspects of the operation of the Authority's bank accounts. He is also authorised to invest any monies belonging to or under the control of the Authority subject to the Authority's general directives. The Clerk and Treasurer may delegate his power to invest to members of his staff.

5.2 The Authority should approve the Annual Investment Strategy annually and before the start of the financial year.

5.3 The Affordable Borrowing Limit must be approved for each financial year and must be determined by the Authority. It should not be delegated to a committee and cannot be delegated to officers. It has to be kept under review.

5.4 It is the Clerk and Treasurer's responsibility to implement and monitor the Strategy and Limit once set. The Clerk and Treasurer should consider revising and resubmitting it as and when required; draft a strategy report for annual consideration by the Authority and to monitor and report upon any material divergence from the strategy and recommend revisions if and when required.

B Implementation

6) 2013/14 Immediate Considerations

6.1 The factors expected to affect treasury matters during the forthcoming year are:-

	£M	%
Borrowing Requirement 2013/2014	None	
Current Bank of England Bank Rate (Mar 13)		0.5%
Current Investment Rates estimated range (overnight) for £10m deposit size		0.35-0.45%

7) Prospects for Interest Rates

The prospects for interest rates in the UK are expected to be as follows:-

a) Short Term Interest Rates

Bank Rate has been held at 0.5% since March 2009 and is not likely to rise in the foreseeable future. The Bank of England is unlikely to increase rates whilst the economic situation remains fragile. However, some commentators suggest rates might increase in early 2015.

b) Longer Term Interest Rates

Given the nature of the Authority's portfolio and liquidity requirements forecasting longer term interest rates is a low priority for this function. However, it is to be expected that if economic growth remains weaker for longer than expected interest rates are likely to remain low. On the other hand, should growth increase sharply or inflation pick-up rates might be increased sooner than anticipated.

8) Short term considerations

8.1 Capital Finance

The Authority is not expected to have a requirement for financing new capital expenditure.

8.2 Debt Rescheduling

The Authority has no debt.

8.3 Temporary Investments

Cash flow requirements and changes in base rates will be closely monitored and investments made accordingly:

a) kept short if it is anticipated that interest rates will rise, enabling returns to be compounded more frequently

b) weighted to longer periods, with a view to enabling returns to be maintained, in a falling market.

Investments will be restricted to those funds and institutions which meet the criteria laid down in the Annual Investment Strategy.

8.4 Utilisation of Amounts Set Aside for Debt Redemption

The Authority has no debt.

8.5 Other issues

8.5.1 The Authority had deposits with Icelandic banks or their subsidiaries in 2008 at the time of their collapse. Both capital and interest due on these deposits was written off within its 2008/09 accounts. Since then the bulk of the monies have been recovered and it is expected that local authority depositors will retain their priority status. The anticipated recovery rates and distribution periods for the outstanding monies vary and, therefore, the timing of recoveries remains uncertain. Part of the recovered monies are denominated in Icelandic kronur (ISK) which is a restricted currency. These balances are held in interest bearing escrow accounts in Iceland. Because the distributions have been made in a basket of currencies which are, of course, subject to exchange rate fluctuations, and because the claims were calculated in ISK based upon an exchange rate as at 22 April 2009, it is not possible to state that full recovery will be made in Pounds Sterling. As part of the negotiations the claims for interest recovery were relinquished. The position is further confused by the fact that an element of the distributions has been in ISK and that the timing of any release and the exchange rate at the date of release cannot be known. The LGA and its lawyers will continue to work with creditors until the trading dates for the currency can be agreed with the Icelandic Government.

8.5.2 Members are reminded that the Authority is a member of the LGA organised litigation group and that the Clerk and Treasurer has been authorised to take all necessary steps to participate in and progress the group claims to maximise the Authority's potential for recovery of the deposits. The Clerk and Treasurer is basing his decisions on a balanced range of success factors, including legal merits, financial implications and reputational risks and monitors the costs of the litigation process in the context of those factors. The options are reassessed throughout the process. Members are aware that this process involves information in respect of which a claim to legal privilege could be maintained in legal proceedings.

APPENDIX II

SOUTH YORKSHIRE PENSIONS AUTHORITY

DETERMINATION OF AFFORDABLE BORROWING LIMIT 2013/2014

1) Background Information

1.1 Under Section 3(1) of the Local Government Act 2003, those local authorities covered by the Act, must determine on a rolling basis, for the following financial year and two successive years, an affordable borrowing limit which is the amount of money which the Authority can afford to borrow.

