

SHEFFIELD CITY REGION COMBINED AUTHORITY/SOUTH YORKSHIRE PENSIONS AUTHORITY

JOINT LOCAL PENSION BOARD

20 JULY 2016

PRESENT: G Boyington (Scheme Member) (Chair)

G Berrett (Employer, SYP), S Carnell (Scheme Member), K Morgan (UCATT), S Ross (Scheme Member) and G Warwick (GMB)

Officers: S Barrett (Interim Fund Director), G Chapman (Head of Pensions Administration SYPA), M McCarthy (Deputy Clerk), M McCoolle (Senior Democratic Services Officer) and A Hunt (Risk and Governance Manager)

Apologies for absence were received from Councillor T Corden, Councillor B Curran, N Doolan-Hamer, M Priestley, J Thompson, F Foster, A Frosdick and G Richards

1 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting, and introductions were made. Apologies for absence were noted as above.

G Boyington referred to a number of employer representatives that had not attended any of the Board meetings; he suggested that the employer representatives' membership should be considered at a future Board meeting.

M McCarthy commented that a letter would be sent on behalf of the Chair to seek the views of those employer representatives. The Board's constitution would be considered if a negative response was received.

RESOLVED – That Members noted that a letter would be sent, on behalf of the Chair, to those employer representatives that had not attended any of the Board meetings.

2 DECLARATIONS OF INTEREST

None.

3 MINUTES OF THE MEETING HELD ON 17 MARCH 2016 AND MATTERS ARISING

RESOLVED – That the minutes of the meeting of the Board held on 17 March 2016 were agreed as a correct record.

4 WORK PROGRAMME

The Board considered its Work Programme to 6 October 2016.

G Boyington commented that the Work Programme had been further developed since the last Board meeting. Colleagues were requested to inform him of any additional items for inclusion onto the Work Programme.

G Berrett requested that the Board's Terms of Reference should be reflected within the Work Programme, in particular in relation to the Audit function, monitoring the validity of any discretions made by the employers/Administering Authority and monitoring the level of fees against the annual budget set for the Pensions Board.

M McCarthy would discuss those monitoring issues within the Terms of Reference, with Section 151 Officers and colleagues, with a view to providing reports to the next Board meeting. The Head of Internal Audit would provide an Audit function report to the next Board meeting.

A draft agenda would be circulated onto Members prior to the next Board meeting, to establish whether any additional items were required to provide the necessary assurance.

S Barrett referred to the Internal Audit report presented at today's Corporate Planning and Governance Board (CP&GB) meeting. He suggested that Members of the Board be provided with an electronic link to the reports upon despatch of the CP&GB agendas.

G Berrett added that he would also expect specific CP&GB reports to be presented to meetings of the Board. He suggested that it would be useful for the Board to have been presented with reports in relation to each item of the Terms of Reference, at the end of the 12 month period.

G Boyington requested officers to ascertain how the Board's agenda items fit with the Authority and other Board meetings, to ensure that the items were included on the Board's agendas, in order for Members to acknowledge that they had seen them and to avoid duplication.

G Berrett requested that the following items be included onto the Work Programme:-

- To review the Pensions Regulator Code of Practice.
- Breaches of the Law, to enable the Board to review the numbers of such breaches in the internal reviews and action plan.
- Service Level Agreement.

RESOLVED – That Members:-

- i) Noted the Work Programme.

- ii) Were requested to inform G Boyington of any additional items for inclusion onto the Work Programme.
- iii) Agreed that a draft agenda be circulated prior to the next Board meeting.
- iv) Noted that an Audit function report would be presented to the next Board meeting.
- v) Agreed the proposed items for inclusion on the Work Programme.
- vi) Noted that M McCarthy would discuss the monitoring issues within the Terms of Reference, with Section 151 Officers and colleagues, with a view to providing reports to the next Board meeting.
- vii) Noted that officers would ascertain how the Board's agenda items fit with the Authority and other Board meetings, to ensure that the items were included on the Board's agendas.

5 ISSUES FOR CONSIDERATION AS A RESULT OF AUTHORITY MEETINGS

G Warwick suggested that it would be useful, when reviewing the summary fund account, for an explanation to be provided in relation to the contributions that had reduced from 2014/15 to 2015/16 from £315m to £220m.

S Barrett commented that in 2014/15 cash injections had been accelerated by the four larger employers; the deficit had been addressed by a percentage of the employers.

RESOLVED – That Members noted the update.

6 RISK MANAGEMENT ARRANGEMENTS - SOUTH YORKSHIRE PENSIONS BOARD

A report of the Clerk to the Authority was presented to update Members on the developing Risk Management arrangements for the South Yorkshire Pensions Authority.

