

Public Document Pack



SOUTH YORKSHIRE PENSIONS AUTHORITY

Authorised and regulated by the
Financial Conduct Authority

Diana Terris
Clerk

18 Regent Street
Barnsley
South Yorkshire
S70 2HG

www.southyorks.gov.uk

NOTICE OF AUTHORITY MEETING

You are hereby summoned to a meeting of the South Yorkshire Pensions Authority to be held at the offices of South Yorkshire Pensions Authority, 18 Regent Street, Barnsley on Thursday 14 January 2016 at 10.00 am for the purpose of transacting the business set out in the agenda.

Diana Terris
Clerk

This matter is being dealt with by: Gill Richards
Email: grichards@syjs.gov.uk

Tel: 01226 772806

WEBCASTING NOTICE

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

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

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

Distribution

Councillors E Butler, S Ellis, B Lodge, H Mirfin-Boukouris, K Rodgers, A Sangar, J Scott, M Stowe, B Webster, J Wood, R Wraith and K Wyatt

Contact Details

For further information please contact:

<p>Gill Richards Joint Authorities Governance Unit 18 Regent Street, Barnsley, South Yorkshire S70 2HG</p> <p>Tel: 01226 772806 g-richards@syjs.gov.uk</p>	<p>Andrew Shirt Joint Authorities Governance Unit 18 Regent Street, Barnsley, South Yorkshire S70 2HG</p> <p>Tel: 01226 772207 a-shirt@syjs.gov.uk</p>
--	---

SOUTH YORKSHIRE PENSIONS AUTHORITY

14 JANUARY 2016 AT 10.00 AM AT THE OFFICES OF SOUTH YORKSHIRE PENSIONS AUTHORITY, 18 REGENT STREET, BARNSELY, S70 2HG

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 Authority meeting held on 3 December 2015	1 - 8
7	Minutes of the Extraordinary Meeting of the Authority held on 10 December 2015	9 - 10
8	Work Programme	11 - 12
9	Section 41 Feedback from District Councils	Verbal Report
10	Civica Presentation	13 - 14
11	Government Consultation on LGPS Pooling	Verbal Report

	Item	Page
12	Actuarial Valuation 2016: Update	Verbal Report
13	Board Chairs' Reports	Verbal Report
14	Revenue Estimates 2016/17	15 - 18
15	Pensions Administration Strategy	19 - 56
16	United Nations Climate Change Conference 2015	57 - 62
17	Trade Union Bill 2015-16	63 - 64
18	Annual Fund Meeting	65 - 72
19	Compliance with the Principles for Investment Governance: Self-Assessment	73 - 78
20	PIRC Presentation	

SOUTH YORKSHIRE PENSIONS AUTHORITY

3 DECEMBER 2015

PRESENT: Councillor S Ellis (Chair)
Councillor R Wraith (Vice-Chair)
Councillors: B Lodge, H Mirfin-Boukouris, K Rodgers,
A Sangar, J Scott, M Stowe and K Wyatt

Trade Unions: N Doolan (Unison), G Warwick (GMB), F Tyas
(UCATT) and R Askwith (Unison)

Officers: G Chapman (Head of Pensions Administration
SYPA), S Smith (Head of Investments SYPA), B Clarkson
(Head of Finance), A Frosdick (Monitoring Officer), F Foster
(Treasurer), M McCarthy (Deputy Clerk) and M McCoolle
(Senior Democratic Services Officer)

Apologies for absence were received from Councillor E Butler,
Councillor B Webster, Councillor J Wood, J Hattersley, J Bell
and R Bywater

1 APOLOGIES

Apologies for absence were noted as above.

2 ANNOUNCEMENTS

Members were informed of a petition submitted by Sheffield Climate Alliance for an ethical investment policy.

K Stott from Sheffield Climate Alliance informed Members of the following:-

- Sheffield Climate Alliance was a Sheffield based network of individuals and voluntary community organisations, campaigning locally and nationally for effective climate action, some of whom are also SYPA active members.
- With temperatures set to rise 4 degrees before the end of this century, this was a global emergency; such a temperature rise was not compatible with human civilisation.
- We therefore believe that there is compelling financial and ethical arguments for organisations such as pension funds to radically review investments.
- Morally indefensible to invest in companies that destroy our climate and so leave to our children a world where life, as we know it, is unsustainable.
- Financially irresponsible to invest in such a high risk sector where the assets, experts agree, are currently wildly overstated and where share prices will plummet.
- Mark Carney and many other financial advisors say that business as usual is neither acceptable nor viable.

- Low carbon and ethical portfolios are performing at least as well as other portfolios and coal investments have already brought losses to local authority pension funds.
- We want to see SYPA divest from carbon intensive industries (such as Shell, BP, BHP Biliton) and instead make positive investments, such as building the local South Yorkshire low carbon infrastructure, developing local energy generation and other aspects of the low carbon future.
- **Our petition:-**
- Calls for the Authority ‘to implement an ethical investment policy that will divest from fossil fuels and ensure that our money is used to support the creation of a sustainable, healthy, just and fair future for us, our families and the planet as a whole’.
- 143 signatures.
- Mainly from just one lunchtime a month ago at Moorfoot (our resources are limited).
- At least 1 in 3 people we approached were happy to sign.
- Demonstrates that a significant proportion of members want you, the Authority, to take account of their ethical concerns (including divestment from fossil fuels) when investing their pension contributions.
- **What now?**
- The petition should act as a catalyst for further action by the Authority, including:-
- Use the opportunity afforded by the Authority’s carbon audit to better align the current portfolio with members’ views. By being the change they want to see. By investing in the world they want to leave for future generations.
- Seek legal advice and re-examine the meaning of fiduciary duty in the light of a well-documented threat to human civilisation.
- Reverse the current position on members’ ethical concerns and allow them to become a driver for investment policy.
- Canvass the entire membership to ascertain their views about an ethical investment policy (in parallel with a programme of balanced information to inform their decision).
- Continue to build your own knowledge of divestment issues and the options available to pension funds. We, SCA, have offered to co-organise a workshop with you on this topic (in our letter sent to the Investment Board in September). We look forward to working with you on this.

Councillor Ellis acknowledged receipt of the petition and she added that the Authority would provide a response to the Sheffield Climate Alliance.

3 URGENT ITEMS

None.

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

RESOLVED – That the following agenda items be considered in the absence of the public and press:-

Item 20 ‘Human Resources – JNC Officers’ Job Evaluations’.

Item 21 ‘Voluntary Retirement – Request to Waive Actuarial Reductions on

Compassionate Grounds’.

5 DECLARATIONS OF INTEREST

None.

6 MINUTES OF THE AUTHORITY MEETING HELD ON 1 OCTOBER 2015

RESOLVED – That the minutes of the Authority meeting held on 1 October 2015 be signed by the Chair as a correct record.

7 MINUTES OF THE INVESTMENT BOARD HELD ON 17 SEPTEMBER 2015

RESOLVED – That the minutes of the Investment Board held on 17 September 2015 be noted.

8 MINUTES OF THE JOINT LOCAL PENSION BOARD HELD ON 1 OCTOBER 2015

Members noted the discussion which had taken place in regard to the Constitution, particularly in relation to investment strategies and emphasised again that there was no intention to prevent open dialogue.

RESOLVED – That the minutes of the Joint Local Pension Board held on 1 October 2015 be noted.

9 WORK PROGRAMME

Members were presented with a copy of the cycle of future meetings work programme to 17 March 2016.

Following Councillor Wyatt’s suggestion, G Chapman agreed to contact Civica and request copies of their presentation well in advance of the meeting on 14 January 2016.

Councillor Ellis requested that Members be sent additional confirmation of the extraordinary meeting of the Pensions Authority scheduled on Thursday 10 December 2015 at 10am, to discuss the Government’s consultation on the LGPS.

RESOLVED – That:-

- i) Members noted the contents of the report.
- ii) Additional confirmation be sent onto Members, for the extraordinary meeting of the Pensions Authority on Thursday 10 December 2015

10 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

Councillor Rodgers commented that DMBC, like many other local authorities, was giving consideration to additional spending cuts following the impact of the spending review.

Councillor Ellis confirmed that this was also the case in RMBC; she had raised with RMBC's Leader, the sustainability of the pension payment coming out of the ever decreasing budget. Councillor Ellis referred to feedback received on the actuarial valuation, which had echoed the Authority's view that matters were progressing, although some independent financial input was expected.

11 ACTUARIAL VALUATION 2016: BACKGROUND INFORMATION

A report of the Fund Director was submitted to advise Members about the findings of recent research conducted by the Institute and Faculty of Actuaries regarding deaths.

Members noted that the Institute and Faculty of Actuaries (IFoA) had suggested that the life expectancy in England and Wales was not improving as expected; more people were expected to die in 2015 than in any other year in the last decade.

RESOLVED – That Members noted the report.

12 GOVERNMENT CONSULTATION ON LGPS POOLING

S Smith informed Members that the criteria had last week been released on the Government Consultation on LGPS pooling. It was noted that a number of meetings would be held prior to the Extraordinary Pensions Authority Meeting scheduled on 10 December 2015, where Members would be fully updated.

RESOLVED – That Members noted the verbal update.

13 LGPS CURRENT ISSUES

The Authority gave consideration to the LGPS paper entitled 'Are you up to date with the current issues?'

RESOLVED – That Members noted the contents of the report.

14 PERFORMANCE SNAPSHOT REPORT 2016/16: Q2

Members were presented with a copy of the Business Planning and Performance Framework's Snapshot Report for 2015/16 Quarter 2.

G Chapman commented that a total of 19313 cases had been processed during the quarter, of which 61.92% were on target. The backlog following UPM implementation still affected the overall performance but 4000 additional cases had been completed in the period and an improvement in performance of 8%. G Chapman was confident that the backlog would return to normal levels by the end of December 2015.

Councillor Wraith complimented staff, on behalf of the Authority, for all of the hard work involved in bringing the workload up to date, and for the continued excellent service provided to members.

RESOLVED – That the contents of the report be noted.

15 AMENDMENTS TO CONTRACT STANDING ORDERS

A report of the Clerk was submitted to seek approval to the proposed amendments to the Authority's Contract Standing Orders.

Members noted that the Authority had last undertaken a comprehensive review of the Authority's Contract Standing Orders in June 2012, where minor changes had been made, which had improved the tender handling process and had taken account of legislative changes.

A Frosdick referred to a number of changes required to the Authority's Contract Standing Orders, to reflect the changes to the roles and responsibilities arising out of changes in officer roles, and he suggested slight increases in thresholds to move quotations to formal tender processes of £25,000 up to £75,000.

A Frosdick requested the Authority's discretion to modify the wording to change the reference to 'Part B services' to 'light touch services', which had not been fully picked up in the changes to the 2015 Regulations.

Councillor Scott requested that A Frosdick gave consideration for reference to be made within the standard procurement items that the Authority would prefer, support and give appropriate weighting to a living wage, which would project a positive statement.

RESOLVED – That Members:-

- i) Approved the revised Contract Standing Orders.
- ii) Agreed that an additional amendment be made to the Contract Standing Orders, to change the reference to 'Part B services' to 'light touch services'.
- iii) Noted that A Frosdick would amend the guidance which accompanied the Contract Standing Orders to indicate that the Authority would prefer support for and where permitted, give relevant weighting to the payment of a living wage.

16 REVENUE ESTIMATES 2016/17 - ADMINISTRATION AND INVESTMENT MANAGEMENT EXPENSES

A report of the Treasurer was submitted to consider the Authority's draft revenue estimates for 2016/17 in respect of administration and investment management expenses, in the context of the continuing financial constraints facing public services, and to approve the levy under the Levying Bodies (General) Regulations 1992.

Councillor Ellis commented that the Authority's accommodation costs were in the top quartile across the UK. She suggested that the matter be reviewed to establish whether changes could be made to bring this in line with what might be expected.

RESOLVED – That Members:-

- i) Approved the revised estimates for 2015/16 in the sum of £6,120,000.

- ii) Approved a levy of £504,000 for 2016/17 in accordance with The Levying Bodies (General) Regulations 1992.
- iii) Noted the preliminary forecasts for 2016/17, and to refer the estimates to the District Councils for comment.
- iv) Agreed that accommodation costs for the Pensions Service be reviewed to determine whether they reflected the going market rate.

17 BOARD CHAIRS' REPORT

Councillor Ellis referred to the specialised Authority meetings on pooling arrangements, and it was noted that the Authority was slowly moving to a suitable position. Members would be updated further at the Extraordinary Authority meeting on 10 December.

Councillor Ellis commented that the timetable for the replacement of the Fund Director was progressing as expected. The Pension Fund Annual Meeting had been held on 22 October at Doncaster Racecourse. Members had commented that the venue had been an excellent choice with good acoustics; written questions received prior to the meeting had been incorporated into the general presentations provided. Members noted that the next Pension Fund Annual Meeting would be held in Barnsley.

18 ANNUAL REVIEW OF RISK MANAGEMENT POLICY

A report of the Clerk was submitted to review the Authority's Risk Management Policy and the Corporate Risk Register. Members noted that the current Risk Management Policy had been agreed and last reviewed by the Authority in April 2010.

M McCarthy commented that the Corporate Risk Register had been considered at the recent Corporate Planning and Governance Board meeting. M McCarthy sought Members' approval for a review to be undertaken in collaboration with A Hunt, the Risk and Governance Manager at BMBC, in order to present a series of options or a draft proposal for the Authority moving forwards.

M McCarthy requested Members to disregard the information at paragraph 4.4 of the report.