1.2 This limit must be determined by the Authority and cannot be delegated to committees or officers.

2) Proposed Limit for 2013/2014

2.1 In accordance with the Act, the following determinations are proposed for 2013/2014:

a) an overall borrowing limit of £250,000
b) the proportion of interest payable at variable rates should be set at 100%

2.2 It should be noted that it is open to the Authority to vary the above limits at any time during the year.

APPENDIX III

SOUTH YORKSHIRE PENSIONS AUTHORITY

LIST OF BORROWERS: APRIL 2012 – FEBRUARY 2013

Banking institutions rated F1 or above as per Fitch Ratings Ltd

AUSTRALIA & NEW ZEALAND BANKING GROUP	F1+
BANK OF NOVIA SCOTIA	F1+
COMMONWEALTH BANK OF AUSTRALIA	F1+
LANDESBANK BADEN-WUERTTEMBERG	F1+
LANDESBANK BERLIN AG	F1+
OVERSEA CHINESE BANKING CORP	F1+
BARCLAYS BANK PLC	F1
COVENTRY BUILDING SOCIETY	F1
NATIONAL BANK OF CANADA	F1
NATIONAL WESTMINSTER BANK PLC	F1
NORDDEUTSCHE LANDESBANK	F1
SANTANDER UK PLC	F1
SKANDINAVISKA ENSKILDA BANKEN AB	F1

DMO was used on three occasions
The maximum amount lent on a single occasion was £7m.

SOUTH YORKSHIRE PENSIONS AUTHORITY

21st MARCH 2013

REVIEW OF FUNDING STRATEGY STATEMENT

1. Purpose of the Report

To seek confirmation of changes to the funding strategy statement.

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2. Recommendations

Members are recommended to approve the Funding Strategy Statement.

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3. Information

3.1 The pension regulations require the authority to prepare, maintain and publish a written statement setting out their funding strategy. In doing so, regard must be had to the guidance published by CIPFA and its own statement of Investment Principles.

3.2 The Funding Strategy Statement (FSS) was last fully reviewed by the authority in March 2011 as part of the 2010 valuation process and implementation of new employers contribution rates from April 2011 and then subject to a minor review in February 2012.

3.3 The FSS requires a full review of the statement to take place not less frequently than every three years to coincide with the completion of a full actuarial valuation. However, it is appropriate for the authority to monitor the progress of the funding strategy between valuations in case any significant event has taken place that might impact on or warrant a change in the funding strategy.

3.4 The statement has been further reviewed and the only change required at this time is the revision to the customised benchmark implemented from 1st January 2013. A major review will take place later this year to take into account the results of the 2013 valuation and implementation of the LGPS 2014 scheme.

4. Implications

- **Financial** - None
- **Legal** - None
- **Diversity** - None

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

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SOUTH YORKSHIRE
PENSIONS AUTHORITY

SouthYorkshirePensionsAuthority

South Yorkshire Pension Fund

Funding Strategy Statement (FSS) as at March 2013

This Funding Strategy Statement (FSS) has been prepared by South Yorkshire Pensions Authority (the Authority) to set out the funding strategy for the South Yorkshire Pension Fund (the Fund), in accordance with Regulation 35 of the Local Government Pension Scheme (Administration) Regulations 2008 ("the Administration Regulations") (as amended) and the guidance papers issued in March 2004 and November 2004 by the Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Panel.

1. Introduction

The Local Government Pension Scheme (Administration) Regulations 2008 provide the statutory framework from which the Authority is required to prepare a Funding Strategy Statement. The key requirements for preparing the FSS can be summarised as follows:

- After consultation with all relevant interested parties involved with the Fund the Authority will prepare and publish their funding strategy;
- In preparing the FSS, the Authority must have regard to:-
- the guidance issued by CIPFA for this purpose; and
- their own Statement of Investment Principles (SIP) for the Fund published under Regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended);
- The FSS must be revised and published whenever there is a material change in either the policy on the matters set out in the FSS or the Statement of Investment Principles.

Benefits payable under the Local Government Pension Scheme are guaranteed by statute and thereby the pensions promise is secure. The FSS addresses the issue of managing the need to fund those benefits over the long term, whilst at the same time, facilitating scrutiny and accountability through improved transparency and disclosure.

The Scheme is a defined benefit final salary scheme under which the benefits are specified in the governing legislation (the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended), "the Benefit Regulations"). Changes to the benefits under the Scheme took place from April 2008. The required levels of employee contributions are also specified in those Regulations.

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Employer contributions are determined in accordance with the Administration Regulations (principally Regulation 36) which require that an actuarial valuation is completed every three years by the actuary, including a rates and adjustments certificate. Contributions to the Fund should be set so as to "secure its solvency", whilst the actuary must also have regard to the desirability of maintaining as nearly constant a rate of contribution as possible. The actuary must have regard to the FSS in carrying out the valuation.

2. Purpose of the FSS in policy terms

Funding is the making of advance provision to meet the cost of accruing benefit promises. Decisions taken regarding the approach to funding will therefore determine the rate or pace at which this advance provision is made. Although the Administration Regulations specify the fundamental principles on which funding contributions should be assessed, implementation of the funding strategy is the responsibility of the Authority, after having taken professional advice from its advisors, including the actuary.

