



**SOUTH YORKSHIRE  
PENSIONS AUTHORITY**

Diana Terris  
*Clerk*

18 Regent Street  
Barnsley  
South Yorkshire  
S70 2HG

[www.southyorks.gov.uk](http://www.southyorks.gov.uk)

**NOTICE OF AUTHORITY MEETING**

You are hereby summoned to a meeting of the South Yorkshire Pensions Authority to be held in Meeting Room 11, Town Hall, Barnsley on Thursday 7 June 2018 at 10.15 am for the purpose of transacting the business set out in the agenda.

A handwritten signature in black ink that reads "Diana Terris".

**Diana Terris  
Clerk**

This matter is being dealt with by: Gill Richards  
Email: [grichards@syjs.gov.uk](mailto:grichards@syjs.gov.uk)

Tel: 01226 772806

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## **Distribution**

Councillors S Ellis (Chair), A Bainbridge, S Cox, S Durant, A Hurst, J Mounsey, A Sangar, I Saunders, M Stowe, A Teal, R Wraith and K Wyatt.

## **Contact Details**

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## **SOUTH YORKSHIRE PENSIONS AUTHORITY**

**7 JUNE 2018 AT 10.15 AM IN TOWN HALL, BARNSELEY, S70 2TA**

### **Agenda: Reports attached unless stated otherwise**

	<b>Item</b>	<b>Page</b>
1	Apologies	
2	Loyal Service Awards	
3	Announcements	
4	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.	
5	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).	
6	Declarations of Interest.	
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8	Minutes of the Corporate Planning and Governance Board held on 15 February 2018	9 - 16
9	Minutes of the Investment Board held on 8 March 2018	17 - 26
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13	Section 41 Feedback from District Councils	Verbal Report
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## SOUTH YORKSHIRE PENSIONS AUTHORITY

15 MARCH 2018

PRESENT: Councillor S Ellis (Chair)  
Councillor R Wraith (Vice-Chair)  
Councillors: S Cox, K Richardson, A Sangar and I Saunders

Trade Unions: N Doolan-Hamer (Unison), D Patterson (UNITE) and G Warwick (GMB)

Officers: G Chapman (Head of Pensions Administration), B Clarkson (Head of Finance), N Copley (Treasurer), A Frosdick (Monitoring Officer), G Graham (Fund Director), M McCarthy (Deputy Clerk) and G Richards (Democratic Services Officer)

Observers: G Boyington and J Thompson (SY Local Pension Board)

Apologies for absence were received from Councillor S Durant, Councillor K Harpham, Councillor T Hussain, Councillor J Mounsey, Councillor Z Sykes and Councillor K Wyatt

### 1 APOLOGIES

Apologies were noted as above.

### 2 ANNOUNCEMENTS

M McCarthy informed the Authority that, as the Chair could not attend the LGA's Cross Pool Open Forum on 27 March 2018, Cllr Saunders would be attending on behalf of the Authority.

As this was G Chapman's last Authority meeting, the Chair asked Members to stay behind at the end of the meeting for a presentation.

### 3 URGENT ITEMS

None.

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

RESOLVED: That the following items would be considered in the absence of the public and press:

- i) Item 16 – Pooling Update – Border to Coast Joint Committee
- ii) Item 17 – Accommodation
- iii) Item 18 – Debt Write-Offs

iv) Item 19 – Fund Directors Objectives and Appraisal

v) Item 20 – Amendments to the Post-Pooling Investment Staffing Arrangements

5 DECLARATIONS OF INTEREST.

None.

6 MINUTES OF THE AUTHORITY MEETING HELD ON 18 JANUARY 2018

RESOLVED: That the minutes of the Authority meeting held on 18 January 2018 be agreed and signed by the Chair as a correct record.

7 WORK PROGRAMME

The Authority considered its Work Programme.

M McCarthy informed Members that the Work Programme would be populated further if the Authority approved its 2018/19 meeting cycle later in the agenda.

RESOLVED – That the Work Programme be noted.