Councillor Sangar expressed concern in terms of the future changes to the LGPS and the new pensions system; he queried how the Authority could reduce the risk rating from high, given that most of the challenges were uncontrollable.

M McCarthy commented that it was possible to have a significant risk, providing that it was adequately managed and that mitigations were in place to manage it.

Councillor Scott commented that there were too many occasions where several lead officers had been assigned to a risk, rather than having one assigned lead owner; he sought assurance that the Corporate Risk Register linked into the Work Programme.

Councillor Ellis commented that the Work Programme would be revised to reflect the Corporate Risk Register.

A Frosdick added that reference would also be made to the Corporate Risk Register in the Annual Governance Statement.

Councillor Lodge referred to Risk 6 'Introduction of New Pensions Administration System', and he queried when this would move out of the high risk rating.

G Chapman commented that the backlog of work was expected to return to normal levels by the end of year. It was hoped that when Civica attended the Authority Meeting on 14 January 2016, that they would provide Members with assurance of their commitment in making the system more efficient in terms of the bulk jobs undertaken; it was envisaged that the risk rating could then be reduced at that point.

RESOLVED – That Members:-

- i) Noted the Risk Management Policy attached at Appendix A to the report.
- ii) Considered the Corporate Risk Register attached at Appendix B to the report.
- iii) Agreed that a review of the Authority's Risk Management Policy be undertaken in advance of the Annual Meeting, in collaboration with A Hunt, Risk and Governance Manager at BMBC, in order to present a series of options or a draft proposal for the Authority moving forwards.
- iv) The Work Programme be revised to incorporate the work taking place on the Corporate Risk Register.

19 FREEDOM OF INFORMATION ACT 2000: ANNUAL REPORT

A report of the Clerk was presented to provide Members with an update of the Freedom of Information requests.

Members noted that the Authority had responded to all requests within the 20 day limit required by the Act. It had taken approximately 56 hours of officer time to complete the requests, and no charges had been made for retrieving the information, photocopying or postage; there had been no requests for internal reviews and no complaints had been received in relation to any disclosure.

A discussion ensued in relation to FOI requests received from data collecting commercial organisations, the costs of which had not exceeded the threshold.

A Frosdick referred to a Government working party to review the legislations and to determine whether the range of exemptions should be more focused in terms of the reason why the information was requested. A national review process was currently being undertaken following the Act having been enforced for a number of years.

Councillor Ellis commented that the Authority's views in relation to FOI requests received from data collecting commercial organisations, could be included in the response to the Government. If such requests increased, individuals could be made aware of the cost incurred to the Authority.

RESOLVED – That Members:-

- i) Noted the contents of the report.
- ii) Agreed that the Authority's views in relation to FOI requests received from data collecting commercial organisations would be included in the response to the Government.

20 EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following item 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.

21 VOLUNTARY RETIREMENT - REQUEST TO WAIVE ACTUARIAL REDUCTIONS ON COMPASSIONATE GROUNDS

A report of the Head of Pensions Administration was submitted to seek a decision from Members in relation to a request from an Authority employee to waive actuarial reductions on compassionate grounds upon their voluntary retirement.

RESOLVED – That Members:-

- i) Reviewed the evidence presented by the employee at Appendix A to the report.
- ii) Agreed to waive all actuarial reductions as specified within the report.

22 HUMAN RESOURCES - JNC OFFICERS' JOB EVALUATIONS

A report of the Fund Director was presented to seek Members' views on the proposed amendments to the current salaries of the Service's senior management team.

RESOLVED – That Members:-

- i) Agreed that the current salaries of the senior management team be uplifted to recognise the current roles and market factors. **Councillors Sangar and Scott voted against the decision**
- ii) Would consider an appropriate job title for the current Fund Director.
- iii) Agreed that the Authority considered earmarking monies for leadership and management development in this and future financial years for organisational development and succession planning.

CHAIR

SOUTH YORKSHIRE PENSIONS AUTHORITY

SPECIAL MEETING

10 DECEMBER 2015

PRESENT: Councillor S Ellis (Chair)
Councillor R Wraith (Vice-Chair)
Councillors: E Butler, B Lodge, H Mirfin-Boukouris,
K Rodgers, A Sangar, J Scott, M Stowe, J Wood and K Wyatt

Councillors: I Auckland, S Cox, D Leech and B Mordue
(SYPTPF Committee)

Trade Unions: G Warwick (GMB) and F Tyas (UCATT)

Investment Advisors: L Robb and N MacKinnon

Officers: J Hattersley (Fund Director SYPA), S Smith (Head of
Investments SYPA), F Bourne (Administration Officer SYPA),
F Foster (Treasurer), M McCarthy (Deputy Clerk) and A Shirt
(Senior Democratic Services Officer)

LPB Observers: G Boyington and S Ross

Apologies for absence were received from Councillor
B Webster, Councillor M Godfrey (SYPTPF), R Askwith,
A Frosdick, J Bell, T Gardener and E Lambert (SYPTPF)

1 APOLOGIES

Apologies for absence were noted as above.

2 ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS.

RESOLVED – That agenda item 4 ‘Government Consultation on LGPS’ be considered
in the absence of the public and press.

3 DECLARATIONS OF INTEREST.

None.

4 GOVERNMENT CONSULTATION ON LGPS

A report of the Fund Director was presented to advise Members that the Government
had issued consultation and guidance papers relating to the pooling of LGPS
Investments to reduce costs.

The consultation proposed to revoke and replace the current Local Government
Pension Scheme (Management and Investment of Funds) Regulations 2009 with the
draft regulations set out within the consultation paper. The deadline for initial
responses is 19 February 2016 with refined and completed submissions by 15 July
2016.

The proposals included:

- Removing some of the existing prescribed means of securing a diversified investment strategy and instead placing the onus on authorities to determine the balance of their investments and taking account of risk.
- Introducing safeguards to ensure that the more flexible legislation being proposed is used appropriately and that the guidance on pooling assets is adhered to. This included a suggested power to allow the Secretary of State to intervene in the investment function of an administering authority when necessary.

Members noted that submissions should include a commitment to pooling and a description of their progress towards formalising their arrangements with other authorities. Authorities could choose whether to make individual or joint submissions, or both, at this first stage.

Members reaffirmed that one of their key aspirations to be delivered under any pooling solution, was the preservation of internal investment management, if possible.

Members authorised officers to continue discussions with potential partner funds, as outlined at today's meeting.

RESOLVED – That Members:-

- i) Agreed that the Authority submits both an individual and joint submission to Government's first stage of consultation.
- ii) Endorsed officers to continue discussions with potential partner funds, as outlined at today's meeting.
- iii) Agreed that, at an appropriate time, when the Chair, Vice-Chair, Section 41 Members and the Fund Director are content with the proposed future arrangements, an official announcement is made regarding South Yorkshire Pension Fund's future pooling arrangements.
- iv) Agreed an initial budget of £10,000 for expenses incurred during the discussions relating to pooling.
- v) Requested that a Special Meeting of the Authority be arranged for February 2016 to consider the Authority's draft consultation response to Government.

CHAIR

South Yorkshire Pensions Authority – cycle of future meetings

Authority Meetings

Agendas	14 January 2016	11 February 2016 Special Meeting	17 March 2016	9 June 2016 AGM + Ordinary Meeting
Strategic Overview of Business	Verbal update on matters arising since last meeting		Verbal update on matters arising since last meeting	Verbal update on matters arising since last meeting
	S41 Feedback		S41 Feedback	S41 Feedback
Board Scrutiny	Call-Ins		Call-Ins	Call-Ins
Review of Strategies	Annual Fund Meeting	Government Consultation On LGPS Pooling	Local Pension Board	Local Pension Board
	Actuarial Valuation 2016 Update (verbal)		Actuarial Valuation 2016 Update	Actuarial Valuation 2016 Update
	Government Consultation on LGPS Pooling (verbal)		Government Consultation on LGPS Pooling	Government Consultation on LGPS Pooling
	Budgets and Revised Estimates		Qtr 3 Performance Snapshot Report	Qtr 4 Performance Snapshot Report
	Administration Strategy		Administration Strategy	Members Self-Assessment Report
				Member Development Annual Update
Business				Loyalty Awards
	Board Chairs' Reports		Board Chairs' Reports	Board Chairs' Reports

	14 January 2016	11 February 2016 Special Meeting	17 March 2016	9 June 2016 AGM + Ordinary Meeting
Business			Meeting Dates of Authority and Boards	
	Members Self-Assessment Report		Treasury Management Strategy Annual Report	
	Trade Union Bill: Update		Debt Write Offs	
	COP21		LGPS Advisory Board Annual Report	
	Civica Presentation		Review of Risk Management Policy	
Training & Development	PIRC Presentation			

South Yorkshire Pension Authority UPM implementation review; Moving Forward

- **Introductions & background**
Ilan Taylor (Operations Manager) and Andrew Smith (Product Development Director) will be in attendance.
- **History**
A history of the business, its growth, and the standard product concept will be discussed in order to provide some context against the issues that have been experienced and outlined in the Annual Review.
- **Lessons learned**
The journey throughout the implementation period has been well defined by Gary Chapman in the Annual Review. Whilst painful and volatile, the process has helped identify the areas for significant improvement, some of which will be discussed during this session.
- **Changing a cultural signature**
The Civica Pensions team provide a service, not just a software solution. An active program of cultural improvement is underway in order to ensure that all teams are focused on the values of the organisation. Quality of service provision is a focus area, paying specific attention to clarity, transparency, communication, end user experience and consequence.
- **Structure changes and organisation**
Overview by Ilan Taylor.
- **Civica Pensions Product Roadmap**
Overview by Andrew Smith.
- **Performance improvements and delivery schedule**
Overview by Andrew Smith.
- **Staff retention & recruitment**
As highlighted in Section 10 of the Annual Review, resource experience and retention has been a concern. An overview will be provided on the activities conducted by the Civica Pensions senior management team to alleviate concerns and prevent any such circumstances affecting the long term service continuity.

This page is intentionally left blank

SOUTH YORKSHIRE PENSIONS AUTHORITY

14 January 2016

Report of the Treasurer

REVENUE ESTIMATES 2016/17

1 Matter for consideration

Following various consultations, to formally confirm the draft budget proposals considered by the Authority on 3 December 2015 and summarised herewith.

2 Recommendations

The Authority is asked to formally confirm the budget proposals and approve the budget of £6,286,800 for 2016/17.

3 Background Information

- 3.1 At its meeting on 3 December, the Authority considered draft budget proposals for the 2016/17 financial year. The key elements of these proposals were subsequently the subject of consultations with various interested parties and no changes were suggested.
- 3.2 A summary of the draft budget as considered at the Authority meeting on 3 December is attached at Appendix A. The full report considered by members at that meeting can be accessed on the Pensions website.

4 Implications

- 4.1 Financial
None additional
- 4.2 Legal
None
- 4.3 Diversity
None
- 4.4 Risk
None

F Foster
Treasurer

Officer responsible: Bev Clarkson, Head of Finance, South Yorkshire Pensions Authority
Background papers used in the preparation of this report are available for inspection at the South Yorkshire Pensions Authority.
Other sources and references: none

SOUTH YORKSHIRE PENSIONS AUTHORITY

ADMINISTRATION AND INVESTMENT EXPENSES

REVENUE ESTIMATES 2016/17 AT OUTTURN PRICES

SUMMARY

	2015-16 ORIGINAL ESTIMATE £	2015-16 PROBABLE OUTTURN £	2016-17 ESTIMATE £
ADMINISTRATION EXPENSES	3,006,600	2,902,100	2,995,100
INVESTMENT EXPENSES	<u>2,754,300</u>	<u>3,217,900</u>	<u>3,341,700</u>
	5,760,900	6,120,000	6,336,800
CONTINGENCIES	-50,000	-0	-50,000
TOTAL EXPENDITURE REQUIREMENT	5,710,900	6,120,000	6,286,800
INVESTMENT COSTS LINKED TO MARKET VALUES	1,080,000	1,560,000	1,610,000
NET CONTROLLABLE BUDGET	4,630,900	4,560,000	4,676,800
RECHARGED TO:			
FUND	5,536,900	5,946,000	6,111,800
SYPT PENSION FUND	174,000	174,000	175,000
	5,710,900	6,120,000	6,286,800
ACTUARIAL WORK CHARGED TO FUND	90,000	90,000	90,000
MEMORANDUM ITEM			
DISTRICT OFFICES			
Barnsley	100,800	97,100	100,900
Doncaster	111,800	99,800	111,900
Rotherham	84,800	82,300	84,600
Sheffield	118,300	111,100	117,600
	415,700	390,300	415,000