The purpose of this Funding Strategy Statement is:

- **to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;**
- **to support the regulatory requirement to maintain as nearly constant employer contribution rates as possible; and**
- **to take a prudent longer-term view of funding those liabilities.**

The intention is for this strategy to be both cohesive and comprehensive for the Fund as a whole, recognising that there will be conflicting objectives which need to be balanced and reconciled. Whilst the position of individual employers must be reflected in the statement, it must remain a single strategy for the Authority to implement and maintain.

3. Aims and purpose of the Pension Fund

The aims of the Fund are to:

- enable employer contribution rates to be kept as nearly constant as possible and at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies
- manage employers' liabilities effectively
- ensure that sufficient resources are available to meet all liabilities as they fall due, and

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- maximise the returns from investments within reasonable and clearly understood risk parameters.

The purpose of the Fund is to:

- receive monies in respect of contributions, transfer values and investment income, and

- pay out monies in respect of scheme benefits, transfer values, costs, charges and expenses,

as defined in the Benefit and Administration Regulations and in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended).

4. Responsibilities of the key parties

The Authority should:

- collect employer and employee contributions
- calculate benefits correctly and ensure that they are paid promptly
- invest surplus monies in accordance with the Regulations
- ensure that cash is available to meet liabilities as and when they fall due
- manage the valuation process in consultation with the Fund's actuary
- prepare and maintain an FSS and a SIP, both after due consultation with interested parties
- monitor all aspects of the Fund's performance and solvency and amend FSS/SIP, and
- ensure that administration costs are kept to a minimum.

The Individual Employer should:

- deduct contributions from employees' pay correctly
- pay all contributions, including their own as determined by the actuary, promptly by the due date
- maintain policies on discretions and exercise them within the regulatory framework

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- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits, early retirement strain, and

- notify the Authority promptly of all changes to membership or, as may be proposed, which affect future funding.

The Fund actuary should:

- prepare valuations including the setting of employers' contribution rates after agreeing assumptions with the Authority and having regard to the FSS

- prepare advice and calculations in connection with bulk transfers and individual benefit-related matters, and

- advise on funding strategy, the preparation of the FSS, and the inter-relationship between the FSS and the SIP.

5. Solvency issues and target funding levels

To meet the requirements of the regulations the Authority's long-term funding objective is to achieve and then maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis including allowance for projected final pay.

The key financial assumptions making up the funding strategy and as adopted for the 2010 actuarial valuation are:

Past Service (current yields basis)	31 March 2010
Asset valuation	Market Value
Asset out-performance assumption (pre-retirement)	2.0%
Asset out-performance assumption (post-retirement)	1.0%
Discount rate (pre-retirement)	6.5%
Discount rate (post-retirement)	5.5%
Pension increases (CPI Price Inflation)	3.0%
Long-Term Earnings inflation	4.75%
Future Service (long term basis)	
Discount rate (pre-retirement)	6.7%
Discount rate (post-retirement)	6.7%
Pension increases (CPI Price Inflation)	3.0%
Earnings inflation	4.75%

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A full description and summary of the main financial and demographic assumptions adopted for the 2010 actuarial valuation are shown in the formal report produced by the Actuary for the valuation.

Underlying these assumptions are the following two tenets:

- that the Fund and the major employers are expected to continue for the foreseeable future; and

- favourable investment performance can play a valuable role in achieving adequate funding over the longer term.

The current actuarial valuation of the Scheme is effective as at 31 March 2010. The results of the valuation indicate that overall the assets of the Scheme represented 79% of projected accrued liabilities at the valuation date.

Each employer in the Fund has their own unique contribution rate. Past practice had been to express this as a percentage of their pensionable payroll, incorporating a common contribution rate for future benefit accrual adjusted by a further percentage to account for any significant demographic and/or financial variances plus any past service deficit or surplus. Traditionally this had worked well in a climate of steadily increasing employer payrolls but recent experience of changes in employers' workforces (and thus payrolls) supported the need to re-examine this approach. Accordingly, contribution rates since 2005 have been (and will continue to be) expressed in terms of a percentage of payroll for future benefit accrual plus or minus capital payments in respect of any deficit or surplus adjustments. Such an approach brings the following advantages:

- the presentational value of the transparent separation of costs between future benefit accrual and past service liabilities

- greater stability for employers in their budgeting for pension costs, and

- greater certainty of cashflow for the Authority for investment planning

However, the Authority recognises that from an operational point of view some employers may find difficulty with this approach. To alleviate any problems that might be caused the Authority modifies this approach by requiring the actuary to certify the rates in terms of minimum values. By doing so, employers are able to convert the capital payments into a percentage of their payroll thus reverting back to an all-inclusive percentage rate, if they so wish. This is on the proviso that, whatever the actual mechanics employed by individual employers, the sum paid during the Fund's financial year meets, or exceeds, the minimum value required of them. A further advantage of taking this modified line is to enable any employer to advance their return to 100% funded over a shorter period, should their finances permit them to contribute more than their minimum contribution.