8 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

There was no Section 41 representative from Doncaster at the meeting. There was nothing to report from the Barnsley, Rotherham or Sheffield representatives.

9 APPOINTMENT OF HEAD OF PAID SERVICE

A report was submitted regarding the Appointment of the Head of Paid Service.

Members were informed that there was a statutory requirement on the Authority to designate one of its officers as Head of Paid Service in accordance with S.4 (1) (a) of the Local Government and Housing Act 1989. The Head of Paid Service was responsible for the overall corporate and operational functions performed by staff of the South Yorkshire Pensions Service. The Authority's Constitution designates this role to the Fund Director.

Following the appointment of George Graham as Fund Director with effect from 12 February 2018, the Authority is formally required to make such an appointment.

RESOLVED:

i) That the report be noted.

ii) That the Authority approve the appointment of George Graham, Fund Director, as its Head of Paid Service with effect from 12 February 2018.

10 QUARTER 3 PERFORMANCE SNAPSHOT REPORT

The Authority considered the Q3 Performance Snapshot report which was a summary of various information and statistics previously considered by the Authority's Boards.

G Chapman reported that Administration performance continued to improve despite a high level of sickness in December due to an outbreak of flu.

The numbers of employers continued to increase, particularly in the case of academies. The Authority was participating in a national group looking at how to improve the administration performance of academies.

G Graham informed the Authority that the Fund was now in excess of £8bn with a current funding level of between 100% and 102%, although this varied according to movements in the market.

RESOLVED- That the report be noted.

11 TREASURY MANAGEMENT STRATEGY STATEMENT 2018/2019

A report was submitted to seek Members' approval of the treasury management procedures and strategy followed by the Authority.

B Clarkson informed the Authority that higher amounts of cash were being held at the moment (4%), due to the process of moving funds from equities into alternatives but this was still within the benchmark limit.

The limit of £40m per borrower remained the same as did the strict credit rating criteria detailed in Appendix D.

Currently, £50m was being held in the Money Market Fund; more money had been lent to local authorities and the overdraft limit remained the same. The Debt Management Office had been used on 26 occasions during the period.

RESOLVED:

- i) That the Authority adopts the Annual Investment Strategy and Recommendations set out in Appendix 1.
- ii) That the Authority approves an Affordable Borrowing Limit of £250,000, being the maximum amount the Authority could afford to borrow, on a rolling basis for the forthcoming year and two successive years, as outlined in Appendix 2 and in accordance with Section 3(1) of the Local Government Act 2003.
- iii) Approves the Minimum Revenue Provision Policy Statement outlined in Appendix 3 and in accordance with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2008.
- iv) Notes the list of counterparties used in Appendix 4.
- v) Keeps the above under review.

12 MEETINGS OF THE AUTHORITY AND BOARDS IN 2018/2019

A report was submitted to consider the proposed schedule of meetings of the Authority and its Boards for 2018/19.

It was noted that, as Barnsley MBC meetings are held on a Thursday, the schedule had been produced against the 2018/19 Barnsley MBC meetings calendar. Where possible, the dates had also been checked against the meeting calendars of the other three districts.

As in previous years, it was noted that it may be necessary to arrange additional meetings to facilitate decision making around the investment transition to Border to Coast and the Investment Strategy Review.

When the transition to Border to Coast was complete there would also be a need to look at the governance framework to ensure that it remained fit for purpose.

RESOLVED – That the cycle of meetings of the Authority and its Boards in 2018/19 be approved.

13 GENERAL DATA PROTECTION REGULATION (GDPR)

A report was considered which updated Members on the work being undertaken to prepare for the implementation of the General Data Protection Regulation on 25 May 2018.

The project update contained within the report concentrated on specific areas of work being undertaken.

G Chapman confirmed that the project was on schedule.

It was hoped to supply training for Members in May.

RESOVLED – That the report be noted.