SOUTH YORKSHIRE PENSIONS AUTHORITY

ADMINISTRATION EXPENSES

REVENUE ESTIMATES 2016/17 AT OUTTURN PRICES

	2015-16 ORIGINAL ESTIMATE £	2015-16 PROBABLE OUTTURN £	2016-17 ESTIMATE £
EXPENDITURE			
EMPLOYEES			
Administration and Clerical	1,994,300	1,903,300	2,014,000
Training Expenses	14,000	14,000	14,000
Other Indirect Expenses	25,000	65,500	23,800
PREMISES RELATED EXPENSES			
Rents - Office Accommodation	146,000	146,000	146,000
TRANSPORT RELATED EXPENSES			
Public Transport	3,000	2,000	3,000
Car Allowances	7,000	5,000	7,000
SUPPLIES AND SERVICES			
Equipment, Furniture and Materials	13,900	13,900	13,900
Publications	200	200	200
Printing and Stationery	75,500	75,500	75,500
Communications and Computing			
Postages and Telephones	100,000	100,000	100,000
Computer Services	25,000	25,000	25,000
Imaging maintenance	12,000	10,000	2,000
AXIS / UPM	65,000	66,000	67,000
Subsistence and Conferences	2,200	2,200	2,200
Subscriptions	9,000	9,000	9,000
Actuarial Fees	90,000	90,000	90,000
Legal Services	2,000	2,000	2,000
Other Professional Fees	50,000	50,000	50,000
Miscellaneous Expenses	9,000	9,000	9,000
CENTRAL EXPENSES			
Central Services	270,500	230,000	250,000
IT Network	55,000	55,000	55,000
Insurances	27,000	27,000	30,000
Subscriptions	5,000	15,500	15,500
Audit Fee	45,000	45,000	45,000
Bank Charges	22,000	10,000	15,000
Democratic Representation	14,000	14,000	14,000
Member Training	5,000	5,000	5,000
Disaster Recovery	6,000	10,000	10,000
Local Pension Board	0	15,000	15,000
<hr/>			
GROSS EXPENDITURE	3,092,600	3,015,100	3,108,100
MISCELLANEOUS INCOME	86,000	113,000	113,000
<hr/>			
NET EXPENDITURE	3,006,600	2,902,100	2,995,100
<hr/>			

SOUTH YORKSHIRE PENSIONS AUTHORITY

INVESTMENT GENERAL AND INVESTMENT MANAGEMENT EXPENSES

REVENUE ESTIMATES 2016/17 AT OUTTURN PRICES

	2015-16 ORIGINAL ESTIMATE £	2015-16 PROBABLE OUTTURN £	2016-17 ESTIMATE £
EXPENDITURE			
EMPLOYEES			
Administration and Clerical	1,055,600	1,034,800	1,104,800
Training Expenses	4,100	4,000	4,000
Other Indirect Expenses	5,000	9,000	5,000
PREMISES RELATED EXPENSES			
Rents - Office Accommodation	45,000	45,000	45,000
TRANSPORT RELATED EXPENSES			
Public Transport	8,400	8,400	8,400
Car Allowances	3,500	3,500	3,500
SUPPLIES AND SERVICES			
Equipment, Furniture and Materials	7,000	7,000	7,000
Publications	4,400	4,400	4,400
Printing and Stationery	3,000	3,000	3,000
Communications and Computing			
Postage and Telephones	300	300	300
Computer Services	8,500	8,000	12,000
Subsistence and Conferences	1,500	1,500	1,500
Subscriptions	49,000	49,000	49,000
Actuarial Fees	20,000	20,000	20,000
Legal Fees	1,000	1,000	1,000
Other Professional Fees	35,000	35,000	35,000
Miscellaneous Expenses	2,000	2,000	2,000
<hr/>			
INVESTMENT GENERAL EXPENSES	1,253,300	1,235,900	1,305,900
<u>INVESTMENT MANAGEMENT EXPENSES</u>			
Internal Information Systems	322,700	322,700	325,500
Custodian & Other Investment Expenses	241,000	241,000	261,000
External Management Fees	937,300	1,418,300	1,449,300
<hr/>			
INVESTMENT MANAGEMENT EXPENSES	1,501,000	1,982,000	2,035,800
<hr/>			
NET EXPENDITURE	2,754,300	3,217,900	3,341,700
<hr/>			

SOUTH YORKSHIRE PENSIONS AUTHORITY

14th January 2016

Pensions Administration Strategy

1. Purpose of the Report

To introduce the first draft of the Pensions Administration Strategy document

2. Recommendations

Members are recommended to:

- a. Consider the content and style of the document
 - b. Make suggestions for additions/amendments
 - c. Comment on the proposal for financial penalties for non-compliance both in relation to the type and the amount
-

3. Background Information

- 3.1 Although not a mandatory requirement the LGPS regulations provide the framework to allow Administering Authorities that so wish to prepare and maintain a Pensions Administration Strategy and it is considered best practice to do so.
- 3.2 The option to create an administration strategy was first introduced in 2008 and at that time we already had in place signed Service Level Agreements (SLA) with all our employers which had been in operation for a number of years. Whilst our SLA was not as comprehensive as the suggested content for a pensions administration strategy it still contained many of the elements recommended by the regulations and therefore at that time there was no immediate requirement to change.
- 3.3 Longstanding Members will be familiar with the fact that we report employers performance against the SLA on both a quarterly and annual basis and that the performance of the district councils in particular has led in the past to an adverse VFM conclusion from our external auditors and a qualified opinion on our accounts. Part of the reaction to this was to start the process of developing the strategy although it has to be said that development time has been limited due to a number of other pressing issues like LGPS 2014 and UPM.
- 3.4 More recently a number of factors have brought the development of the administration strategy to the fore. First of all the number of employers have increased significantly since we developed the SLA's whilst at the same time the scheme has become significantly more complex. New employers need a clear instruction of their role and responsibilities plus an understanding of our role and what we will do for them. The new scheme has also brought in tighter deadlines for the issue of actuarial valuation data and member annual statements. Furthermore the Pensions Regulator now has a responsibility for

Governance in the Public Sector and failure to meet deadlines will not be tolerated. All of this means that there must be a clear statement from the Authority of the roles and responsibilities between us as the administering authority and our employers and our administration strategy fulfils this requirement.

4. The Regulations

4.1 Regulation 59 of the Local Government Pension Scheme Regulation 2013 is reproduced below,

59. —(1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are—

- (a) procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");
- (b) the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by—
 - (i) the setting of performance targets,
 - (ii) the making of agreements about levels of performance and associated matters, or
 - (iii) such other means as the administering authority considers appropriate;
- (c) procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;
- (d) procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;
- (e) the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);
- (f) the publication by the administering authority of annual reports dealing with—
 - (i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and
 - (ii) such other matters arising from its pension administration strategy as it considers appropriate; and
- (g) such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

(3) An administering authority must—

- (a) keep its pension administration strategy under review; and
 - (b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.
- (4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its Scheme employers and such other persons as it considers appropriate.
- (5) An administering authority must publish—
- (a) its pension administration strategy; and
 - (b) where revisions are made to it, the strategy as revised.
- (6) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.
- (7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.
- (8) In this regulation references to the functions of an administering authority include, where applicable, its functions as a Scheme employer.

5. Draft Pensions Administration Strategy

- 5.1 The first draft of the strategy is attached. It is simultaneously out for consultation with all employers as well as internally within SYPA. The intention is to take into consideration all comments and suggestions with a view to bringing a final draft for Members approval at the Authority meeting on 17th March 2016 with a proposed launch date of 1st April 2016.
- 5.2 Members are asked to comment on the style and content of the document and suggest any additions and amendments to the strategy. In particular the strategy introduces for the first time the concept of financial penalties on employers for non-compliance with the agreed performance targets. As described in the foreword to the strategy, these penalties will generally only be used as a last resort against employers who consistently fail to meet the specified target.
- 5.3 An exception to the above concerns the submission of annual returns. The receipt of a balanced annual return by the 31st May is absolutely vital if we are to stand any chance of issuing the actuarial valuation data on time and meet the 31st August deadline for issuing annual statements to members. We are therefore proposing that a penalty is levied at all employers who fail the 31st May deadline with subsequent penalties for each subsequent week of delay. In advance of this we have already offered assistance to all serial offenders to do whatever we can to ensure that employers do not miss the deadline.

6. Implications and risks

- **Financial** - The financial penalties are described in the strategy
- **Legal** - There are no specific legal considerations.
- **Diversity** - None

Officer responsible:

Gary Chapman Head of Pensions Administration

Phone 01226 772954

E-mail: gchapman@sypa.org.uk

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

Administration Strategy

Appendix A



SOUTH YORKSHIRE
PENSIONS AUTHORITY



Administration **Strategy**

SOUTH YORKSHIRE PENSIONS AUTHORITY
STRATEGY FOR THE ADMINISTRATION OF
THE LOCAL GOVERNMENT PENSION SCHEME IN SOUTH YORKSHIRE

Incorporating:

- Employer Service Level Agreements with the Fund Administrator
- Fund Administrator Service Level Agreement with Employers
- Communication Policy and Strategy (Elements of)
- Consultation Policy and Strategy (Elements of)
- IDR Procedure (Charging Policy)
- Actuarial services (Charging for certain elements)
- Interest (Policy & Rates)
- Funding and Debt Recovery Strategies (Elements of and Policy)

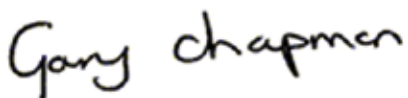
The following document details the strategy to be adopted in the administration of the Local Government Pension Scheme by South Yorkshire Pensions Authority and participating Fund Employers with effect from 1 April 2016.

It has been developed and adopted in consultation and agreement with the participating Fund Employers and is provided for through statute by Regulation 59 of the Local Government Pension Scheme Regulations 2013 (as amended).

It sets out, amongst other things, how the Administering Authority, SYPA, will administer the Pension Scheme and Fund on behalf of Employing Organisations, and their Scheme Members, participating in the South Yorkshire Pension Fund, its requirements for employers in terms of the timely and accurate provision of information pertinent to the administration of the Scheme and Fund, and the penalties to be applied to those employing organisations failing to meet their duties, responsibilities and obligations as detailed within the strategy document.

The strategy has been developed and adopted in consultation to improve the overall standard of administration of the Scheme and the Fund and is intended to apply in a spirit of partnership working and co-operation where every assistance, tool, facility, system, training and guidance will be provided where possible to enable employers to improve administrative performance and meet the requirements of the strategy. Any penalties and censures carried within the strategy are not intended to apply as a first resort but rather as a last resort following a period of time and opportunity given for improvement to any organisation struggling to meet its obligations.

Gary Chapman



Head of Pensions Administration

INDEX

Contents

Review Date(s)	6	Potential New Employers	21
The Regulations	7	<ul style="list-style-type: none"> • Academies • Transferee Admission Bodies • Community Admission Bodies • Town & Parish Councils 	
Service Level Agreements	7		
Scope	8	New Employer Requirements	23
Statement of Administering Authority objectives and aims	9	Fees for the provision of information and additional non-standard work	23
Equality Statement	9	Internal Dispute Resolution Procedure	24
Financial Conduct Authority/The Pensions Regulator – Reporting Policy	10	Actuarial Services	25
Administering Authority Duties and Obligations	11	Service Standards	26
Administering Authority Discretions	12	<ul style="list-style-type: none"> • Service Level Standards • Customer Charter Standards 	
Employing Organisation Duties and Obligations	13	Financial Penalties for Non-Compliance	28
Employing Organisation Discretions	13	Interest – Policy & Rates	30
Provision of Information by the Administering Authority to:	14	Debt Recovery – Policy & Procedure	31
<ul style="list-style-type: none"> • Members/Member Representation • IFAs • Participating Employing Organisations • Other Administering Authorities • Fund Actuary • Government and other Public Sector Agents 		Special Requirements for Educational Establishments	32
		Administration Guide for Employing Organisations	33

REVIEW DATE

This Administration Strategy will be reviewed as follows:

- Every 5 years as a matter of routine
- Whenever impacted by Regulatory Changes
- Whenever impacted by other legislative changes
- Whenever impacted by major changes to other policies, statements and strategies used by the Administering Authority

Where changes are planned or thought to be necessary outside of the routine review period then consultation will begin on those proposals for change at the beginning of year five or earlier if necessary.



REGULATIONS AND OTHER LEGISLATION GOVERNING THE STRATEGY

- The Local Government Pension Scheme 1995, 1997 and 2008 Regulations as they still have effect in part
- The Local Government Pension Scheme (transitional Protection) Regulations 2014
- The Local Government Pension Scheme Regulations 2013 in force now or as amended and in force at any future date
- The Public Sector Pensions Act 2014
- The Pensions Act 1993
- The Pensions Act 1995
- The 2004, 2006 and 2014 Finance Acts
- The Occupational & Personal Pension Schemes (Disclosure of Information) Regulations in force and as amended
- The Occupational Pension Schemes (Transfer Values) Regulations in force and as amended

SERVICE LEVEL AGREEMENTS

South Yorkshire Pensions Authority is using its powers under Regulation 59 of the Local Government Pension Scheme Regulations 2013, Pension Administration Strategy, to consolidate its former Service Level Agreement documents, which were signed by Employing Organisations on a voluntary basis when they were first introduced and only made compulsory for new organisations joining the Fund later, into, and make them an integral part of, this formal Administration Strategy document.

The publication of this Strategy following consultation with Employers means that there will no longer be a requirement for Employers to have a separate SLA with SYPA. It will be an implicit acceptance that the publication of this strategy means that ALL Employing Organisations in the South Yorkshire Pension Fund have agreed the strategy and have therefore signed up to the standard Fund SLA and the service standards contained within those former agreements.

Where either necessary, relevant or appropriate those standards are detailed in the following pages so that all parties are aware of the requirements of this element of the Strategy as the administration of the Scheme in South Yorkshire moves forward under this document.

