

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.**
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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

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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