A Hunt informed Members of the good engagement made with G Chapman, J Hattersley and S Barrett to refine the draft Risk Register. He would develop the policy and strategy to be presented with a final version of the Risk Register to the next Authority and Board meetings in October 2016.

G Warwick referred to Risk No. 002 'Failure to ensure that the Elected Members' knowledge and understanding of Pensions related activities is robust, and meets the statutory requirements in terms of Section 248a of the Pensions Act 2004'. He added that scrutiny was one of the Board's primary objectives, and he hoped that the Board would be included within the risk.

M McCarthy referred to Member learning and development; Board Members would be invited to attend any pertinent training courses.

A Hunt requested Members to inform him of any risk management training requirements.

G Berrett commented that the six monthly review periods were too infrequent, and that it would be good practice to review the risks on a quarterly basis.

A Hunt commented that he would update the Risk Register to indicate the next review period. He added that BMBC reviewed their risks twice annually; he would reconsider the Board's review periods to include a number of interim review dates.

RESOLVED – That Members:-

- i) Noted the developing Risk Management arrangements for South Yorkshire Pensions Authority.
- ii) Agreed to continue to receive periodic updates regarding the Risk Management arrangements for South Yorkshire Pensions Authority during 2016/17.
- iii) Noted that the policy and strategy would be presented with a final version of the Risk Register to the next Authority and Board meetings in October 2016.
- iv) Agreed to inform A Hunt of any risk management training requirements.
- v) Noted that A Hunt would include a number of interim review dates onto the Board's Risk Register.

7 LOCAL PENSION BOARD BUDGET

Members were presented with the Board's expenditure to 31 June 2016. The Board had only incurred travel expense claims, subsistence and training expenses at the end of Quarter 1, and therefore the expenditure had been minimal against the budget.

M McCarthy referred to previous conversations with the Chair and Vice Chair in relation to the courses currently available; the consensus had been that Members would not gain a great deal from the current courses available in comparison to the expensive course fees.

Members noted that they could seek professional advice within the Board's terms of reference is so required. M McCarthy requested Members to inform him of any specific training requirements.

RESOLVED – That Members:-

- i) Noted the Local Pension Board budget.
- ii) Agreed to inform M McCarthy of any specific training requirements.

8 MEMBER LEARNING AND DEVELOPMENT

G Boyington referred to the CIPFA Local Pension Boards Conference held on 29 June 2016 in London which J Thompson and himself had attended. The conference had predominately been attended by the chairs and vice chairs of the local pension boards. The Pensions Regulator had shown a keen interest in transparency, and he had queried that G Boyington's photograph and/or biography could not be located on the South Yorkshire Authorities' website. A suggestion had been made to regularly review the Regulator Code of Practice, together with the need to consider complaints and complements. A distance training package was available on the Pensions Regulator website www.thepensionsregulator.gov.uk.

Members would be provided with the details of the 3 day fundamentals training courses, to which Elected Members attended. K Morgan commented that he would be interested in attending the training courses.

G Warwick gave thanks to G Chapman and colleagues for the background information provided in relation to the Pensions Regulations and the internal training which had always been of an excellent standard. He added that it was important for Members to be kept up to date on developments in relation to the pooling arrangements and nearing the end of the Government's consultation period on the final investment pool. It was noted that GMB were concerned at the outcome of the Tata negotiations on the restriction of pensions.

G Boyington reiterated that it was imperative for the Board to be kept updated on developments. He gave thanks to J Hattersley and G Chapman for the information previously provided to Members, which had provided a useful steer on the Board's responsibilities, and would continue through S Barrett.

RESOLVED – That Members:-

- i) Noted the verbal update.
- ii) Noted that G Boyington's photograph and/or biography should be included onto the South Yorkshire Authorities' website.
- iii) Agreed to be provided with the details of the 3 day fundamentals training courses.

9 SOUTH YORKSHIRE JOINT LOCAL PENSION BOARD ANNUAL REPORT 2015/16

Members were presented with the South Yorkshire Joint Local Pension Board Annual Report 2015/16.

G Boyington gave thanks to G Richards for her sterling work in producing the report. Members agreed that it would be appropriate to include Member attendance and details of the Board's budget within the report.

M McCarthy informed Members that it was incumbent of the Board to prepare an annual report to be presented to the Authority (the scheme manager). The Authority was not scheduled to meet again until October 2016; he queried whether a report should be released in the interim period.

G Boyington commented that subject to it being legally correct, he would like an interim report to be published onto the South Yorkshire Authorities' website, in an easily locatable area.

G Warwick referred to a number of concerns raised by the Advisory Board in relation to the function, role and payment of some of the chairs. He suggested that it would be useful to send a copy of the Board's Annual Report onto the Advisory Board and the Department for Communities and Local Government, to indicate that the Board was active and undertaking its' duties for the purposes that it was initially intended.