SCOPE

These are the tasks and issues falling within the scope of the Administration Strategy

- The requirements and obligations of New Employers joining the Fund
- The routine notification and provision of information by employers about individual scheme members
- The annual provision of information by employers about their scheme members
- The non-routine bulk notification and provision of information by employers about their scheme members where event driven
- The payment of employee and employer contributions including any additional contributions paid by scheme members
- The payment by employers of deficit contributions in accordance with the Funding Strategy Statement
- The payment by employers of any costs associated with the early termination of employment of scheme members or policy decisions requiring additional funding
- The development and publication of Employer Discretionary Policies
- The IDR Procedure and/or Formal Member Complaints about Employing Organisations
- Actuarial Services
- Accounting Standard Exercises for Employers
- Fund Valuation Exercises
- TUPE Transfers, Admission and/or Bond Agreements, School Conversions
- The provision of information to employers in relation to their scheme members for the purposes of:
 - Individual member retirement benefit estimates
 - Bulk member retirement benefit estimates
 - Bulk costings for employer led early retirement exercises
- The Communication Strategy
- The Consultation Strategy
- Reporting to the Regulator
- Debt Collection Procedure
- The National Fraud Initiative Exercise
- Service Standards to Employers
- Service Standards to Scheme Members
- Funding Strategy Requirements where appropriate and inter-related
- The provision of information to third parties in relation to transfer values and deferred benefits for individual scheme members
- Reporting to the Authority and its Boards

STATEMENT OF ADMINISTERING AUTHORITY OBJECTIVES AND AIMS

The following is SYPA's statement of its objectives and aims in relation to how it intends to deliver its administration service to all of its stakeholders

“The Authority wishes and intends to provide a high quality pensions’ service to employing organisations and members of the Fund by:

- Supporting member organisations in their planning, promotion and use of pension provision for their employment needs
- Administering pension provision for member organisations in accordance with statutory requirements
- Being recognised as a continually improving provider of cost effective, efficient and high quality pension administration
- Providing a first class, accurate and timely service to its members, their dependants and representatives for the entire lifetime of their relationship with the Authority”

EQUALITY STATEMENT

The Authority is committed to equal opportunities for our members and will take all necessary steps to ensure that it complies with the specific duties that have been placed upon it.

It is the Authority's intention, in addition to the specific promises made in its Customer Charters, to strive at all times to attain the aims of that commitment.

Additionally, the Authority recognises that some of its members may have special personal needs that may differ from the majority of its members and as such it aims to tailor some of its services to meet those needs.

Examples of where a bespoke service can be provided are:

- Large print documents
- Audio CD recordings of Customer Charter Service Standards
- Home visits where a member is unable to visit any of the Authority's premises
- Signing facilities for visiting members who are hard of hearing

Some services will necessarily require advance notification of their requirement in order to help the Authority make the necessary arrangements.

FINANCIAL CONDUCT AUTHORITY/THE PENSIONS REGULATOR – REPORTING POLICY

Financial Conduct Authority (FCA)

The Authority is regulated in the conduct of its business by the Financial Conduct Authority and will meet its requirements at all times and in all ways when conducting the business of the Fund.

More information about the role and responsibilities of the FCA can be found at:

www.fca.org.uk

The Pensions Regulator

The Pensions Regulator is the UK regulator of work-based pension schemes. It works with trustees, employers, pension specialists and business advisors, giving guidance on what is expected of them.

It also has functions under legislation passed in 2008 and a statutory objective to maximise compliance with the employer duties under that legislation relating to automatic enrolment.

Its principal aim is to prevent problems from developing. It uses its powers flexibly, reasonably and appropriately, with the aim of putting things right and keeping schemes, and employers on the right track for the long-term.

SYPA has a policy of pro-active consultation with the Pensions Regulator where it has concerns over its own performance and possible breaches of codes of conduct and other guidance to ascertain the potential need for self-reporting.

It also has a policy of reporting employer breaches that it becomes aware of where such a breach is deemed to be detrimental to the Fund's position or reputation or where member benefits could be in jeopardy, for example where an employer deducts pension contributions from members' pay but either fails consistently to remit those contributions to the Fund by the statutory deadline or fails to remit them at all.

The Pensions Regulator will decide on any appropriate course of action or censure deemed appropriate.

More information about the role and responsibility of the Pensions Regulator can be found at:

www.the.pensionsregulator.gov.uk

ADMINISTERING AUTHORITY DUTIES, RESPONSIBILITIES AND OBLIGATIONS

The main duties, responsibilities and obligations of an Administering Authority are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major compliance tasks are as follows:

- To prepare and publish the Pension Fund Annual Report
- To prepare, publish and maintain its Funding Strategy Statement
- To prepare, publish and maintain its Communications' Policy
- To commission and obtain a valuation of Fund assets and liabilities as at the 31 March in every third year commencing on 31 March 2016 and to obtain a report and a rates and adjustments certificate prepared by an Actuary in respect of that valuation
- To decide any question concerning a person's previous service or employment, the crediting of additional pension and the amount of benefit to which any person has or will become entitled out of the Fund
- To publish a statement concerning its policy on the use of its discretions
- To issue annual benefits statements in respect of its active, deferred, deferred pensioner and pension credit members
- To appoint an adjudicator to consider applications from members affected by first instances decisions or any acts or omissions of the Administering Authority and to make a decision on such applications

The above list is not exhaustive nor is it as detailed as the Regulations which should be referred to in the event of any doubt.

ADMINISTERING AUTHORITY DISCRETIONS

The main discretions afforded to an Administering Authority are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major discretions are concerned with and relate to the following:

- The waiving of reductions in any benefits of members where there is no longer a scheme employer to fulfil that function
- The person(s) or bodies to whom it will pay and death grant arising from the death of a member



EMPLOYING ORGANISATION DUTIES AND OBLIGATIONS

The main duties, responsibilities and obligations of a Scheme Employer are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major compliance tasks are as follows:

- To contribute to the Fund in each year covered by the rates and adjustment certificate the amount determined by reference to that certificate
- To pay over all amounts received from employees by way of their contributions to the Fund
- To deduct from a person's pay any contributions payable by the member under the Regulations
- To decide any question relating to a person's rights or liabilities under the Scheme not falling to the Administering Authority to determine
- To appoint an adjudicator to consider applications from members affected by first instances decisions or any acts or omissions of the employer and to make a decision on such applications
- To provide the Administering Authority, within two months of the end of the Scheme Year*, with a statement of details of every employee that has been an active member during the scheme year. Whilst Regulation requires provision within three months SYPA is using its statutory powers to shorten this deadline because of the pressures placed upon it to meet other work deadlines resulting from the Year End Exercise

The above list is not exhaustive nor is it as detailed as the Regulations which should be referred to in the event of any doubt.

EMPLOYING ORGANISATION DISCRETIONS

The main discretions afforded to a Scheme Employer are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major discretions are concerned with and relate to the following:

- The Funding of additional pension
- Flexible Retirement
- Waiving of actuarial reductions
- Award of additional pension

PROVISION OF INFORMATION BY THE ADMINISTERING AUTHORITY TO:

Members and Member Representatives

The Authority is required to provide members and/or their representatives with a wide range of information under Regulation and other legislation which may also prescribe timeframes in which the information must be provided.

SYPA has published Customer Charters detailing its target service standards which are invariably much tighter and more stringent than those allowed for in law.

SYPA will administer the Scheme in relation to the provision of information to members and/or their representatives in line with the Regulations in force at any time and in line with any other legislative requirements.

The major requirements in this respect are as follows:

- The notification to individual members and/or their representatives of the type of benefit and amount of benefit to which the member and/or their representatives or dependants have become entitled as a result of an actual event, such as retirement or death, will be issued in line with the standards detailed in the Authority's Customer Charters. Any payments due from the Fund as a result will also be dealt with in line with the same service standards. The detailed content of such information will, as a minimum, meet the requirements of any Regulations or legislation in force at the time
- The issuing of Annual Benefits Statements to Active, Deferred, Deferred Pensioner and Pension Credit members. Regulation states that these must be issued by 31 August and, although the Authority relies heavily on its Employing Organisation Partners for data upon which to base these statements it is the Authority's intention and objective to comply with Regulation in this respect and to issue Annual Benefit Statements by the 31 August each year or by whatever date subsequent changes in the Regulations dictate

- The provision of information for matrimonial proceedings is a statutory duty under both Regulation and over-riding Divorce legislation. The Authority will administer the provision of this information in accordance with both sets of legal requirements both in terms of timeframes and the persons to whom the information is to be released. The service standards for this are also contained within the Authority's Customer Charters. Where matrimonial proceedings result in an actual Pension Sharing order then the SYPA's Policy is to make a charge of £350 plus VAT for the implementation and maintenance of such an order. Costs will usually be charged to the ex-spouse of the member but may be allocated or apportioned by the Court in which case the Authority will comply with such direction and invoice the parties accordingly.
- The provision of preserved Benefit and Transfer Value information is also prescribed for in Regulation and specific legislation. The Authority will provide such information in accordance with its legal obligations to members and/or their representatives. In this context a member's representative may be any financial advisor appointed by the member, any third party administrator authorised by the member to obtain such information or the administrators of any occupational scheme acting for the member in a new or subsequent employment.

The Authority's Policy on the provision of this information is to only provide it to the member and or their representative once in any twelve month rolling period.

The Authority reserves the right to make a charge for the provision of this information prior to the commencement of a new 12 month period and the right to introduce such a charging policy at any time without notice. Any such charge so levied will only ever seek to cover the actual cost to the Authority of the work undertaken in producing the information again.

Independent Financial Advisors or other advisors acting for or on behalf of the member

The Authority will provide information to Independent Financial or other Advisors appointed or authorised by the member in accordance with any Regulatory or legislative obligations and, where Preserved Benefit and/or Transfer Value information is concerned, in accordance with the Policy described in the preceding paragraph.

The Authority:

- Will provide all member specific information it is obligated to provide in the timeframes required of it in law
- Will provide all generic Scheme information it is able to provide in order to assist the enquirers to advise their client(s)
- Will not respond to additional questions it deems not relevant to the enquiry
- Will not engage in follow up discussions by telephone, or communications by e-mail or letter until such time as the member has made a decision in relation to any transfer out of the Scheme, but
- Will provide all information required by the member or their representatives to enable members to take advantage of the Freedoms of Choice as enabled by the Government at the 2015 Spring Budget

Participating Employer Organisations

Information will be provided to participating employers as a matter of routine in some instances and upon request in others.

Where information is provided as a matter of routine it will be provided in timeframes and schedules as follows:

- Employer performance, as measured against the agreed service standards, will be reported quarterly in retrospect for the periods:
 - 1 January to 31 March
 - 1 April to 30 June
 - 1 July to 30 September
 - 1 October to 31 December

in each calendar year. Employer performance will also be reported to the Authority.

- Electronic Employer Newsletters will be issued as and when circumstances dictate that Regulatory or legislative change needs to be communicated
- Employer specific alerts of outstanding tasks will be communicated through the EPIC System or any subsequent replacement system developed and introduced by the Authority
- The Authority will hold an Employers' Forum at least once a year, usually in the Autumn, to disseminate other important and relevant information
- The Authority will, either pro-actively or upon request, where appropriate and/or necessary, disseminate information by the use of roadshows, presentations, advisory surgeries, training seminars, on-line tutorials, and other electronic media. There would usually be no charge for these services

Where information is provided following a request from the employer then the following service standards will apply:

- Retirement Estimate requests for individual employees will be provided within 5 working days of the Authority being in possession of all information necessary to ensure the accuracy of the estimate
- Bulk Retirement Estimate requests involving 20 or more employees will be provided within 10 working days of receipt of the bulk request template assuming this is populated correctly and accurate estimates can be provided as a result
- Early Retirement Strain on the Fund Costs as part of a bulk estimate request will also be provided within 10 working days of receipt of the bulk request template

None of the information detailed above or the services used to provide this information will incur any fee or charge to employing organisations.

Other Administering Authorities:

The working relationship between SYPA and other LGPS Administering Authorities is usually one based on member administration except where the Authority undertakes an element of collaborative working with another Administering Authority or the Administering Authority has become a software/ systems client of SYPA.

Member administration would usually involve:

- Supplying information to Fund Actuaries and the other Administering Authority where a bulk transfer of staff was taking place between employers of the respective Funds and either receiving and investing or paying out a subsequent bulk transfer payment, or
- Administering the Scheme in respect of individual voluntary member movement between funds and receiving and investing or paying out individual transfer payments

The Authority will conduct the administration of member business in respect of either of these scenarios in accordance with the requirements of any Regulations in force at the time and the service standard targets set by SYPA for individual member administration.

The Fund Actuary:

Typically, the routine business of the Authority with its Fund Actuary will fall into one of the following categories:

- Triennial Fund Valuation
- Accounting Standards exercises for participating employers
- Individual contribution rate assessments for new employers
- Risk assessments for new outsourced contract employers and bond assessments for the outsourcing employer
- Employer covenant assessments
- Liability assessments for employers leaving the Fund

Fund Valuation

The Fund Valuation is Statutory Duty of the Administering Authority and SYPA will carry out this duty in accordance with the Regulations in force at the time.

The Authority will, as a partner and under Regulation, consult and work closely with employing organisations to ensure that member data and financial data relating to employer cash flow is accurate and up to date at all times and that year end data, or as the case may be, monthly data, submissions, are accurate, timely and usable. The objective being that immediately following the 31 March in any given valuation year the Authority will be in a position to provide the Fund Actuary with data of sufficient quality and timeliness to allow for accurate calculations of the Fund's assets and liabilities to be performed using agreed methodology and assumptions.

The target schedule in any valuation year will be as follows:

Year End work completed by SYPA and Valuation Data Extract to Fund Actuary	July
Interim Results	September/October
Individual Employer Results Consultation	October/November
Formal Report	March

There are no employer charges or fees related to the Valuation.

Accounting Standards Exercises

Although not required to do so under Regulation the Authority does offer to obtain the appropriate accounting standards requisite information as a voluntary service to employers.

By making use of the readily available expertise and Fund profile familiarity of the Actuary the Authority feels it is able to offer a structured and efficient method of providing this information to participating employers whilst also using efficiency of scale to save employers money compared to the potential cost involved in individual approaches for actuarial assessments.