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The capital payments in respect of any deficit identified by the Actuary at the valuation date (or surplus adjustments) will be subject to annual increases in line with the Consumer Prices Index i.e. the annual Pension Increase Orders. The required capital payment (or surplus adjustment) identified at the valuation date as at 31 March 2010 therefore will be increased by the 2011 Pension Increase Order of 3.1% for 2011/12. Those for 2012/13 and 2013/14 will be increased by the 2012 and 2013 Pension Increase Orders as required.

However, as part of an agreed phasing pattern, for the four district councils, the annual inflationary increase to the required capital payments identified at the valuation date will not be applied for the period 2011/14. The underpayment in deficit contributions arising as a result of the annual indexation freeze for the district councils will be identified by the actuary as part of the actuarial valuation as at 31 March 2013 and recovered by the Fund over the period 1 April 2014 to 31 March 2017 as part of the contribution requirements certified following the 2013 valuation.

With regards to costs for ill-health or voluntary early retirement, for certain employers in the Fund, the actuary has again included an allowance, based upon the employer's workforce and discretionary policies, within the certified contribution rate which is published in the valuation report and monitored by the Authority. Additionally, any "strain" costs generated on redundancy, efficiency or flexible retirements are collected by additional capital payments over a maximum of three years. For those employers for whom the certified contribution rate excludes an allowance for ill-health or voluntary early retirement costs, the Administering Authority will require the Fund's actuary to review that employer's contribution rate on all early retirements occurring during the period of the rates and adjustments certificate issued by the Actuary following the 2010 valuation..

The Authority, following consultation with interested parties, has adopted the following objectives to achieve the funding target:

- the underlying objective is to return the assets of the Fund to a position where they can meet 100% of its liabilities by March 2036

- within this overall target, scheduled and resolution bodies and those admission bodies that are backed by scheduled body guarantees are allowed to extend their recovery period up to the maximum period of recovery, or such shorter period as they may individually decide. Any extension in recovery period up to the maximum is only permissible in circumstances where stability and not a reduction in the level of deficit recovery lump sum contributions would be the outcome (compared to the levels certified at the 2007 actuarial valuation).

- those "transferor admission bodies" operating outsourced services under a contract which expires within that period are limited to the lifetime of that

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contract unless the body is in surplus at the valuation date in which case the maximum recovery period will be applied.

- due to their weaker covenant, admission bodies that are not backed by a guarantee will adopt a shorter recovery period (up to March 2031) subject to the following provisos;

- those with a defined (or expected) lifespan shorter than that period are limited to that shorter period, such known (or expected) events to be declared by the admission body as soon as practicable

- no allowance for the increased investment return allowance during the recovery period will be made (see later comments)

In determining the deficit recovery period(s) the Authority has had regard to:

- the responses made to the consultation with interested parties on the FSS principles

- the recognition that it would be impractical for each employer to have a bespoke recovery period and therefore some grouping of employer categories is appropriate

- the need to balance a desire to attain the target as soon as possible against the short-term cash requirements which a shorter period would impose, and

- the Authority's views on the strength of the participating employers' covenants in achieving the objective.

6. Link to investment policy set out in the Statement of Investment Principles

The results of the 2010 valuation show the liabilities to be 79% covered by the current assets, with the funding deficit of 21% being covered by future deficit contributions.

In assessing the value of the Fund's liabilities in the valuation, allowance has been made for asset out-performance as described in Section 5, taking into account the investment strategy adopted by the Authority, as set out in the SIP.

It is not possible to construct a portfolio of investments which produces a stream of income exactly matching the expected liability outgo. However, it is possible to construct a portfolio which closely matches the liabilities and represents the least risk investment position. Such a portfolio would consist of a mixture of long-term index-linked and fixed interest gilts and is known as the "Least Risk Portfolio" or LRP.

Investment of the Fund's assets in line with the LRP would minimise fluctuations in the Fund's ongoing funding level between successive actuarial valuations.

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If, at the valuation date, the Fund had been invested in the LRP, then in carrying out the valuation it would not be appropriate to make any allowance for out-performance of the investments. On this basis of assessment, the assessed value of the Fund's liabilities at the 2010 valuation would have been significantly higher, by approximately 34% and the declared funding level would be correspondingly reduced to approximately 59%.

Departure from a least risk investment strategy, in particular to include equity investments, gives the prospect that out-performance by the assets will, over time, reduce the contribution requirements. The funding target might in practice, therefore, be achieved by a range of combinations of funding plan, investment strategy and investment performance.