14 REVIEW OF THE AUTHORITY'S ADMINISTRATION STRATEGY

A report was submitted which provided Members with the opportunity to approve and ratify, as the definitive current version, the revised Pensions Administration Strategy which was presented to the Authority in draft form at the meeting of 18 January 2018. There had been no further changes to the draft strategy.

Members approved the revisions and the draft Strategy in January without further comment.

The consultation period with the Employers ended on 12 February 2018 having run since 1 January 2018. The Local Pension Board were also consulted on the revised Strategy.

Only one employer responded with comments which centred on concerns over the imposition of increased financial penalties. A considered response had been issued to the employer stressing that financial penalties were a last resort following the provision of as much assistance, training and guidance by the Authority as possible.

If approved the Strategy would go “live” on 16 March 2018.



RESOLVED: That the Authority approve and ratify the Pensions Administration Strategy.

15 POOLING UPDATE

A report was submitted to update the Authority on progress towards the pooling of the Fund's assets within the Border to Coast Pool.

The report covered key areas of progress, investment related progress, staffing matters, non-executive directors and tax strategy.

With regard to investments, the Authority were informed that BCPP had proposed to reduce the number of sub-funds at launch. The issue was that BCPP was proposing to move away from a position agreed with all Funds of mirroring their initial asset allocation. The Investment Board had discussed the implications in depth at their meeting the previous week and had reluctantly agreed to the proposal but with several conditions.

Cllr Sangar questioned the need for some of the BCPP meeting papers to be in private, for example the tax strategy. At present the Company did not feel particularly open and transparent.

A Frosdick remarked that during the transitional phase there were numerous sensitive decisions to be made, but agreed that BCPP appeared to be using excessive caution.

The Chair agreed that the matter needed clarification.

G Warwick expressed disappointment that there was no reference anywhere in the papers to Trades Union representation and pointed out that the Unions had seats on the Shadow Advisory Board. It was important that Trade Unions were involved in their members' pensions.

The Chair replied that she had made South Yorkshire's position very clear but unfortunately had lost the vote; the matter would be reviewed in the future. The Chair suggested that the Unions approach Board members with a view to securing a place on BCPP's Board.

A Frosdick commented that BCPP's governance structure had been settled; the Joint Committee's position was not to pursue the matter any further at this time although the issue would be revisited in due course.

The Chair commented that she had support from other Funds and would keep pressing for Trades Union representation when the time was right.

The Authority discussed the decision of the Joint Committee to agree to the Board's request to appoint two non-executive directors who would be Shareholder representatives on the Board, i.e. an elected member from any of the Partner Funds.

It was noted that this created a potential conflict of interest and it had already been decided that a Member could not be a member of the Joint Committee and sit on BCPP's Board.

A Frosdick pointed out that the person did not have to be an Authority Member but could be any elected member with experience of the LGPS.

The local authorities could nominate someone but it was up to them to take their own view. Some local authorities from other Funds had already decided not to nominate anyone.

The Chair suggested that Members take advice from their Districts and that a paper would be brought to the June meeting of the Authority to make a decision as to whether the Authority should nominate a Member for the post of non-executive director of BCPP.

RESOLVED:

- i) That the Authority notes the progress being made towards BCPP becoming operational.
- ii) That the Authority delegate to the Fund Director, having consulted the advisors, and in consultation with the Chair and Vice-Chair, the authority to authorise the transition of assets to the BCPP investment pooling structure.

16 POOLING UPDATE - BORDER TO COAST JOINT COMMITTEE

A report was considered to provide Members with the details of the reports covered by the BCPP Joint Committee.

Then reports attached as appendices were:

- The regular progress and budget report.
- A Strategic Update which dealt with the issues surrounding which sub-funds would be created and when.
- The Authorised Contractual Scheme prospectus and the process for approving it.
- The Company's Tax Strategy.

RESOLVED: That the report be noted.

17 ACCOMMODATION

A report was submitted which informed the Authority of BMBC's offer to relocate the Authority to Gateway Plaza.

Members were informed that BMBC, the Authority's landlord, had indicated that they wished to use the Authority's current accommodation for other operational purposes and had offered to relocate the Authority to Gateway Plaza.