There are three scheduled exercises each year, one for organisations with a Year End of 31 March and one for Educational Establishments with a year end of 31 July and one for Academies with a Year End of 31 August.

The procedure and schedule for all organisations is driven and set by the Fund Actuary following consultation and agreement on the assumptions to be used in the exercises.

The typical target schedule for organisations with a 31 March Year End would be:

End of January prior to Year End - SYPA writes to employers inviting participation and collection of data begins

Mid February prior to Year End - Data issued to Actuary

Mid-April following Year End - Results issued to participating employers

The typical target schedule for organisations with a 31 July Year End would be:

End of May prior to Year End - SYPA writes to employers inviting participation and collection of data begins.

By 3rd week in July - Data issued to Actuary

End of August following Year End - Results issued to participating employers

The typical target schedule for organisations with a 31 August Year End would be:

Mid-July prior to Year End - SYPA writes to employers inviting participation and collection of data begins

By Mid-August - Data issued to Actuary

End of September following Year End - Results issued to participating employers

There is a cost for this service as the Authority has to commission and pay the Actuary for the work performed.

SYPA will negotiate an overall cost with the Actuary each year based on the numbers participating in the exercises. This cost will then be notified to those employers when known as part of the communication process (New employers pay a higher fee in the first year of participation as an additional calculation needs to be performed to establish the opening balance for the accounting disclosures).

In addition the Authority makes an administrative charge to cover its own costs of the additional work involved. Currently this charge is £100.00 per employing organisation but the Authority reserves the right to increase this in future should its own costs of administering the exercise(s) increase.

Employers will be invoiced by the Authority for their individual charge.

Individual contribution rate assessments for new employers

As part of the process of setting up a new employer when it joins the Fund, member data will be collected and submitted to the Actuary for an assessment of the indicative contribution rate payable for the remainder of the valuation period by the employer in question.

Typically, such assessments take about six weeks to complete. There is a schedule of charges for such work which is set by the Actuary and not the Authority. This is updated by the Actuary at regular intervals. The latest schedule is available upon request.

The new employer or the outsourcing employer is expected to pay any charges incurred in this respect.

Data quality is key to an accurate assessment and revisions to contribution rate may have to take place if actual membership data is different to that submitted for the initial assessment. This will also incur additional actuarial fees.

Risk assessments for new outsourced contract employers and bond assessments for the outsourcing employer

Where a participating scheme employer outsources a service to a private contractor and that contractor enters into an admission agreement to admit transferred employees to the Scheme then, as a matter of routine, or at the instigation of the outsourcing employer, SYPA will, through the Fund Actuary, commission a risk and bond assessment as provided for by Regulation, in order to protect the outsourcing employer and the Fund from incurring unfunded liabilities in the event of early termination of the contract and the possible redundancy of employees upon re-absorption of the service.

The cost of the actuarial work will be recharged to the outsourcing employer.

Employer covenant assessments

Covenant assessment may form part of the routine work associated with the admission of a new employer, in which case the cost of such work will be included in the overall cost of the risk/bond assessment and recharged accordingly.

However, where the Fund undertakes covenant assessment work at its own initiative as part of long-term risk management strategy then no charge will be passed on to employing organisations as a result.

Liability assessments for employers leaving the Fund

These assessments are commissioned by the Authority when an employer exits the Fund. An exit from the Fund may be triggered by:

- The natural end of a set period outsourced service contract
- The early termination of an outsourced service contract by the outsourcing employer or by the contractor
- The forced termination of an organisation as a result of financial issues
- The natural effluxion of active members leaving no contributors to the Fund

The Authority's Policy, as set out in its Funding Strategy Statement, (FSS), is that termination assessments will be calculated on a "least risk" basis to ensure that residual liabilities are fully funded and that, subject to prudent investment, sufficient money is recovered from the exiting employer to fund those liabilities for the remaining lifetime of its members and their dependants. However, its Termination Funding Policy under Regulation, set out within the FSS allows certain flexibilities in how, when and over how long it will recover those costs. In addition, employers within the scheme whose active membership has reduced to nil for some reason, will not automatically be required to exit the Scheme, thereby triggering an exit cost calculation. Instead they will be allowed a period of grace to allow for recruitment strategies to bring in new active members.

Where the exiting employer is solvent and able to discharge its liabilities in respect of the Fund the cost of the actuarial work will be added to the total to be recovered in respect of those liabilities.

Where the exiting employer is insolvent the cost of the actuarial work will be added to any claim made by the Authority, as a creditor, to the appointed administrator(s).

Government and other Public Sector Agents

The Authority has signed up to be included in the National Audit Office's bi-annual national Fraud Initiative in which Public Sector Bodies and Organisations share Pensions and Payroll information in an effort to combat benefit fraud and reduce overpayments in both areas to individuals no longer entitled to receive them.

As a participant in this exercise SYPA will share information about its Fund Members with:

- The National Audit Office
- Its own Internal and External Auditors where appropriate
- The Auditors of other Local Authorities and other Local Government Organisations
- Other Local Authority Benefit Departments
- The Department for Work and Pensions
- The Police where appropriate and/or necessary

The Data Protection Act permits the sharing of data without the express consent of the individuals concerned where the object of such sharing is the prevention of fraud and other crimes.

Prior to the release of the reports SYPA will notify its members of its participation in the forthcoming exercise and confirm the intent to share data with other agencies.

Upon the release and receipt of the NFI Reports at the commencement point of each bi-annual exercise the Authority will nominate a senior officer to manage the project.

It will then prioritise and address the workload arising as follows:

- Apparent un-notified pensioner member deaths will be investigated within two months. Pensions in payment from the South Yorkshire Fund will be immediately suspended
- Apparent un-notified preserved pensioner deaths will be investigated within three months
- Apparent un-notified re-employment of South Yorkshire Pensioners will be investigated within 6 months according to the recommended priority matches received from the NAO

As a matter of Policy, SYPA will in all cases:

- Report instances of suspected Fraud to the NAO, its Internal Audit Office and the Police
- Pursue the recovery of all overpayment of pensions resulting from the non-notification of pensioner deaths whether fraud is suspected or not*

*See later section on Debt recovery

As part of its management and administration of casework relating to the payment of Death Grants from the Fund the Authority will also share some data with other Administering Authorities through the LGE's National Database. It will also participate in the National "Tell us Once" initiative which enables citizens to report the death of a scheme member via their local Registrar.

As part of its Communication Strategy the Authority will also share and/or provide member data to its printer Agents, for the provision of information to members, and its Tracing Agents for the purposes of paying benefits.

General

It should be noted that where information is required by any member, member representative, dependant or advisor, whether legal or financial, in order to pursue a claim through the courts for financial loss, damages or compensation for any event not connected to the Authority's actions or inactions or omissions, then the Authority will always make a charge to cover the cost of the work done in connection with the provision of the information requested. Any such charge will not be negotiable and will always need to be settled prior to the release of the information required.

POTENTIAL NEW EMPLOYERS

Potential new employers will have certain obligations to enable their admittance to participate in the LGPS in South Yorkshire to be completed in a timely and accurate manner and that there is no subsequent detriment to members.

The LGPS can be an expensive commitment and any potential new employers having a choice of pension provision, either through legislation or constitution, should satisfy themselves as to the appropriateness and suitability of the Scheme for their staff, organisation, budget and business plan.

Schools converting to Academy Status

Academies have no choice and are required to offer their non-teaching staff membership of the LGPS upon conversion. Schools considering conversion to Academy Status should:

- Liaise with their LEA well in advance of any proposed conversion date in relation to the current funding of the Pension Scheme and any potential financial deficit to be inherited
- Assess whether their budget will allow for the payment of employer contributions based on the pensionable payroll of their non-teaching staff being transferred to the new organisation, any deficit payments necessary and any business development plans under consideration following conversion
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Provide SYPA with at least six months' notice of their intent to convert together with a proposed conversion date
- Be able to provide a full and detailed personal and payroll data set of the non-teaching staff being taken on by the new organisation from the old school at least three months in advance of the proposed conversion date
- Have a Payroll System (or agent) and staff, together with HR staff, ready to take over the management of the employer's pensions' administration function in relation to the LGPS from day one following the conversion
- Familiarise themselves with the requirements of the Fund, Regulations and other legislation associated with the administration of the Scheme and with this Administration Strategy

- Have other systems and staff in place to ensure continuity of the pensions administration function upon conversion

Transferee Admission Bodies

Potential Transferee Admission Bodies considering pensions implications of bidding for a Local Authority or other public sector service contract where transferring staff would normally be eligible for the LGPS should:

- Liaise with the letting body well in advance of any proposed contract date in relation to the pension costs and liabilities involved in the running the contract
- Be aware of, and committed to meeting, the requirements of the Regulations in respect of Admission Bodies
- Ensure the lead-time is sufficient for the Actuarial work to be completed prior to the transfer date
- Be in a position to provide a bond or such guarantee as might be required by the letting body
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Be aware of, or, where the appropriate, the Parent Company should be aware of, the financial implications for early termination of the contract, and also be aware of the Authority's Policy on the pursuit and recovery of debt, including Closure Costs, as detailed elsewhere in this document
- Have a Payroll System (or agent) and staff, together with HR staff, ready to take over the management of the employer's pensions' administration function in relation to the LGPS from day one following the conversion

- Have other systems and staff in place to ensure continuity of the pensions administration function upon conversion

Community Admission Bodies

Community Bodies have absolute discretion in deciding whether to apply for admission to the Fund. Any organisation meeting the criteria for admission to the Fund as a Community Admission Body and considering applying should:

- Make their formal application at least six months prior to any proposed admission date
- Ensure they can provide a third party financial guarantor in line with the Authority's policy on the admission of Community Bodies
- Be aware of, and committed to meeting, the requirements of the Regulations in respect of Admission Bodies
- Ensure the lead-time is sufficient for the Actuarial work to be completed prior to the transfer date
- Be able to provide financial and personal data about the employees to be admitted under the terms of the Admission Agreement at least three months prior to any proposed admission date
- Be able to demonstrate strength of covenant
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Be aware of the Authority's Policy on the pursuit and recovery of debt, including Closure Costs, as detailed elsewhere in this document
- Have a Payroll System (or agent) and staff, together with HR staff, ready to take over the management of the employer's pensions' administration function in relation to the LGPS from day one following the conversion
- Have other systems and staff in place to ensure continuity of the pensions administration function upon conversion

Town & Parish Councils

Town and Parish Councils are precepting, resolution bodies. There is no compulsion upon them to offer employees membership of the LGPS. Town and Parish Councils considering using the LGPS in South Yorkshire should:

- Assess whether their budget will allow for the payment of employer contributions based on the pensionable payroll of the employees they wish to give access to Scheme to
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Provide SYPA with at least six months' notice of their intent to implement a Resolution to use the LGPS for their staff
- Ensure an appropriate resolution is passed at least one month prior to the proposed implementation date detailing the staff or posts to be designated as pensionable and to provide SYPA with copies of the Council Approved Resolution(s)
- Be able to provide a full and detailed personal and payroll data set of the employees joining the Scheme at least three months in advance of the proposed admission date
- Have a Payroll System (or agent) and staff, together with HR staff, ready to take over the management of the employer's pensions' administration function in relation to the LGPS from day one of participation
- Familiarise themselves with the requirements of the Fund, Regulations and other legislation associated with the administration of the Scheme and with this Administration Strategy
- Have other systems and staff in place to ensure the efficient administration of the Scheme by the employer from day one

NEW EMPLOYER REQUIREMENTS

All new employers to the Fund will be required to:

- Attend a scheme administration meeting with officers of the Authority to ensure they understand the administration requirements of the Scheme in relation to their role as a scheme employer
- Ensure that the appropriate people attend such a meeting so that where responsibilities and duties in relation to the Pension Scheme are split across different posts all responsible people are aware of their obligations in this respect
- Undergo training where training needs are identified by either the Administering Authority or the Employer. Such training may be held either on site at the Employer's premises or at SYPA HQ where access to systems may be more easily facilitated if necessary
- Submit electronic documentation in relation to the formal notification of new joiners to the Scheme and any subsequent contractual changes affecting their employee members' pensionable circumstances, through the Authority's EPIC system or any replacement system introduced in the future. Paper documentation will not be accepted.
- Nominate specific contacts with whom the Authority can work on the various aspects of Scheme Administration requiring specialist knowledge or authority

FEES FOR THE PROVISION OF INFORMATION AND ADDITIONAL NON-STANDARD WORK

The Authority recognises that Employers already contribute to the administration of the Scheme through an actuarial allowance built into their contribution rates by the Fund Actuary as part of the triennial valuation exercise and, as such, it will carry out all of its statutory and routine duties and obligations under the Regulations and any other legislation affecting it without further charge.

However, the Authority reserves the right to charge for non-standard work requested by an Employer that would require SYPA to undertake work over, above and beyond that which it would normally undertake or to provide a requested service that it would not normally provide.

The Authority also reserves the right to make a charge for bulk routine work that is required as a matter of urgency in exceptional circumstances that would lead the Authority to incur additional costs to complete the work, for example by the use of overtime, or where the work is required exceptionally well within the agreed service standards for that work that would compel the Authority to resource the work at a cost to other work, members or employers.

Any such charge or fee would always be made clear and agreed at the outset before any such work was commenced or service provided.

Possible examples of instances where the Authority may deem it appropriate to make such a charge are:

- A bulk redundancy exercise requiring benefit estimates and employer costs within the agreed service standard
- Officer attendance at special meetings outside normal working hours
- Non-routine or bespoke actuarial work, (see later Section on Actuarial Services)

The above list is not exhaustive.

INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)

Under the Local Government Pension Scheme Regulations 2013, both Administering Authority and Employing Organisations are required to appoint an Adjudicator to review First Instance Decisions upon receipt of an application by the member or member's representatives. This is generally referred to as Stage 1 of the IDRP.

Where a Scheme Employer reviews a First Instance Decision under Regulation 74 and makes a consequential decision under Regulation 75 that results in the member making a referral to the Administering Authority for reconsideration of that decision, generally referred to as Stage 2 of the IDP, then the Administering Authority Adjudicator will reconsider the First Instance decision and notify the employer and the member accordingly.

Where the Administering Authority makes a decision to uphold the member's appeal against the First Instance Decision and to refer the matter back to the employer for re-consideration then

the Administering Authority may take the view that there has been a failing by the Employing organisation in the original decision making review process as a result of the Employer concerned:

- Not taking into account all relevant evidence, or
- Taking into account non-relevant evidence, or
- Disregarding the relevant evidence and making a decision that would be perverse or contrary to Regulation

SYPA's Adjudicator will always be happy to discuss these referrals and to provide any assistance, advice and guidance where appropriate or requested in the interests of ensuring that correct decisions are reached for right reasons and the member receives fair and equitable treatment through the process.

ACTUARIAL SERVICES

Actuarial services are provided by the Fund Actuary.

This service is subject to periodic tender and the appointed Fund Actuary may change.

The Fund Actuary is independent.

The retention of the Fund Actuary is a Regulatory requirement for the Authority and a number of the services commissioned from him are also required by Regulation.

Where a service or exercise is provided to the Administering Authority or Fund as a result of a statutory requirement then the Authority will fund this work from its administration budget.

Where a non-statutory service, task, exercise or bespoke work is offered by the Authority to employing organisations then it is on the understanding that the Actuarial fees or charges will be passed through either proportionately or as previously agreed to those employing organisations on a non-profit basis for the Authority and/or Fund.

Where a service, task, exercise or bespoke work is requested specifically by an employing organisation to be commissioned by the Authority then it is on the understanding that the Actuarial fees or charges will be passed through to the employing organisation(s) concerned on a non-profit basis for the Authority and/or Fund.

Where an employing organisation chooses to approach the Fund Actuary independently, whether for advice, guidance, consultancy work or anything else then it is on the understanding that no charges will be incurred on behalf of the Authority or Fund and the employer concerned will be solely responsible for the settlement of any fees or charges arising.

It should be noted that the Fund Actuary will never invoice an employing organisation directly but will submit their bill for any work carried out to SYPA who will then recharge the amount invoiced to the employer concerned.

Where the Fund Actuary provides a schedule of standard charges for certain categories of work then SYPA will provide this to Employing organisations on request.

SERVICE STANDARDS – SERVICE LEVEL AGREEMENTS

All service standards for SLA purposes are measured by reference to the time taken by the Authority from the first day when it has all of the necessary information to hand to enable it to perform the task and exclude the day of receipt of the information or final part of the information required.

Administering Authority to Employing Organisations

- | | |
|---|-----------------|
| • Respond to employer queries | 5 working days |
| • Individual retirement benefit estimates | 5 working days |
| • Individual early retirement employer costs | 5 working days |
| • Bulk retirement benefits estimates (20 or more) | 10 working days |
| • Bulk early retirement employer costs | 10 working days |

All service standards for SLA purposes are measured by reference to the time taken by the Authority from the “event date” to the date of receipt by SYPA in its HQ Office at 18 Regent St, Barnsley, S70 2HG, whether electronically or in paper form.

Employing Organisation to Administering Authority

- | | |
|--|---------|
| • Notification of a new scheme joiner | 8 weeks |
| • Notification of a member’s contractual change | 4 weeks |
| • Notification of a member leaving the Scheme with a right to immediate payment of benefits | 4 weeks |
| • Notification of a member leaving the Scheme without a right to immediate payment of benefits | 8 weeks |
| • Notification of the death of an active member | 2 weeks |
| • Provide a written response to any query | 1 week |

SERVICE STANDARDS - CUSTOMER CHARTER

All service standards in the Customer Charters are measured by reference to the time taken by the Authority from the first day when it has all of the necessary information to hand to enable it to perform the task and exclude the day of receipt of the information or final part of the information required.

All Members

- Complaints 3 working days
- General Enquiries 5 working days
- Provision of information for Divorce Proceedings 5 working days
- Notification of death benefit entitlements to Dependants and/or representatives 4 working days

Active Members

- Setting up a new joiner record 5 working days
- Making changes to records 5 working days
- Providing information about Additional Benefits 12 working days
- Provision of Retirement Benefit Estimates* 5 working days
- Providing transfer value quotations 5 working days

Preserved Pensioner Members

- Notification of Entitlement 20 working days
- Provide an updated benefit statement 5 working days

Pensioner Members

- Information on re-employment 7 working days

*Subject to the Authority's policy in force at the date of the request.

FINANCIAL PENALTIES FOR NON-COMPLIANCE BY EMPLOYING ORGANISATIONS

The Authority has determined that there will be a range of financial penalties for non-compliance with the requirements of this Administration Strategy under Regulation 70 of the Local Government Pension Scheme Regulations 2013, "Additional Costs arising from Scheme Employers' level of performance".

In addition it has determined a Policy to apply under the umbrella of this strategy document whereby penalties imposed on the Administering Authority by third party agencies as a result OF, whether directly or indirectly, the poor administrative performance or decision making process of a scheme employer, will be recovered from the Employing organisation concerned.

Penalties imposed on the Administering Authority by other Agencies

The penalties that will be recovered are as follows:

- Financial penalties imposed on the Administering Authority by Agencies such as the Pensions' Regulator for a breach of its statutory duties, such as the issuing of Annual Benefit Statements, but where the breach was occasioned by the poor performance of an employing organisation by reason of non-provision of member and/or financial data, provision of data not fit for purpose or the late provision of data or a combination of all these factors.
The penalty will be paid by the Authority but will be recovered from the Employing Organisation concerned.
- Financial Penalties imposed on the Administering Authority by HMRC, for instance Scheme Sanction Charges that arise as a result of the decision of a Scheme Employer, (for example, by allowing a member to claim benefits that will entail the Authority making an unauthorised payment).
The penalty will be paid by the Authority but will be recovered from the Employing Organisation concerned.

- Any penalties imposed by the Office of the Information Commissioner following a data breach where the breach was occasioned by the actions of a scheme employer
The penalty will be paid by the Authority but will be recovered from the Employing Organisation concerned.

The list is not exhaustive and the Authority reserves the right to utilise the same principles and policy for other penalties imposed on it by outside agencies not detailed here.

Financial penalties for non-compliance by employing organisations

Financial penalties as detailed here may be applied by SYPA where failure of an employing organisation to:

- Meet the requirements of the Administration Strategy
- Meet the requirements of the Regulations
- Meet the requirements of other legislation

Results in:

- Additional work for the Authority or its Agent(s)
- Additional cost(s) for the Authority or its Agent(s)
- Failure of the Authority to meet its own obligations under Regulation, other legislation or guidance
- Complaints by organisations or Members
- Appeals by members or their representatives

Then the Authority will impose either a fixed penalty or a charge based on the cost of the work occasioned. The following table provides details of the fixed penalty charges or hourly cost rates to be applied in various circumstances and scenarios:

<p>Year End Returns</p> <p>Failure to submit a usable, balanced Year End Return by the deadline detailed in this document</p>	<p>A fixed penalty of £250 plus a further fixed penalty of £100 for every further week late following that deadline</p>
<p>Queries arising from the Year End</p> <p>The provision of Year-End information resulting in the Administering Authority being unable to reconcile information with the member record and necessitating a query</p> <p>Responses to queries necessitating a re-query</p>	<p>£10 per case query</p> <p>£5 per case re-query</p>
<p>Service Level Agreements</p> <p>Failure to submit member event information in line with the requirements of the SLA</p>	<p>£2.50 per case</p>
<p>Discretionary Policy Statements</p> <p>Failure to devise and publish any statement of policy on the use of discretionary powers under the Regulations by any statutory deadline</p>	<p>A fixed penalty of £250 plus a Further fixed penalty of £100 for every further week late following that deadline</p>

INTEREST

It is the Authority's Policy, supported by Regulation in a number of areas, to charge interest for late payment on the following items and at the following rates. Late is defined as being a month or more after the due date:

- Payment of Employees' Pension Contributions, including any additional contributions paid by the employee, remitted to the Fund
- Payment of lump sum employer contributions arising from an employer decision to backdate membership for an individual or group of individuals
- Payment of Employer's Pension Contributions remitted to the Fund

Employee and Employer Contributions have to be with the Fund by the 19th of the month following the month of deduction. (Pensions Act 1993).

- Payment of any Lump Sum Deficit Contributions owed to the Fund

Deficit payments are calculated as an annual amount due by the Fund Actuary. That annual figure is then sub-divided into 12 equal payments for remittance on a monthly basis by Employers. To allow for the spread of payments over a 12 month period and to compensate the Fund for lost investment return an element of interest is already included in the monthly amounts to be paid. Late payment of these amounts will however incur additional interest.

- Any rechargeable payments due in respect of Injury Allowances, Gratuities and Added Compensatory years
- Any costs arising from initial and annual invoices in respect of strain on the Fund costs arising from the early release of retirement benefits
- Lump sum payments arising from the granting of additional pension
- Any fees or charges arising from the use of additional or bespoke Actuarial Services or Employer initiatives

- Any fees or charges arising from the voluntary participation in Accounting Standards Exercises
- Any costs arising from the termination or exit from the Fund of a solvent employing organisation
- Any liability settlement charge arising from a claim on a Bond Agreement or similar charge that would have arisen from such a claim but where no Bond was required by the outsourcing employer. In these latter circumstances the liability falls to the employer concerned

Annual Invoices carry an element of interest in their costs already at the point of issue to allow for the spread of the cost over three years (or less). However, further interest will be incurred if annual invoices are settled late.

The rate of interest charged on all of the above items is 1% above the Bank of England Base Rate compounded with quarterly rests.

DEBT RECOVERY POLICY AND PROCEDURE

The Authority has a Debt Recovery Policy and Strategy in place.

It is the Authority's Policy to attempt recovery of ALL debts whether invoiced or not.

The Policy applies to individual Scheme Members, their dependants, their representatives, employing organisations, third party or outside agencies, purchasers of goods or services from the Authority and other person or persons upon whom the Authority has a reasonable claim for payment.

The debt recovery procedure is as follows:

- Once the amount of the debt and the debtor is identified the Authority will issue an account
- If no response is received within one month of the date of issue of the account the Authority will issue one reminder
- No further reminders will be issued
- If no response is received within one month of the date of issue of the reminder the debt will be passed to the Authority's Debt Recovery Agents who will pursue the debt using the full force of the law if necessary
- Any additional costs incurred as a result of the debt recovery process, including interest for late payment, agent's fees and legal fees will be added to the total amount to be recovered
- Any party receiving an account from the Authority should immediately contact the number provided with a view to settling the debt in full or arranging a payment plan

No debt will be written off unless there is no prospect of recovery for any reason, for example there are no assets of value belonging to the debtor, (organisation insolvency), or the debtor's estate or where there is no estate and no surviving family.

Where the debt is in respect of overpaid pension and the pensioner has died recovery will be made against the estate through the pensioners surviving family, dependants or representatives.

SPECIAL REQUIREMENTS FOR EDUCATIONAL ESTABLISHMENTS

For business continuity purposes and for ensuring that scheme members of Educational Establishments are able to be provided with, and have access to, the same level of service as scheme members in other organisations during educational holiday breaks such as end of term and half term holidays as well as the extended summer break holiday, Educational Establishments must:

- Provide contact details of Payroll, HR, Finance and Business officers who are able to continue to conduct the pensions administration side of the employers business during any closedown or holiday period
- Ensure officers are available to deal with routine pensions administration tasks and queries during any closedown or holiday period
- Ensure specialist personnel are available to maintain the Accounting Standards Exercises during any closedown or holiday period, especially given that these exercises affect other employers and are Actuary driven

The Authority will not be responsible for the effects of any failure of Educational Establishments to have arrangements in place during closedown or holiday periods that will enable an establishment to:

- respond to invitations,
- respond to data collection requests
- respond to queries on such information
- provide member information and documentation as normal to ensure member benefits are not delayed
- enable records to be kept up to date and
- ensure that the normal daily business of pensions administration is able to be continued for that establishment

ADMINISTRATION GUIDE FOR EMPLOYERS

To assist all participating employing organisations with the task of administering the employers' functions in relation to the Local Government Pension Scheme, the Authority has produced an online administration guide.

The guide can currently be found on EPIC and should be referred to whenever an employer is in any doubt about what is required of them in terms of their pension scheme administrative duties and obligations.

In addition, help, advice and guidance will always be available from Member Services Management Teams for employers falling within their purview.

Contact can be made by e-mail, telephone or letter.



SOUTH YORKSHIRE PENSIONS AUTHORITY

14 JANUARY 2016

Report of the Fund Director

UNITED NATIONS CLIMATE CHANGE CONFERENCE 2015

1) Purpose of the Report

To draw Members' attention to the negotiation of an agreement on the reduction of climate change at the United Nations Climate Change Conference.

2) Recommendation

Members note the report.

3) Background Information

3.1 The 2015 United Nations Climate Change Conference, COP21 or CMP 11, was held in Paris from 30 November to 12 December 2015. It was the 21st yearly session of the Conference of the Parties (COP) to the 1992 United Nations Framework Convention on Climate Change and the 11th session of the Meeting of the Parties to the 1997 Kyoto Protocol.