In order to ensure as far as possible that its investment strategy is appropriate for the Fund's liabilities the Authority has adopted a diversified asset allocation. The strategic asset allocation is adopted only after analysing the Fund's liability structure in detail. The Fund takes managed risks in order to achieve the performance it needs to meet its objectives. The Authority seeks to understand and control the risks rather than trying to eliminate them. The returns achieved from investment will, to a considerable degree, reflect the risks taken. The risks are assessed in relation to the Fund's liability structure. The adoption of a strategic asset allocation policy combined with detailed monitoring of tactical management relative to targets and constraints increases the likelihood of achieving the intended outcome. This needs to be done in such a way that allows managers sufficient flexibility to enhance returns. The Authority is well aware of this fine balance and will always have due regard to diversification, the return potential, liquidity, management costs and other impacts when determining what it regards as an appropriate level of risk. It is important to recognise that it is not possible to control the absolute return on investments. Over the longer term, however, by recognising the types of risks outlined the Authority seeks to achieve the returns required to achieve the objectives of this Statement.

The current benchmark (reproduced below) was approved in December 2012 and adopted from 1st January 2013. It has evolved from the benchmark which was adopted following the 2007 actuarial valuation and reflects the Authority's views on the expected returns from investments in the longer term. The Authority acknowledges that, over the shorter term, returns may vary significantly from one period to another and that the experience of the recent past has been markedly different from the returns that might have been expected. Nonetheless, the Authority believes that over time the return on equities should be greater than that from other assets. The Authority regularly reviews its policies but its long term objective remains the achievement of investment returns that are at least in line with the assumptions underlying the actuarial valuations and which, therefore, are appropriate given the liabilities of the Fund. The reviews carried out since the 2010 actuarial valuation have confirmed that to be the case.

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Bonds	**23**			
UK Index Linked	12		+-3	9-15
UK Corporate Bonds	7		+-3	4-10
Emerging Market Bonds	2		+-3	0-5
High Yield Bonds	2		+-3	0-5
Quoted Equities	**60**			
UK	20		+-5	15-25
Overseas	40		+-5	35-45
NAmerica		11.5	+-5	6.5-16.5
Europe		9.5	+-5	4.5-14.5
Japan		3.75	+-5	0-8.75
Pacific		8.5	+-5	3.5-13.5
Emerging		6.75	+-5	1.75-11.75
Private Equity		**3.5**	**+-5**	**0-8.5**
Absolute Return		**2.0**	**+-5**	**0-7**
Property		**10**	**+-3**	**7-13**
Cash		**1.5**	**+10**	**0-10**

Geographical split within overseas equities: 28.75% North America; 23.75% Western Europe; 9.375% Japan; 21.25% Pacific Basin ex Japan; 16.875% Emerging Markets.

The funding strategy adopted for the 2010 valuation is based on an assumed asset out-performance of 2% in respect of liabilities pre-retirement, and 1% in respect of post-retirement liabilities. Based on the liability profile of the Fund at the valuation, this equates to an overall asset out-performance allowance of 1.4% ahead of the LRP p.a. The Authority believes that this is a reasonable and prudent allowance for asset out-performance, based on the investment strategy adopted as set out in the current SIP.

During the recovery period, an increased investment return (IIR) of 2.5% p.a. ahead of the LRP has been allowed for in the calculation of the required deficit recovery contributions for certain employers in the Fund (the asset-out performance for the remaining employers being 1.4% p.a.). The Authority believes that the additional allowance is a reasonable “best estimate” allowance for asset out-performance during the recovery period, based on the investment strategy as set out in the SIP and following analysis undertaken by the Actuary. The additional allowance is applied to those employers which the Authority deems

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to be of sufficiently high covenant to support the anticipation of investment returns during the recovery period.

7. Identification of risks and counter-measures

The funding of defined benefits is by its nature uncertain. Funding is based on both financial and demographic assumptions. These assumptions are specified in the actuarial valuation report. When actual experience is not in line with the assumptions adopted a surplus or shortfall will emerge at the next actuarial assessment and will require a subsequent contribution adjustment to bring the funding back into line with the target.

The Authority has been advised by the actuary that one of the Fund's greatest risks to its funding level is the investment risk inherent in the predominantly equity based strategy, so that actual asset out-performance between successive valuations could diverge significantly from the overall 1.4% per annum assumed, on the basis of the current liability profile.

The chart below shows a "funnel of doubt" funding level graph, which illustrates the range and uncertainty in the future progression of the funding level, relative to the funding target adopted at the valuation. Using a simplified model, the chart shows the probability of exceeding a certain funding level over a 10 year period from the valuation date. For example, the top line shows the 95th percentile level (i.e. there is a 5% chance of the funding level at each point in time being better than the funding level shown, and a 95% chance of the funding level being lower). The graph adopts the 2010 actuarial valuation results as a starting point, and allows for the planned contributions into the Fund based on the valuation and funding strategy. The chart assumes median investment returns in line with "best estimate" market expectations and variability of those returns broadly in line with historic experience.