The Authority discussed the financial and practical implications also noting that the move would create the opportunity to work as a single organisation all on the same floor.

G Graham commented that the move would not be without challenges but that a full equality impact assessment would be carried out.

RESOLVED: That the Authority

- i) Accept, in principle, the offer from Barnsley MBC for the Authority to relocate to Gateway Plaza.
- ii) Authorise the Fund Director to investigate the practicality of a salary sacrifice scheme for staff car parking and if practical implement such a scheme.
- iii) Authorise the Fund Director to negotiate appropriate terms with Barnsley MBC and to incur expenditure on removals and the relocation of ICT equipment up to a maximum of £75,000.
- iv) Agree to a maximum initial lease term of 5 years with the intention of conducting a further review of the Authority's requirements and the options for meeting them during this period.

18 DEBT WRITE-OFFS

A report was submitted to request the Authority to write-off two outstanding rent accounts as detailed within the report.

RESOLVED: That the Authority authorise the write-off of the two debts as detailed in the report.

19 FUND DIRECTOR'S OBJECTIVES AND APPRAISAL

A report was submitted requesting that formal arrangements be put in place to set the Fund Director's Objectives and Appraisal.

Members were informed that the Authority currently did not have a formal mechanism in place for setting objectives and monitoring the progress of the Fund Director. The Fund Director had requested that such a mechanism be developed.

As the Fund Director had recently taken up their post it was an appropriate time to set objectives for the first year. Suggested areas for detailed objectives which balanced the three aspects of the role were:

- Oversight of the Fund's assets and development of the Investment Strategy.
- The delivery of services to members and employers.
- The running of the organisation.

Taking this balance into account the suggested areas in which detailed objectives, each of which was supported by a number of detailed deliverables were contained within the report.

Progress in achieving the tasks set would be evident to Members throughout the year through reporting to the Authority and its Boards. However, a formal appraisal mechanism was necessary for the Fund Director and it was suggested that the Clerk develop appropriate arrangements in consultation with the Chair and Vice-Chair.

RESOLVED: That the Authority:

- i) Note the areas in which it was proposed to set objectives for the Fund Director.
- ii) Delegate to the Clerk, in consultation with the Chair and Vice-Chair, the establishment of formal arrangements for the setting of objectives for and appraisal of the Fund Director.

20 AMENDMENTS TO THE POST-POOLING SYPA INVESTMENT STAFFING ARRANGEMENTS

A report was submitted requesting amendments to the post-pooling SYPA staffing arrangements.

Members were informed that following the agreement of the Authority's equity protection strategy, the appointment of the new Fund Director and greater clarity about the scale of the various residual investment portfolios, a review of the level of professional investment resources available to the Authority, post-pooling, had been carried out and proposals for some changes to the arrangements previously agreed by Members were detailed within the report.

The report detailed the activities that the new style investment function would be required to undertake and the resources needed to be able to facilitate this.

RESOLVED: That the Authority:

- i) Note the changes to the considerations influencing the level of professional investment resource required by the Authority since they were previously considered.
- ii) Approve the replacement of the post of Investment Performance Manager with a post of Head of Investment Strategy at Grade SM3 (subject to job evaluation), to be filled through a ring fenced recruitment process.
- iii) Approve the establishment of an additional post of Investment Analyst at Grade J (subject to job evaluation), and note the arrangements proposed in the event of difficulties in recruiting to this role.
- iv) Note the budgetary implications would be contained within cash limits in 2018/19 and that a pressure of £87K would be reflected in the 2109/20 budget.

CHAIR

## SOUTH YORKSHIRE PENSIONS AUTHORITY

### CORPORATE PLANNING AND GOVERNANCE BOARD

15 FEBRUARY 2018

PRESENT: Councillor R Wraith (Chair)  
Councillor S Ellis (Vice-Chair)  
Councillors: T Hussain, K Richardson, Z Sykes and K Wyatt

N Doolan-Hamer (Unison), D Patterson (UNITE) and  
G Warwick (GMB)

Officers: G Graham (Fund Director), G Chapman (Head of  
Pensions Administration), B Clarkson (Head of Finance),  
M McCarthy (Deputy Clerk), G Richards (Democratic Services  
Officer), I Rooth (Head of Financial Services, BMBC) and  
P Rogers (Principal Auditor)

R Khangura and R Pearson (KPMG)

#### 1 APOLOGIES

There were no apologies.