3.2 Heralded by many as a breakthrough the interpretation of the outcome depends very much upon the opening position taken by the observer. It is a complicated response to a complicated issue and it is far too early to come to a conclusion regarding the consequences arising out of the agreement. This report sets out the outcome of the negotiations as factually as possible. The implications have yet to be determined.

4) The Agreement

4.1 The published Agreement is a consensus of the 195 parties attending the Conference. The Agreement will become legally binding if joined by at least 55 countries which together represent at least 55% of global greenhouse emissions. Such parties need to sign the Agreement in New York between April 2016 and April 2017 and integrate it into their own legal structures.

4.2 The participating countries agreed, by consensus, to reduce emissions as part of the method for reducing greenhouse gas "as soon as possible" and to do their best to keep global warming "to well below 2 degrees C". Whilst some saw this as an historic achievement others criticised the fact that much of the language contained phrases such as promises or aims rather than commitments. The agreement calls for global emissions to peak as soon as possible and undertake rapid reduction thereafter. For example, each country that ratifies the agreement will need to set a target for emission reduction and the amount will be voluntary. There is no mechanism to force countries to set targets or dates of implementation. There is no means of enforcing compliance if no target is met and no legal consequences that

hold nations accountable to meeting their targets. There will be a 'name and shame' system instead although the UN labelled it a 'name and encourage' plan.

- 4.3 At the onset of the talks most commentators agreed that arriving at a goal which limited global warming to less than 2 degrees Celsius compared to pre-industrial levels would be a remarkable achievement. The Agreement calls for zero net anthropogenic greenhouse gas emissions to be reached during the second half of the 21st century. The adopted Agreement also states that the parties will pursue efforts to limit the temperature increase to 1.5 degrees. In order to achieve this target, countries would have to go above and beyond the promises made in Paris. No detailed timetable or country-specific goals are incorporated into the Agreement whereas the 1997 Kyoto Protocol did include these. There is also a desire that parties will update national targets upwards every five years.
- 4.4 There is an article in the agreement dedicated towards Reducing Emissions from Deforestation and Forest Degradation, which is essential as forestry, agriculture and land-use account for almost a quarter of emissions worldwide.
- 4.5 The agreement has reaffirmed the goal for USD 100 billion per year by 2020 to be mobilised and appropriated for developing countries to encourage emission reductions and adaptation to the physical consequences of climate change, in particular in the less developed economies and island countries.
- 4.6 Observers concluded that without the positive contribution from China and the United States an Agreement would not have been achievable. However, it is far from clear that these countries will, in fact, ratify the Agreement.
- 4.7 A number of non-government organisations and pressure groups attended the event. Many of these, particularly those acting on behalf of poorer nations or indigenous peoples, were disappointed with the outcome.
- 4.8 Lobby groups representing worldwide corporations broadly welcomed the plan emphasising the need for measurement, transparency and accountability. Such groups referred to the fiduciary duty of investors to oversight such developments. 2016 may see a scaling up of actions by financial regulators on climate change, with potential consequences for investors.
- 4.9 Overall, the immediate response of practitioners and the media seems to be one of surprise and yet achievement. Most acknowledge that the Agreement is not perfect and it will need to be strengthened over time but its adoption marks a new threshold. The Agreement signals a clear direction of travel.
- 4.10 A further report will be submitted to the Authority or Investment Board in due course.

5) Implications and risks

5.1 Financial

There are no immediate financial implications arising from this report.

5.2 Legal

There are no specific legal implications arising out of the Agreement.

5.3 Diversity

There are no diversity implications.

5.4 Risk

There are a number of possible implications for the Authority. The broader issue of how climate change relates with investment strategies and fiduciary responsibility is recognised by the Authority.

The Authority is the formal decision-making body for all matters regarding its responsibilities as an employer.

J N Hattersley
Fund Director

Telephone contact 01226 772873

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

Other sources and references: United Nations; CDP; Guardian; Financial Times

This page is intentionally left blank

The Paris Climate Deal

Key elements

Mitigation: reducing emissions

Governments agreed to:

- a long-term goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels;
- aim to limit the increase to 1.5°C, since this would significantly reduce risks and the impacts of climate change;
- on the need for global emissions to peak as soon as possible, recognising that this will take longer for developing countries;
- undertake rapid reductions thereafter in accordance with the best available science.

Transparency and global stocktake

Governments agreed to

- come together every 5 years to set more ambitious targets as required by science;
- report to each other and the public on how well they are doing to implement their targets;
- track progress towards the long-term goal through a robust transparency and accountability system.

Adaptation

Governments agreed to:

- strengthen societies' ability to deal with the impacts of climate change;
- provide continued and enhanced international support for adaptation to developing countries.

Loss and damage

The agreement also:

- recognises the importance of averting, minimising and addressing loss and damage associated with the adverse effects of climate change;
- acknowledges the need to cooperate and enhance the understanding, action and support in different areas such as early warning systems, emergency preparedness and risk insurance.

Support

- The EU and other developed countries will continue to support climate action to reduce emissions and build resilience to climate change impacts in developing countries.
- Other countries are encouraged to provide or continue to provide such support voluntarily.
- Developed countries intend to continue their existing collective goal to mobilise USD 100 billion per year until 2025 when a new collective goal will be set.

SOUTH YORKSHIRE PENSIONS AUTHORITY

14 JANUARY 2016

Report of the Fund Director

TRADE UNION BILL 2015-16

1) Purpose of the Report

To make Members aware that the Government introduced the Trade Union Bill 2015-16 in the House of Commons on 15 July 2015.

2) Recommendation

Members note the report.

3) Background Information

3.1 The Trade Union Bill 2015-16 was introduced in the House of Commons on 15 July 2015. The Bill is due its second reading in the House of Lords on 11 January 2016. It is expected that various trades unions will organise campaigns opposing the Bill during February. As an employer impacted by some of the proposals if enacted Members ought to be aware of the issues raised.

3.2 As far as this Authority is concerned it is thought that if the proposals being put forward are enacted the following matters will affect it:-

- The Bill would extend the period of notice unions must give to employers prior to industrial action from the current seven days to fourteen days;
- The Bill would introduce a power whereby a Minister may require an employer to publish information relating to facility time taken by union officials;
- The Government intends to amend the Bill so it will abolish "check-off" in the public sector which is the system whereby union memberships are deducted from union members' salaries by their employers and paid over to unions.

3.3 The Bill will repeal the existing prohibition on hiring agency staff to replace workers participating in industrial action. This is unlikely to affect this Authority.

3.4 The House of Commons published a briefing paper (CBP-7295) in September. It is 80 pages long and can be accessed via the Parliament website.

4) Implications and risks

4.1 Financial

There are no immediate financial implications arising from this report.

4.2 Legal

There may be specific legal implications arising out of the Bill if it is enacted in its present form.

4.3 Diversity

There are no diversity implications.

4.4 Risk

There are a number of possible implications for the Authority pending the outcome of the legislative process. At the present time it is impossible to be sure what these might be or how best to respond to them. Once the Act is brought into legislation the Authority will need to consider its position.

The Authority is the formal decision-making body for all matters regarding its responsibilities as an employer.

J N Hattersley
Fund Director

Telephone contact 01226 772873

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

Other sources and references: House of Commons

SOUTH YORKSHIRE PENSIONS AUTHORITY

14 January 2016

Annual Fund Meeting

1. Purpose of the Report

To report on the meeting held on 22 October 2015.

2. Recommendations

Members are recommended to note the contents of the report.

3. Information

3.1 This year's AFM for scheme members was held at Doncaster Racecourse on the evening of 22nd October. There were 67 members present, as follows –

- 50 Pensioners
- 8 Contributors
- 7 Deferred members
- 2 Councillors

3.2 After introductions and a welcome from Councillor Ellis, (Chair of the Authority) and Frances Foster (Treasurer), presentations were made by -

- John Hattersley – Fund Director
- Gary Chapman – Head of Pensions Administration

Martin McCarthy was due to give a presentation on the creation and constitution of the Local Pension Board but this had to be withdrawn due to insufficient time.

Questions were pre-submitted and response built into the presentations although some time was allowed for an open forum at the end of the meeting.

3.3 Cllr Ellis – Chair

Cllr Ellis welcomed members to the meeting.

She began by complementing the venue and extending her welcome to the meeting as chair for the first time, before handing over to John.

3.4 John Hattersley – Fund Director

John opened with a summary of the Fund Accounts at March 2015 saying the full document is published on the Authority's website.

John started with saying contribution and transfers rose by £89 million while benefits payable rose by £13 million.

He said one unusual factor this year compared to last year is the increase in payments to and on account of leavers. This is due to the transfer of the probation service. As part of a national restructuring the Ministry of Justice decided all eligible employees of probation should be moved into a single fund, and that is being administered by greater Manchester. Therefore in December we transferred out £114 million pounds of cash and the equivalent amount of liabilities was also transferred to Manchester.

John finished the fund account slide by announcing net assets at 31 March of £6.28 billion compared to £5.56 billion last year. However John went on to say that unfortunately this has fallen to £5.87 billion at the end of September 2015.

John moved onto the Fund's Investment Return compared to benchmark and CPI over 1, 3, 5 and 10 years. Saying last year the Fund slightly underperformed compared to its benchmark of 14.4% with the average local authority fund performing at 13.2% so we were already ahead of average.

He said over the 3, 5 and 10 year return we outperformed the benchmark and although this was by only 0.1% it represents over 65 million pounds of added value and a reduction of deficit of £140 million pounds. In terms of peer groups the fund ranks 13th over 10 years.

John went on to cover bonds, saying we have more money in bonds as they are less risky and provide a steady income of cash.

John spoke about the UK/overseas equities – 68% in overseas companies and 32% in UK equities. This is a wider weighting than most funds have but you also have to bear in mind that about 80% of the earnings of the UK's biggest 100 companies are produced overseas anyway.

John then covered the breakdown of the FTSE 100. The FTSE 100 being the biggest companies listed in London.

More than a 5th of the index is made up of companies involved in activities relating to exploration processing in the retail of commodities. Banks and financial services account for a further 20%. So as an index it is remarkably

skewed and is not wholly reflective of the UK's domestic economy but that is our main stream index and the one we are measured against.

Property – John went on to say the Funds commercial real estate portfolio performed well last year although the overall property return suffered because of the agricultural valuation which was a bit disappointing and we had currency moves on the European funding holdings. The Fund's 5 most valuable commercial properties were shown, locations and values given.

In conjunction with the West Yorkshire Pension Fund we acquired a portfolio of property assets in the area, 3 of the buildings were shown. A hotel in Sheffield and 2 other offices in Doncaster and Rotherham, combined value of £14 million pounds.

Market Values at end March – Although the Fund's total market value has increased dramatically over time it hasn't been a smooth ride, and going forward we are not expecting the same rate of growth, clearly there will be a few knocks on the way as the fund value has already fallen since the year end.

State Street 2014/15 Market Returns – The Fund's management approach has not changed, it remains one of delivering sound cost effective investment management, in accordance with the long term requirements of the fund.

John went on to say the slides illustrate the dilemma that all funds are facing. The Fund deficit is unlikely to have reduced by the time we get round to the 2016 fund valuation.

At this point the slide presentation finished and John went on to talk about responsible investment and the Fund's policy position.

John said that there has been a lot of coverage in the press on the possible consequences of climate change and hence future pension returns.

Clearly people are entitled to express their opinions. Campaigners need to recognise that pension funds exist to pay pensions and not simply a tool for the minority to use other peoples' money to effect change as they see fit.

If we agree to ignore the fact that oil and gas are the raw materials for a diverse range of products such as plastics, manmade textiles, toothpastes adhesives, shampoos etc. and concentrate on the 50-70% of oil that goes towards transportation fuels. We need to understand the modern world simply cannot function without energy; it is the engine of modern life. So the task facing investors is how to understand that and how to make sure we are in an appropriate position to take advantage of challenges and changes that are taking place. The world is not standing still.

It seems to us there are two major drivers for its energy policy at the moment. The first is regulation, the second is technology. On the demand side efficiency gains can significantly reduce energy consumption : on the supply

side renewables are becoming much more financially competitive and as investors we must embrace and encourage such changes supporting companies as they adapt and innovate through this period of transition.

We have to stimulate a discussion on how our capital can be best deployed. The energy sector (in particular fossil fuel) is most at risk from these changing policies. It can be argued that if global warming is to be contained to no more than a 2.5 degree increase it will not be possible to utilise many of the fossil fuel reserves now identified. In essence these will become what are known as “stranded assets”. From an investment perspective it is important to understand how these are valued.

John also covered the spectre of Government intervention on the way LGPS funds are invested ie “pooling”.

3.5 Gary Chapman – Head of Pensions Administration

Gary opened with a slide covering the Annual Review saying overall membership had increased as it does every year. Deferred and pensioner numbers have gone up and we also have some extra active members making a total of 141,719. Gary went on to say it’s a sizable number we are providing a service for and over the last couple of years there has been an increase, however prior to that there was a drop due to the councils scaling back on staff.

Scheme Employers – The number of employers joining the fund is slowing down a little but is still rising. It doesn’t affect the number of members as these employees are just transferring from one employer to another, typically in the education sector from the local council to their own academy status. At year end we had 320 employers; currently we have 335 with active members.

Performance – Gary went on to talk about performance saying we had completed 58,953 cases which is about as many as we would normally do, however performance was awful. We usually achieve around 99.7% and we dropped to 70.6% at the year end and during the year we have been worse than that. This is all down to our new pensions administration system, which Gary told the members he would cover in more detail later in the presentation.

