

SOUTH YORKSHIRE PENSIONS AUTHORITY

ORDINARY MEETING

9 JUNE 2016

PRESENT: Councillor S Ellis (Chair)
Councillor M Stowe (Vice-Chair)
Councillors: R Wraith, M Maroof, A Sangar, Z Sykes, P Wood,
J Wood and K Wyatt

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

Officers: J Hattersley (Fund Director SYPA), F Foster
(Treasurer), M McCarthy (Deputy Clerk), D Hanson (HR
Business Partner), I Baker (Pensions Manager SYPA) and
M McCoole (Senior Democratic Services Officer)

Apologies for absence were received from Councillor E Butler,
Councillor H Mirfin-Boukouris, Councillor J McHale, R Askwith,
G Chapman, S Smith, A Frosdick, B Clarkson and J Bell

1 APOLOGIES

Apologies for absence were noted as above.

2 ANNOUNCEMENTS

None.

3 URGENT ITEMS

None.

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

None.

5 DECLARATIONS OF INTEREST

None.

6 LOYAL SERVICE AWARD SCHEME

A report of the Fund Director was submitted to advise Members of the five officers who were eligible to receive loyalty awards this year.

Councillor Ellis gave thanks to the individuals for their work provided to the Authority, in particular in relation to the UPS system; one officer was unable to attend the presentation.

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Councillor Ellis presented the following individuals with the loyalty awards:-

Tracey Holland
Julie Peel
Linda Pollard
Louise Turton

RESOLVED – That Members noted the report.

7 MINUTES OF THE AUTHORITY MEETING HELD ON 17 MARCH 2016

I Baker commented that Civica had made an offer of £33,000 in response to the request for compensation for overtime expenditure. To date the Authority had used £13,000 for employer work trays, which would enable the Authority to place work with the employers electronically for them to deal with and return. The Authority envisaged expending some of the remaining £20,000 costs on upgrading the member web and self-service facility.

Councillor Ellis commented that the Authority had originally estimated £50,000 for compensation and that it had been disappointed in the offer made, although the Authority was now receiving work that was required; the Authority had accepted the offer from Civica.

Councillor Ellis requested that the Chair and Vice-Chair be booked onto the 13th Annual LGPS 'Trustees' Conference on 23 to 24 June 2016 at the Mcdonalds Hotel and Spa, Manchester.

RESOLVED – That the minutes of the Pensions Authority meeting held on 17 March 2016 were noted.

8 MINUTES OF THE JOINT LOCAL PENSION BOARD HELD ON 17 MARCH 2016

RESOLVED – That the minutes of the Joint Local Pension Board meeting held on 17 March 2016 were noted.

9 WORK PROGRAMME

Members were presented with a copy of the cycle of future meetings work programme to 24 November 2016.

RESOLVED - That Members noted the contents of the report.

10 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

Councillor J Wood commented that DMBC Members had been invited to attend an urgent full briefing on council proposals with the Chief Financial Officer.

Councillor Ellis commented that RMBC continued to update Members on the pooling arrangements.

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Councillor Maroof commented that SCC had requested Members of the Pensions Authority to attend a finance meeting.

11 GOVERNMENT CONSULTATION ON LGPS POOLING

J Hattersley referred to a recent South Yorkshire Leaders Meeting at which the Chair, Treasurer and himself had provided an update on general pooling matters and had answered any questions raised. The issues discussed at the meeting included infrastructure and governance of the pooling arrangements moving forwards. The Chair had also attended a meeting with other Fund Chairs at the Pool level, which was progressing satisfactorily in terms of governance. J Hattersley urged the new Members to review the draft Memorandum of Understanding (MOU) and the structure of the Pool-co moving forwards, which had previously been approved by the Authority.

Members noted that the Pool Officers had given a presentation to a CLG Treasury Panel earlier this week, to provide an update on the Pool's position in terms of preparedness and the discussions taking place in relation to governance structures and the potential product mixes; no negative feedback had been received.

A letter had today been received from the CLG to confirm that the July submission deadline would be satisfied by a letter from the Pool rather than from each underlying fund, but that the letter must contain an annex on a fund by fund basis. It had been agreed at the last Authority meeting, that the Investment Board would consider at its next meeting the matters to be settled out with and within the Pool, which would form the basis of the Authority's submission on the back of the Pool submission.

Councillor Wraith queried whether arrangements had been made to merge the two South Yorkshire Pools.