#### 2 ANNOUNCEMENTS

M McCarthy welcomed George Graham, the newly appointed Fund Director, to the meeting.

The Board were informed that the Authority was required to appoint a Head of Paid Service in accordance with Section 4 of the Local Government and Housing Act 1989; the Authority's Constitution designated this role to the post of Fund Director. A report would be submitted to the March meeting of the Authority for approval.

The Chair informed the Board that the KPMG Annual Audit Plan would be moved up the agenda to item 8.

#### 3 URGENT ITEMS.

None.

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

None.

#### 5 DECLARATIONS OF INTEREST

None.

6 MINUTES OF THE MEETING HELD ON 19 OCTOBER 2017

RESOLVED: That the minutes of the meeting of the Board held on 19 October 2017 be agreed and signed by the Chair as a correct record.

7 WORK PROGRAMME

RESOLVED – That the Board’s Work Programme be noted.

8 KPMG ANNUAL AUDIT PLAN

R Khangura introduced Rachel Pearson to the Board who had replaced Lizzie Wharton.

The Board considered KPMG’s Audit Plan for 2017/18.

Members noted that the audit had two key objectives, requiring KPMG to audit/review and report on:

- Financial statements, including the Annual Governance Statement: Providing an opinion on the accounts; and
- Use of resources: concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).

The initial VfM risk assessment had been completed and had not identified any significant risks.

Risks that required specific audit attention and procedures to address the likelihood of a material financial statement error had been identified as:

- Pension Liabilities – The valuation of the Authority’s pensions liability as calculated by the Actuary.
- Valuation of hard to price investments – The Pension Fund invested in a range of assets and funds, some of which were inherently harder to value due to there being no publicly available quoted prices.

Members noted the audit fee for 2017/18 which was in line with the scale fees published by the Public Sector Audit Appointments.

RESOLVED: That the report be noted.

9 REVIEW OF PENSIONS ADMINISTRATION

The Board considered a report which gave an update on administration issues for the period 1<sup>st</sup> October 2017 to 31<sup>st</sup> December 2017.

By the end of December, 96.5% of the Annual Benefit Statements had been issued; this had now risen to 98.5%. The Pensions Regulator had been briefed as requested and had now indicated that they did not require any further information.

Performance continued to improve and was currently running at just below 90% despite the fact that the department was hit by a flu outbreak during December – this was also reflected in the sickness absence statistics.

Members noted that the failure rate improved from 18.5% last quarter to 12.5% in this quarter; it was hoped that this improvement would continue.

Following a request by a Member at the last meeting, the report now included the outstanding work within the unit – this would form the baseline to be reported on in the future.

The outstanding work was split into three categories –active cases, pending and awaiting software updates. Members were informed that:

Active cases were able to be processed.

Pending cases were unable to be processed and awaiting further information; and Awaiting software update were purposely on hold awaiting a software update which would cut the processing time from one hour per case to minutes.

Overtime was expected to continue until the end of the financial year. Other projects, such as GMP reconciliation, could necessitate further overtime later in the year.

The Board noted the work of the IT, UPM, Communications, Technical and Payroll and Administration teams and the work of the staff in the satellite offices.

There were three formal complaints during the reporting period; all were responded to in the three working days allowed for under the service standards.

RESOLVED – That the report be noted.

## 10 EMPLOYERS SLA PERFORMANCE AND OUTSTANDING WORKLOAD

A report was submitted to update Members on employers' performance and any known levels of outstanding workload during the quarter 1<sup>st</sup> October 2017 to 31<sup>st</sup> December 2017.