He said the number of complaints were up mainly due to the performance where we weren’t able to meet the customers’ expectations as good as we normally would, particularly because retirement benefits would have been delayed because of the new system. However we have continued to survey members and overall satisfaction is at 98.6% which is pretty good.

Benchmarking – Gary explained to members that we benchmark with other local authorities. Disappointingly the number of funds participating had dropped. We are a regular, but we don’t know why other funds don’t take part. However it’s a useful comparison with likeminded funds. The cost per member

is showing as £17.86 and we have been constantly below average, which in this respect is a good thing, and where we want to be. We provide a good service for a below average cost. I am pleased to say we have been below average 12 out of 13 years of participation.

Gary then went onto a commercial break, showing a demo of our online system mypension.

Gary then moved on to cover the Pensions Administration System, saying at launch it didn't do what we wanted it to do! We went live probably a year before we should have however we had no option. We had a job to do and to carry on. It resulted in a horrible year and at one point we had a backlog of 13,000 cases. To counteract that we've been working overtime since mid-January. In October 2015 the backlog is down to 4,515 cases. Performance from October 2014 to August 2015 was a terrible 56.17% but we've started to come through as recent performance is showing as 86% which shows we are doing more work that is current rather than backlog work, which means there is light at the end of the tunnel.

Gary went on to apologise to the audience and to everyone who had been affected by our poor performance. Gary made it clear we are still pushing the software supplier to meet our demands.

Pensions Increase – Gary said it was bad news for pensioners and deferred members as we were in negative inflation in September at -0.1%. Gary confirmed we don't reduce pensions we just won't increase in 2016. Not so for active members as the 2014 scheme is a CARE scheme. Pension earned in the year is revalued by the inflation factor and if that is negative the Government can choose to reduce a members pension account on post 2014 benefits. We are waiting to hear from Government.

Gary went on to cover current issues – Freedom & Choice; this has not really taken off in the LGPS. End of Contracting Out, will cause a lot of work. Pensions Taxation – Is having more of an effect on us. We have to provide information for individuals who may be caught by the lowering of the pension taxation limit.

Public Sector Exit pay cap – Government are saying for example if you are made redundant and your total payout is more than £95,000 the excess over and above that can be abated, it can be taken from any redundancy payment or your lump sum or pension. The £95,000 not only includes the redundancy payment but the cost to let the members retire early (the employer cost for early retirement). We are currently awaiting detail of how it will work.

Gary went on to do a Q & A session and cover the questions that members had written in with when they applied for a ticket.

Q – What benefit do I get for being in the scheme for over 40 years?

A – There is no longer a limit of 40 years in the scheme; you can carry on accruing benefits for as long as you can. As long as you don't get hit by the tax rules.

Q – Future of pensions for women?

A – In general there is plenty of scope to pay into pensions, you don't have to be in an employment with a pension scheme, and you can make your own arrangements. Employers now have to auto enrol members. There is much more availability particularly for women. There was a time when it was male orientated but it has changed over the years. If you are talking of children, the trick is trying to get them to do something to pay. The earlier someone starts paying into a pension the better a pension they will receive. The answer is to get people motivated to do it.

Q – How many members earn over £100,000?

A – Pension Authority members – 0
Fund members – 32

Q – I am a widower, what happens to my pension when I die?

A – If it's your own pension there is a 10 year guarantee that will pay the balance owed if you die within 10 years to your estate or nominee. Outside 10 years or if you are in receipt of a widowers pension it will die with you.

Q – Do state pensions get paid abroad?

A – State benefits are paid whatever country you're in but if outside EU there are only a certain number of countries you can be in where you will still get the increases each year if you are due to one. Gary said he has a list of the countries if the person who asked the question would like to see it.

Q – Are our pensions secure?

A – Yes they are. The LGPS is a statutory scheme which should provide Government protection. However even if all active members stopped paying in today we still have 5.8 billion in the fund to pay pensions, but clearly not everyone will stop paying in.

Q – Can widower's pensions be converted into a cash lump sum?

A – Yes, but there are limits. We aren't currently offering this discretion, however next year we will revisit the members who qualify and provide options.

Q – How does LGPS 2014 affect existing pensioners?

A – Depends on when you retired. If you retired before 1st April 2014 it doesn't affect you at all as you are in the old scheme.

Q – Can a list be kept of members who own computers?

A – If you have a computer you can go on our website and register for electronic communications. We will know who hasn't got a computer and we won't be switching off paper communications. We won't be going down that route for many years to come.

3.6 Questions from the Floor

Q – I'm a pensioner with an injury allowance and the payslips we receive no longer shows a breakdown of the figures, we just get a collective figure. Can it be changed please?

A – Gary said he would look into it and get back to the member.

Q – As both an active scheme member and Sheffield Climate Alliance I was pleased to hear of the recent decision by the investment board to commission a carbon audit of the investment portfolio, so thank you for that, but I would like to know more about the details of that commitment.

Is there anything else you can share about this decision at this time. Things I'm interested in such as who has been commissioned to prepare the audit, when will they report back to the board, what form will that output take and be made publically available, and what steps will be taken or have already been taken to ensure the findings of the audit are fully considered by the Board.

A - We have approached 4 prospective auditors and gone through the tender process and we have informally awarded the contract. The paperwork is being done and I hope the report will be available before Christmas.

The investment board has decided that it will have a meeting to discuss the outcome of the December Parish Conference and it will review its overall policy again in light of that outcome and I hope of course that the outcome of that audit report will be shown to members.

Q – What was the net loss on the Icelandic Bank deposits?

A – We haven't actually achieved an outcome yet. We had £18.5 million across 4 banks and 5 various deposits. The main Icelandic banks themselves

have now been recovered apart from £24,000 worth of krona which is still held in Iceland in a deposit account. The outstanding monies are with the 2 London subsidiary banks, Heritable and KSF. We expect to have full recovery from heritable, we don't know about KSF and that could take 3 to 5 years further in administration until we know the outcome. At the moment our liability is roughly £850,000

John went on to give the quiz answers.

- 3.7 A full recording of the meeting is available to view at <http://www.youtube.com/user/SYPensions>

4. Implications

- Financial - none
- Legal - none
- Diversity - none

Joanne Webster
Communications Manager
Email: jwebster@sypa.org.uk
Tel. No. 01226 772915

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

SOUTH YORKSHIRE PENSIONS AUTHORITY

14 January 2016

Report of the Clerk

COMPLIANCE WITH THE PRINCIPLES FOR INVESTMENT GOVERNANCE: SELF-ASSESSMENT

1) Purpose of the report

To update Members on the CIPFA Code of Practice on public sector pensions finance knowledge and skills and the requirements for the self-assessment against the Principles for Investment Governance (formerly Myners' Principles).

2) Recommendations

- a) **That the Authority notes the content of the report.**
 - b) **That Members confirm their commitment to the self-assessment process until the new Regulations for the Scheme come in to place and to review and update the process at this time.**
 - c) **That Members agree to any development needs arising from the results.**
-

3) Contents

Main Report

Appendix A: Principles for Investment Governance (formerly Myners) and Best Practice Guidance

4) Background Information

4.1 The Myners Report (2001) looked at institutional investment in the UK and established a best practice approach to investment decision making for pension funds. The principles were announced in 2002 following a review of institutional investment by Paul Myners, which found shortcomings in the expertise of investment decision-making by pension fund trustees. The review recommended that there should be a legal requirement that where trustees are taking a decision, they should be able to take it with the skill and care of someone familiar with the issues concerned. In 2008, following extensive consultation, the ten original Myners principles were updated and consolidated into six new principles. These are attached to the report for information at Appendix A. Local Authorities are required to publish a statement of compliance in the Statement of Investment Principles.

4.2 The government consultation on the Local Government Pension Scheme: Revoking and Replacing the Local Government Pension Scheme (Management and Investment of Funds) 2009 states:

“Regulation 12(3) of the 2009 Regulations requires administering authorities to state the extent to which they comply with the guidance given by the Secretary of State on the Myners principles for investment decision making. As part of the wider deregulation, the draft regulations make no provision to report against these

principles, although authorities should still have regard to the guidance.” The Authority will no doubt wish to maintain a process whereby they periodically self-assess against a ‘checklist’, Myners or otherwise, such that in evidencing the principles of good governance they are maintaining high standards in the execution of their statutory responsibilities. The process needs to be transparent, proportionate and promote confidence amongst all stakeholders.

4.3 Members adopted a system of self-assessment in October 2011 and agreed to use a template to gauge compliance. Members received individual copies in January 2015 and were asked to retain them until the end of the financial year (March 2015) and return them, duly completed, to the Clerk.

4.4 The self-assessment process consists of three separate forms:

- (i) Assessment of Authority Members.
- (ii) Assessment of the Board Chair by Members of the Investment Board.
- (iii) Assessment of the Board Chair by the Members of the Corporate Planning and Governance Board.

4.5 In order to benchmark, forms will be personalised to show the scores given in the previous year by individual members.

4.6 Assessment forms will be posted to all Authority Members immediately after the Authority meeting on 14 January. Members are asked to complete and return the forms before the end of March 2016.

5. Development Needs

5.1 Any development needs that arise from the self-assessment will be addressed as part of the Member learning and development schedule.

6 Implications

There are no direct financial, legal or diversity implications with this report.

There may be some reputational risk implications in relation to the quality of internal governance if results are not reported and acted on appropriately.

D Terris
Clerk

Officer responsible:
G Richards
Democratic Services Officer
01226 772806

Background papers used in the preparation of this report are available for inspection at the offices of South Yorkshire Joint Secretariat, Barnsley.

Other sources and references:
CIPFA Code of Practice
CIPFA Knowledge and Skills Framework

Principles for Investment Governance (formerly Myners) and Best Practice Guidance

Principle	Best Practice guidance
<p>Principle 1: Effective decision-making</p> <ul style="list-style-type: none"> • Trustees should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation. • Trustees should have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest. 	<ul style="list-style-type: none"> • Trustees should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation. • Trustees should have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest. • The board has appropriate skills for, and is run in a way that facilitates, effective decision-making. • There are sufficient internal resources and access to external resources for trustees and Boards to make effective decisions. • It is good practice to have an investment subcommittee, to provide the appropriate focus and skills on investment decision-making. • There is an investment business plan and progress is regularly evaluated. • Consider remuneration of trustees. • Pay particular attention to managing and contracting with external advisers (including advice on strategic asset allocation, investment management and actuarial issues).
<p>Principle 2: Clear objectives</p> <ul style="list-style-type: none"> • Trustees should set out an overall investment objective(s) for the fund that takes account of the scheme's liabilities, the strength of the sponsor 	<ul style="list-style-type: none"> • Benchmarks and objectives are in place for the funding and investment of the scheme.

Principle	Best Practice guidance
<p>covenant and the attitude to risk of both the trustees and the sponsor, and clearly communicate these to advisers and investment managers.</p>	<ul style="list-style-type: none"> • Fund managers have clear written mandates covering scheme expectations, which include clear time horizons for performance measurement and evaluation. • Trustees consider as appropriate, given the size of fund, a range of asset classes, active or passive management styles and the impact of investment management costs when formulating objectives and mandates. • Consider the strength of the sponsor covenant.
<p>Principle 3: Risk and liabilities</p> <ul style="list-style-type: none"> • In setting and reviewing their investment strategy, trustees should take account of the form and structure of liabilities. • These include the strength of the sponsor covenant, the risk of sponsor default and longevity risk. 	<ul style="list-style-type: none"> • Trustees have a clear policy on willingness to accept underperformance due to market conditions. • Trustees take into account the risks associated with their liabilities valuation and management. • Trustees analyse factors affecting long-term performance and receive advice on how these impact on the scheme and its liabilities. • Trustees have a legal requirement to establish and operate internal controls. • Trustees consider whether the investment strategy is consistent with the scheme sponsor's objectives and ability to pay.
<p>Principle 4: Performance assessment</p> <ul style="list-style-type: none"> • Trustees should arrange for the formal measurement of the performance of the investments, investment managers and advisers. • Trustees should also periodically make a formal policy assessment of their own effectiveness as a decision-making body and report on this to scheme members. 	<ul style="list-style-type: none"> • There is a formal policy and process for assessing individual performance of trustees and managers. • Trustees can demonstrate an effective contribution and commitment to the role (for example measured by participation at meetings). • The chairman addresses the results of the performance evaluation. • State how performance evaluations have been conducted. • When selecting external advisers take into account relevant factors, including past performance and price.
<p>Principle 5: Responsible ownership</p> <ul style="list-style-type: none"> • Trustees should adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents. • A statement of the scheme's policy on responsible ownership should be 	<ul style="list-style-type: none"> • Policies regarding responsible ownership are disclosed to scheme members in the annual report and accounts or in the Statement of Investment Principles. • Trustees consider the potential for engagement to add value when

Principle	Best Practice guidance
<p>included in the Statement of Investment Principles.</p> <ul style="list-style-type: none"> Trustees should report periodically to members on the discharge of such responsibilities. 	<p>formulating investment strategy and selecting investment managers.</p> <ul style="list-style-type: none"> Trustees ensure that investment managers have an explicit strategy, setting out the circumstances in which they will intervene in a company. Trustees ensure that investment consultants adopt the ISC's Statement of Practice relating to consultants.
<p>Principle 6: Transparency and reporting</p> <ul style="list-style-type: none"> Trustees should act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives. Trustees should provide regular communication to members in the form they consider most appropriate. 	<p>Reporting ensures that:</p> <ul style="list-style-type: none"> the scheme operates transparently and enhances accountability to scheme members; and best practice provides a basis for the continuing improvement of governance standards.

This page is intentionally left blank