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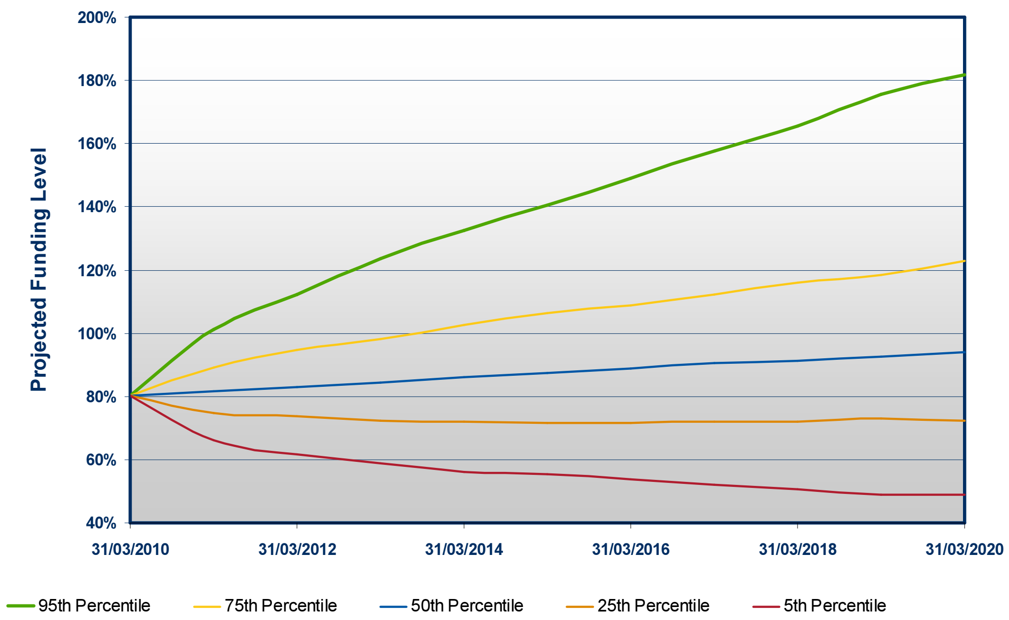

The CIPFA guidance identifies the following key risks:

Financial

- Financial markets fail to perform in line with expectations
- Market yields move at variance with assumptions
- Investment performance falls below the targeted returns over the longer term
- Asset re-allocations in volatile markets may lock in past losses
- Pay and price inflation significantly more or less than anticipated
- Effect of possible increase in employer's contribution rate on service delivery and admitted/scheduled bodies

Demographic

- Longevity horizon continues to expand
- Deteriorating pattern of early retirements

Regulatory

- Changes to Regulations, e.g. more favourable benefits package, potential new entrants to scheme, e.g. part-time employees
- Changes to national pension requirements and/or HMRC rules and recognised statistical methodologies

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Governance

- Authority unaware of structural changes in employer's membership (e.g. large fall in employee numbers, large numbers of retirements)
- Authority not advised of an employer closing to new entrants
- An employer ceasing to exist with insufficient funding or adequacy of a bond
- In relation to the overall governance of the Fund the Authority's governance statement can be found at: http://www.sypensions.org.uk/AZ/G/tabid/282/language/en-GB/Default.aspx

8. Monitoring and Review

The Authority has taken advice from the actuary in preparing this Statement, and has also consulted with employers and trade unions representing the Fund membership.

A full review of this Statement will occur no less frequently than every three years, to coincide with completion of a full actuarial valuation. Any review will take account of then current economic conditions and will also reflect any legislative changes.

The Authority will monitor the progress of the funding strategy between full actuarial valuations. If considered appropriate, the funding strategy will be reviewed (other than as part of the triennial valuation process), for example:

- if there has been a significant change in market conditions, and/or deviation in the progress of the funding strategy
- if there have been significant changes to the Fund membership, or LGPS benefits
- if there have been changes to the circumstances of any of the employers to such an extent that they impact on or warrant a change in the funding strategy
- if there have been any significant special contributions paid into the Fund.

SOUTH YORKSHIRE PENSIONS AUTHORITY

21 March 2013

Report of the Clerk and Treasurer

Report on the current position of the Additional Voluntary Contribution facility offered by the Authority

1. Purpose of the Report

To provide Members with updated information on the AVC facility offered to LGPS members by the South Yorkshire Fund.

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2. Recommendations

Members are recommended to note the contents of the report and consider whether they wish to continue to receive a regular annual update in future.

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3. Background Information

3.1 In March 2012, as part of the overall risk assessment strategy of the Authority, Members received a detailed report on the AVC Providers used by the Authority, their investment performance, investment choices offered, numbers of policy holders with each and the funds under management.

3.2 This report provides Members with an update on developments and changes in relation to each Provider over the last twelve months together with information on the work carried out by officers in response to those developments.