Members noted that overall performance had fallen by 4% from the last quarter. District council performance was up 9% but this was counteracted by a fall of 17% from the non-district council employers. There was no apparent reason for this fall; the poorest area was retirements which was a concern as this category impacted most on scheme members. An investigation was currently taking place and training updates would be offered to employers that needed assistance.

Sheffield's performance had increased during the period, but it was noted that there was still room for further improvement.

G Chapman reminded the Board that the implementation of monthly contribution reconciliation applied to all employers and was intended to improve overall performance.

The testing of the monthly process was going well and a number of employers were submitting test files through the new portal which could be read and uploaded. The district councils were all engaged in the project and preliminary submissions had been received; none had yet completed the full process.

Although 1<sup>st</sup> April 2018 was the formal implementation date, contribution rates would not be received until mid-May which would give some time for any remaining issues to be resolved.

The revised Administration Strategy would come into force on 15<sup>th</sup> March 2018; the Authority would be lenient with any late submissions for the first month and employers would be given assistance where required.

RESOLVED – That the report be noted.

11 CONSULTATION PROGRAMME - AFM SURVEY

A report was submitted to inform Members of the results of the survey carried out amongst the scheme members that attended the Annual Fund Meeting with a view to testing customer satisfaction.

From the 77 delegates that attended the meeting, 53 returned a completed survey.

The survey asked members to rate various elements of the meeting, such as start time, venue and speakers and presentations. Appendix 1 gave the detailed analysis of the responses and also provided individual comments received as feedback. Of the 53 members who completed the survey and had attended the AFM before, 16 said it was better and 33 said it was about the same.

Members were also asked to rate the Authority based on the overall satisfaction level of SPYA. The results were as follows:

Very Satisfied	77.36%
Satisfied	22.64%
Dissatisfied	0.00%
Very Dissatisfied	0.00%

RESOLVED – That the report be noted.

12 CONSULTATION PROGRAMME - ANNUAL PENSION FORECAST SURVEY

The Board considered a report which informed them of the results of the survey carried out amongst current scheme members who received their 2017 Annual Pension Forecast (either online or a printed postal version) with a view to testing the members overall experience.

Members were invited to complete the survey online via the website and make any suggestions on how the forecast could be improved. From over 41,000 forecasts issued only 16 members completed the survey. The analysis of the responses was attached as an Appendix to the report.



G Chapman commented that, with so few responses, the survey was not representative but all comments would be taken into account and further improvements would be looked for.

LGPS was a complicated scheme and there were statutory requirements as to what had to be included in the forecast. Every effort had been made to be as clear and concise as possible.

N Doolan-Hamer commented that she had been asked by members to explain the forecasts but also noted that most members were only interested in the forecast when they were close to retirement.

Cllr Sykes asked whether a step-by-step explanation could be made available on the website, maybe by video.

G Chapman agreed that this was a good idea and there was the facility to do that – the idea would be looked into further.

RESOLVED – That the report be noted.

13 CONSULTATION PROGRAMME - EMPLOYERS FORUM SURVEY

A report was submitted to inform the Board of the results of a survey carried out amongst Scheme employers who had attended the annual Employers Forum.

The survey was designed to gauge perceptions of the service provided by SYPA in terms of venue, directions, speakers and the subjects covered.

All delegates who attended the Forum were issued with an online survey after the event. However, employers were invited to give feedback on any area of the day in order for SYPA to improve on future Employer Forums. Disappointingly, only 16 out of 68 delegates returned a completed survey.

The analysis of the survey was carried out by the Communications and Training Team who would take on board all comments when organising future employer events.

The analysis and comments from the employers was attached as an Appendix to the report.

RESOLVED – That the report be noted.

14 RISK MANAGEMENT

The Board considered the Authority's Risk Register.

There were no additional risks reported although updates had been made where appropriate and the addition of the 'risk change' column gave a clear direction of travel indicator.

The Board noted that Risks 10 and 11 had now been dealt with and would be removed from subsequent report.

RESOLVED – That the report be noted.