M McCarthy commented that he would draft a letter on behalf of G Boyington, to be sent to those Members who had not attended the Board's meetings. He would also request D Terris to speak to her colleagues at the district councils to request their respective members' attendance at the Board meetings.

G Berrett drew Members' attention to the 'Work of the Board 2015/16' section within the report. He suggested that the first bullet point should read 'A model Constitution and Terms of Reference', and that the additional narrative within that bullet point should be included onto the sentence above.

RESOLVED – That Members:-

- i) Noted the South Yorkshire Joint Local Pension Board Annual Report 2015/16.
- ii) Agreed that Member attendance and details of the Board's budget be included on the Annual Report.
- iii) Noted that the Annual Report would be presented to the Authority meeting in October 2016.
- iv) Agreed that an interim Annual Report be published onto the South Yorkshire Authorities' website in an easily locatable area, subject to it being legally correct.
- v) Agreed that a copy of the Annual Report be sent to the Advisory Board and the Department for Communities and Local Government.
- vi) Noted that a letter would be sent on behalf of G Boyington, to those Members who had not attended the Board's meetings, and that D Terris would be requested to speak to her colleagues at the district councils, to request their respective members' attendance at the Board meetings.
- vii) Noted the suggested amendment to the Annual Report.

10 INVESTMENT POOLING UPDATE

S Barrett referred Members to the development of Borders to Coast; the final submission had been made by 15 July 2016. Members had been provided with copies of the Pension Authority agenda of 30 June 2016, which underpinned matters further.

S Carnell commented that the Board was not permitted to receive private Pensions Authority papers.

S Barrett commented that an essential principle for the final governance structure was that each fund would establish its own asset allocation, which for the Board rested with the Pensions Authority. The decision of how the funds would be used and managed would be made through the executive body. A supervisory entity would be established for a member from each fund within the pool, and all 12 of the voting members would have voting rights (except the Passenger Transport Pension Fund, who wanted to avoid sharing a cost of the fund). It was noted that the Government would respond to submissions by September/October 2016; a large proportion of work was required ahead of 1 April 2018.

G Boyington referred to discussions with colleagues in London, who were equally on board; it was apparent that people were struggling with the concept of having a pooled fund, to which individual authorities were still responsible for their own assets and allocation.

S Barrett commented that there would be a role for the Board. At this stage the administrative side would retain all administrative functions, to which the Local Pension Board would still have a large interest into how it was managed.

G Boyington commented that the Board's direct involvement in investment was limited. The Board hoped that as much investment work as possible would be retained in-house; he queried the position of any physical relocation for the Investment Team.

S Barrett commented that there would almost certainly be a physical relocation in Yorkshire. The main internal investment teams were based in Teesside, East Riding and South Yorkshire.

RESOLVED – That Members noted the update.

11 CIPFA LPB SURVEY

The Board was presented with a report to advise of the results of a survey conducted by CIPFA regarding Local Pension Boards. A total of 59 responses to the survey had been made, which included one submission on behalf of the Board. The results of the survey would be discussed at the workshops scheduled at the CIPFA annual conference later this month.

M McCarthy commented that the Board was conforming to everything that the Pensions Regulator and the CLG had requested in the establishment of the Board.

G Berrett referred to the statistics from the summary results from the survey. He suggested that the Board's budget and Members attendance at meetings should be included in the Annual Report, to identify the work that the Board intended to undertake.

G Boyington commented that he would speak to the Chair of the Authority to firm up his capacity of attending Pensions Authority meetings.

RESOLVED – That Members:-

- i) Noted the report.
- ii) Agreed that the Board's budget and capability of Members be included in the Annual Report.

12 INDEMNITY INSURANCE FOR LOCAL PENSION BOARDS

Members were presented with the Counsel's Opinion of James Goudie QC on the Local Government Pension Scheme 'LGPS' Pension Boards. Counsel's Opinion related to the legal status of a LPGS Board, the legal relationship between such a Pension Board and the scheme manager and details of the conflict between the two.

G Boyington referred to the large number of individuals that were exercised by the business of insurance. Counsel's Opinion had highlighted that as the Board was not classed as a local authority committee, that it was highly likely that many of the local authority insurers would not automatically provide indemnity cover for the Board. He considered that the risks were low, but that it would be necessary to ascertain the opinion of the Authority's insurers or legal team, in the event that the Board was unjustly accused.

M McCarthy commented that he would seek to obtain a definitive answer from the Authority's insurers and A Frosdick, Monitoring Officer.

G Boyington requested that Members be provided with a response in the interim period.

G Boyington gave thanks to everyone for attending today's meeting.

RESOLVED – That Members:-

- i) Noted Counsel's Opinion.
- ii) Noted that a definitive answer would be sought from the Authority's insurers and legal team in relation to indemnity cover for the Board from local authority insurers.

CHAIR