3.3 There have been no Regulatory changes affecting the AVC facility over the period.

4 Equitable Life

4.1 Members have received a great deal of detailed information through Officer Reports and the media over the previous thirteen years in relation to the financial troubles that befell the Authority’s original AVC provider in the late 1990s and which continue to date.

4.2 Many thousands of With Profits policy holders suffered a financial loss as a result, including many in Local Government Group AVC Schemes, and many in the South Yorkshire Fund. “With profits” investments were very popular with the membership given that they provided an opportunity for people to hold their savings in funds underpinned by stocks and shares but without the associated volatility and risk.

4.3 Affected policy holders have been fighting for compensation from the Government for over a decade and, following a report by the Parliamentary

Ombudsman in 2008, a Compensation Payments Scheme was finally announced by the Government in May 2011. It has been unclear since then however whether LGPS Members participating in Group AVC schemes would be eligible and despite enquiries made directly to the Treasury no confirmation was able to be obtained. The guidance issued by the Treasury was to await contact from the Administrators of the Compensation Scheme who would initiate that contact to those identified as being eligible. The inference being that if no contact was received then our members were ineligible for a payment.

4.4 I am pleased to announce that in September 2012 the first contact was received from the Administrators and, following the signing of certain non-disclosure agreements, a secure exchange mechanism was instigated for the exchange of member data.

4.5 On Friday 1st February an encrypted CD was received from the Administrators of the Compensation Scheme containing the names of 2,363 scheme members identified as having had a policy with Equitable Life during the qualifying years concerned. Of these 1,693 were identified as being eligible for a compensation payment. This information was provided directly to the Administrators by Equitable Life from their records.

4.6 The Authority has not been made aware of the reasons why certain members qualify for a payment and others do not but those reasons could include:

- Member did not have a "With Profits" AVC Policy
- Member was not a "With Profits" policy holder during the qualifying years
- Member has not actually suffered a financial loss
- Member has only suffered a "de minimis loss", i.e. less than £10

4.7 The task required of officers was to populate the information fields for the 1,693 eligible members with the latest contact and status details. This meant identifying those who were still active members of the Fund, those with deferred benefits, those who had transferred out and those who had died and then providing the latest address details, telephone numbers where held, next of kin or executor details for those who were deceased and any name changes as a result of marriage or divorce.

4.8 The Authority prioritised this task and was able to return the information, again using an encrypted CD, on 20th February. Indications are that as a result, and allowing for any queries raised on the data provided, members of the South Yorkshire Fund will receive their compensation payments in the second quarter of this year.

4.9 It is understood that SYPA is the first Local Government Fund to have been approached and it is likely that, as a result, South Yorkshire members will be the first in Local Government to receive their compensation payments in relation to Group AVCs.

4.10 The amount of any individual's compensation is unknown and subject to the disclosure agreement anyway. The payments are for members own personal use and are not "pension contributions". As such they do not have to be invested in a pension arrangement.

5. Prudential

5.1 We reported last year on Prudential's plans to introduce financial penalties on new AVC policies of less than 5 years' duration, that is, where the benefits from a policy were taken within 5 years of its inception. The plan was that the penalties would be on a sliding scale and only apply to policies where the first premium was received by the Prudential after the 19th August 2012. Despite unease about the plans from the majority of Funds across the country the Company introduced its plans on schedule.

5.2 The Authority did two things as a result. It publicised details in advance of the plans to members in its Newsletter and also contacted employers to ask that they ensure there were no delays with AVC deductions made in July 2012 so that any first time premiums would reach the Prudential by the 19th August and thus exempt any new policies from the penalties. Existing policies were already exempt.

5.3 It should be noted that the new penalties do not apply to policy benefits taken within 5 years as a result of Tier one Ill-Health Retirement.

5.4 Prudential have also been involved in joint presentation exercises with SYPA staff to members across the County. The presentations have been aimed at providing information about the forthcoming new scheme from April 2014 with prudential having the opportunity to talk to audiences at the end of the sessions about the concept and potential benefits of paying AVCs.

5.5 SYPA has also assisted Prudential in its communications with specific member groups about AVCs, at no cost to the Authority. Prudential is the only one of the Authority's two active providers that engages in pro-active communication and information exercises. The Authority does not share member data with the Prudential but acts as a facilitator for its communications where appropriate by forwarding on the communications to target audience members through its Hybrid mailing facility.

6. Scottish Widows

6.1 Scottish Widows, the second of the Authority's active AVC providers, continues to be unambitious in this area. Its business plan is to service to the best of its ability existing customers, and this includes Funds and individual members, but not to actively seek new business, either by the acquisition of more Administering Authorities as customers or new individual customers within its existing portfolio of Local Government Funds.

