

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 McCoole
(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.

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- 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