J Hattersley commented that the two South Yorkshire Funds had both selected the Boarder to Coast Pool. There would be associated establishment costs with pooling which was estimated at £1.5m to £2.5m, and had been progressed on the basis of one fund, one vote. The South Yorkshire Passenger Transport Pension Fund was the smallest of the 13 funds within the Pool, and the establishment costs could prove to be disproportionate to the Fund. The South Yorkshire Passenger Transport Pension Fund Committee (SYPTPFC) had initiated discussions to determine whether the Authority could represent the South Yorkshire Passenger Transport Pension Fund at Pool level or whether it would be prudent for the South Yorkshire Passenger Transport Pension Fund to be dissolved and the assets and liabilities transferred to the South Yorkshire Pension Fund. As part of the general devolution discussions for the Combined Authority, there could be an opportunity to incorporate into the legislation remarks in relation to their administering authority status with the LGPS. The Authority had lodged the possibility of those discussions taking place with the CLG, together with email communication, and the Monitoring Officer had spoken to the Law Officers at the CLG.

Councillor Wraith queried the costings involved.

J Hattersley commented that it was premature to discuss the cost of transition, although if agreed it would require legislation which would be equivalent to a bulk transfer in actuarial terms. There would be a cost involved in the legal transfer of assets, therefore the Authority had suggested that any transfer be delayed until the

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time of pooling, to enable only one set of transition costs. The Authority was exploring the possibility of administering two funds, and retaining two separate administrative strategies and investment strategies.

Councillor Sangar queried whether Members of the SYPTFC had held a quorate meeting to agree matters.

J Hattersley referred to discussions held with the Chair and Vice-Chair of the SYPTFC and at its last meeting which had been inquorate, where Members had agreed in principle that they were favourable to the suggestions. A meeting of the Combined Authority was scheduled for 20 June, to which a paper outlining the proposals would be presented. It was hoped to provide confirmation of the assets to be held outside of the Pool at the next Investment Board meeting, which would form the basis of the Fund's annex to the Pool submission.

RESOLVED – That Members noted the update.

12 COMPLIANCE WITH THE PRINCIPLES FOR INVESTMENT GOVERNANCE: SELF-ASSESSMENT

A report of the Clerk was presented to inform Members of the outcome of the self-assessment against the Principles for Investment Governance.

In October 2011, Members had adopted a system of self-assessment and had agreed to use a template to gauge compliance.

Members had been issued with individual copies in January 2016, to be completed and returned at the end of the financial year; 10 forms from the 12 forms issued had been returned (as in 2015). In the main, the scores were either Very Good or Excellent and no areas of concern or development needs had been identified.

RESOLVED – That the Authority:-

- i) Noted the contents of the report.
- ii) Agreed to review the process when the new Regulations were finalised.
- iii) Agreed to any development needs arising from the results.

13 BOARD CHAIRS' REPORTS

Councillor Ellis referred to several meetings she had attended with the Leaders during the last quarter in relation to the pooled investment arrangements. She had also attended the first formal meeting of Boarder to Coast, to which the Authority's suggestions for small but significant improvements had been accepted. Boarder to Coast was progressing at a far greater pace than the other pools. The next Pool meeting would be held at the conclusion of the 13th Annual LGPS Trustees Conference 'In at the deep end' on 23-24 June 2016 in Manchester; the Authority had agreed that the Chair or the Vice-Chair (as substitute) would attend future Pool meetings. Northern Powerhouse had re-named and was now known as The Northern.

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Councillor Ellis referred to J Hattersley's imminent retirement. The Authority had been unsuccessful in making a permanent appointment; it was hoped to make an interim appointment following the interviews scheduled later today. Pensions Authority staff had been asked for feedback on the matter.

Councillor Wraith referred to the pooling arrangements, and he queried whether the Authority had negotiated the property with Standard Life.

J Hattersley commented that at present the preferred tax vehicle for the new Pool would be an Authorised Contractual Scheme (ACS), which did not lend itself to holding direct property assets or limited partnerships. The assets would therefore need to be held outside of the Pool. All pools were in discussions with CLG to establish whether Treasury would grant some leniency about the transfer costs if direct property assets were transferred into a pool or a collective vehicle ownership. Tentative approaches had been made with Standard Life, the Authority's present investment advisor, in relation to management coverage up until the pooling exercise. The internal Investment Team had considered a proposal from Standard Life, the original suggestion had been for the whole of the property function carried out within the Authority to be transferred to Standard Life. The Investment Team had agreed that this suggestion was prohibitive and that the back office functions should be retained within the Authority. It was noted that the appointment of J Hattersley's successor would affect whether the Authority had an advisory or a discretionary mandate.