6.2 Scottish Widows does not apply penalties for early withdrawal of Funds as a principle or for short-term business of less than 5 years' duration, although it does protect its "With profits" business by applying a Market Level Adjustment on benefits taken before age 65. It currently has no plans to introduce any penalties and will not be mirroring Prudential in this way. However, should the Prudential's penalties result in an upturn of business to Scottish Widows away from the prudential then Scottish Widows may review their current policy to ensure they do not enter a loss making period of business activity.

6.3 It is interesting to note that following the introduction of the penalties by Prudential in 2012 Scottish Widows did actually see an upturn in new AVC applications in the last quarter of the year. This may be because members enquiring about AVCs are made aware of the fact that Prudential applies penalties to short-term business whereas Scottish Widows currently does not although members are not guided to either provider but are, simply, provided with facts about the Companies and their operating policies.

10. Implications

- **Financial** - None
- **Legal** - None
- **Diversity** - None
- **Risk** - None

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

SOUTH YORKSHIRE PENSIONS AUTHORITY

21 March 2013

Report of Clerk and Treasurer

MEETINGS OF THE AUTHORITY AND BOARDS IN 2013/14

1. Purpose of the Report

To consider the Authority and Board Meetings during 2013/14.

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2. Recommendations

Members are recommended to:
a) Approve the cycle of meetings for 2013/14.
b) Approve the changes to meeting dates as detailed below.

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3. Information

3.1 Meetings of the Authority and Boards are currently fixed up to the Annual Meeting on 13 June next.

3.2 Attached as an **Appendix** to this report is a cycle of meetings for 12 months from June 2013.

3.3 The Annual Meeting on 13 June 2013, approved on 26 July 2012, now clashes with a meeting of Barnsley MBC. It is proposed to move the Annual Meeting to 20 June 2013, and move the meeting of the Corporate Planning and Governance Board to 27 June 2013.

3.4 There is a requirement for a meeting of the Corporate Planning and Governance Board in late July to approve the Accounts. The last Thursday in July clashes with a meeting of Barnsley MBC. It is proposed to hold the meeting on Monday 29 July 2013 at 1.30pm.

3.5 **It should be noted that whilst the meetings in the Appendix have been produced against the Barnsley MBC existing cycle, this cycle can change.**

4. Implications and risks

- Financial - None
- Legal - None
- Diversity - None

S Pick
Clerk and Treasurer

Officer responsible: Gill Garrety, Democratic Services Officer
South Yorkshire Joint Secretariat
01226 772806 ggarrety@syjs.gov.uk

Background papers: None

Other sources and references: None

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PENSIONS AUTHORITY MEETINGS 2013/14

Pensions Authority	**Corporate Planning & Governance Board**	**Investment Board**	**Pensions Advisory Panel**
	2013		
			11 June*
~~13 June (AGM)*~~ 20 June (AGM)	~~20 June*~~ 27 June		
	~~25 July~~ 29 July		
		19 September	
			1 October
10 October			
	14 November		
21 November			
		12 December	
	2014		
16 January			21 January
		13 March	
20 March	20 March		
			15 April
		22 May	
12 June (AGM)	19 June		
			8 July

* Meeting dates already approved

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SOUTH YORKSHIRE PENSIONS AUTHORITY

21 March 2013

Report of the Clerk and Treasurer

MEMBERS' LEARNING AND DEVELOPMENT: EXTERNAL CONFERENCES AND SEMINARS

1. Purpose of the Report

To alert Members to a forthcoming learning opportunity.

2. Recommendations

That Members consider expressing an interest in attending the conference.

3. Information

3.1 Notice has been received of the following learning and development opportunity:-

LGPS Annual Trustees Conference – Looking Ahead to 2014 and What That May Bring.

The ninth annual trustees' conference will take place over the 27th and 28h June at the Hilton Hotel in Sheffield. The conference will continue with its popular lunchtime to lunchtime format. At this stage the programme has yet to be finalised but it is likely to focus very heavily on the LGPS 2014 project.

A number of high profile speakers have been engaged and a circular with the full programme will be sent in March. In addition to the conference sessions, this is also a valuable opportunity to network with colleagues from other areas. As the conference is in Sheffield this year, a day delegate of £375 has been negotiated. This still includes the conference dinner for delegates but not overnight accommodation.

3.2 If any member wishes to enrol for the conference please contact Gill Garrety in the Joint Secretariat on 01226 772806.

4. Implications

1. **Financial** - Travel to and from the event has to be organised separately and is not budgeted for.
2. **Legal** – None.
3. **Diversity –** None.
4. **Risk –** It is an expectation of the Myners' Principles that Members are adequately trained to carry out their responsibilities on the Authority. Accordingly, the

Authority has determined that Members' training be approached prudently but methodically to enable Members to receive the support they need. There is a risk that if Members are not properly or adequately trained the performance and reputation of the Authority might be impaired.

S PICK
Clerk and Treasurer

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Background papers used in the preparation of this report are available for inspection in the Policy and Communications section.

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By virtue of paragraph(s) 1 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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