Councillor Sangar queried the period of appointment for the interim Fund Director and when a full time appointment would be made, and he questioned the role of the Authority at the point when the pooling process would settle down.

Councillor Ellis commented that talks with the head hunters had been loose in relation to time and pay, to enable the Authority to talk with a degree of flexibility to people across the range. Councillor Ellis added that the Authority was very grateful to J Hattersley for his flexibility in relation to his imminent retirement.

F Foster commented that an interim appointment would be required to assist with the transition period. Further time was required to assess the requirements for the permanent post, at which point the recruitment process would commence.

Councillor Ellis commented that it was hoped to provide further information at the next Authority meeting; M McCarthy would provide the new Members with the latest pooling briefing.

Councillor Wraith queried whether there were any indications as to which staff would move to a new pooling headquarters, and whether the location had been determined.

J Hattersley commented that at present everything had been undertaken in terms of a broad principle to enable the production of a broad framework structure. One of the principle attractions of the Authority joining the Boarder to Coast Pool had been for the Authority to retain an element of internal management which would result in a reduction of costs. It was envisaged that the internal management team would transfer to the new pool-co, although it was too early to establish where this would be based. There were two other internal management teams within the Pool, and it would be appropriate for all three teams to amalgamate into new premises.

14 SCHEME OF DELEGATION TO OFFICERS

A report of the Clerk was presented to update the chapter relating to the Scheme of Delegation to Officers in the Constitution following the changes to the roles of senior officers of the Authority and to amend certain discretionary limits.

Members noted that the Scheme of Delegation to Officers had last been reviewed in 2014; an opportunity had been taken to update write-off limits and to clarify the internal lines of responsibility.

RESOLVED – That Members approved the revised Scheme of Delegation.

15 AMENDMENT TO CONTRACT STANDING ORDERS

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

Members had approved the revised Contract Standing Orders at the December 2015 Authority meeting, and had agreed that an additional amendment be made to change the reference to 'Part B services' to 'light touch services' which would take into account the new terminology used in the Public Contracts 2015 Regulations.

M McCarthy commented that a further review could be instigated by incorporating electronic tendering into the Contract Standing Orders.

RESOLVED – That Members approved the revised contract standing orders.

16 LGPS CURRENT ISSUES

The Authority was presented with a paper to provide an update on the LGPS current issues.

I Baker commented that the Unit currently managed three threads of work i.e. maintaining the routine member service, valuation work and the year end work which was critical to the valuation. As at 8 June, a total of 340 annual returns had been received and work had now commenced on the initial posting of contributions for those returns; approximately 10 employers had failed to submit a return, which was a huge improvement on previous years. The Authority was considering two common deadline dates for the valuation work and contribution work related to the year end, which was envisaged for the end of July. Members noted the provisional deadlines for the data file for the annual benefit statements to be with the printers by early August, and the aim for the data extract for the actuary by the end of July/beginning of August. The Authority was currently considering the first set of captured errors/queries from the data extract for the actuary; it was envisaged to script solutions to those issues.

Councillor Wraith queried whether a number of Equitable Life members remained in the Scheme.

I Baker commented that there was a number of Equitable Life Members in the Scheme. There had been a bulk transfer of membership in 2000/2001, together with a

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further piece of work which had given individuals the opportunity to transfer over at a later date; the majority of Scheme Members were within the 'with profit' fund.

I Baker commented that there were approximately 50 academies within Rotherham together with a number of schools that were targeted to become academies within the financial year.

RESOLVED – That Members noted the update.

17 WEBCASTING

A report of the Clerk was submitted to seek approval to renew the contract to webcast meetings of the Authority.

Members noted that the Authority's and other South Yorkshire Joint Authorities' meetings had been webcast since 2006, and had entered into a joint contract with Barnsley MBC in 2015, which had resulted in a reduction of costs for all parties. Over the last 12 months, there had been a total of 3,956 live and archived viewings of the Authority's meetings, which was up from 2,093 over the previous 12 month period. There would be a requirement for the Authority to contribute a cost of £1,500 to the overall webcasting contract.

RESOLVED – That Members:-

- i) Agreed to continue webcasting meetings of the South Yorkshire Pensions Authority.
- ii) Noted that costs were being negotiated with the service provider and would be reported to the next meeting of the Authority.
- iii) Delegated responsibility to the Chair and Vice Chair for agreeing a 3 year webcasting contract renewal.
- iv) Noted the price economies under consideration which arose from entering into a joint webcasting contract with Barnsley MBC and multi-year agreement.

CHAIR