15 APPOINTMENT OF EXTERNAL AUDITOR

A report was submitted to inform Members of the appointment of the external auditor from 2018/19 to 2022/23.

Members were reminded that in February 2017 the Board had agreed to opt in to the sector-led scheme for appointing auditors. The scheme was led by the Public Sector Audit Appointments (PSAA) who confirmed on 20 December 2017 that the appointed auditors for the Authority from 2018/19, for a five year period, were Deloitte LLP.

PSAA had also issued consultation on the scale of the audit fees for 2018/19 which had concluded very recently. The new scales would be published in March and it was anticipated that fees could be reduced by up to 23% as a result of the opt-in scheme, at least for the first year.

RESOLVED – That the report be noted.

16 INTERNAL AUDIT PLAN REPORT 2018/2019

Members were reminded that they had considered an Internal Audit Planning Consultation paper for 2018/19 at the last meeting of the Board and been requested to consider any areas of audit coverage for inclusion in the 2018/19 Plan.

Plan discussions with Pensions Management were still being progressed and once these meetings had been concluded, the draft Audit Plan for 2018/19 would be circulated before being brought to the next meeting of the Board for approval.

17 INTERNAL AUDIT PROGRESS REPORT

A report was submitted to inform the Board of the work completed and that in progress by the Internal Audit Team from 1 October 2017 to 31 January 2018.

It was noted that a total of 97 days of planned work had been completed, including 24 days since the last report.

Included within the planned days was time to undertake 4 formal assignments resulting in a formal internal audit report, of which 2 were complete, 1 was currently at a draft discussion stage and 1 assignment had been deferred. This was an audit of the Risk Management Framework which had been deferred due to a recent management review of the process and subsequent ongoing consolidation of procedures.

There were no new significant control or compliance issues to report.

RESOLVED – That the report be noted.

18 AGS ACTION PLAN

A report was submitted to enable the Board to consider the Annual Governance Action Plan for 2017/18.

It was noted that with regard to the implementation of the new Pensions Administration System, sufficient progress had now been made and the issue should be complete as at 31<sup>st</sup> March 2018.

With regard to the amalgamation of investment assets into the Border to Coast Pensions Partnership, the Board were informed that progress was being regularly reported to the Authority and Investment Board. Current 'go live' date remained June 2018.

The Board were informed that the transfer of the Passenger Transport Pension Fund to the Greater Manchester Pension Fund had now been completed; only minor residual issues remained.

RESOLVED – That the report be noted.

19 BUDGET MONITORING

The Board considered a report which advised of current levels of expenditure within the Authority against approved budget.

Members were aware that BMBC had other plans for the current premises and plans were being looked at to move the Authority into a different building. This would incur costs that had not been budgeted for, especially the move of IT. Any underspend in 2017/18 could be put to reserves (within pre-agreed limits) and these reserves could be used to finance the move.

There was also the potential for an increase in pooling expenses but this could carry over into the next financial year.

RESOLVED – That the report be noted.

20 ANY OTHER BUSINESS

The Chair informed Members that, although this would not be Gary Chapman's final Authority meeting, it was his final meeting of the Corporate Planning And Governance Board before his retirement. He thanked Gary for all his hard work and dedication to the Authority and his excellent support for Members and wished him a very happy retirement.

G Graham informed the Board that he would be writing to Members to inform them that Jason Bailey, from Surrey Pension Fund, had been appointed as Head of Pensions Administration with effect from May 2018.

CHAIR

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## SOUTH YORKSHIRE PENSIONS AUTHORITY

### INVESTMENT BOARD

**8 MARCH 2018**

PRESENT: Councillor S Ellis (Chair)  
Councillors: S Cox, A Sangar and I Saunders

Officers: F Bourne (Administration Officer), J Firth (Principal Investment Manager), G Graham (Fund Director), M McCarthy (Deputy Clerk), G Richards (Senior Democratic Services Officer), I Rooth (Head of Financial Services, BMBC) and S Smith (Head of Investments)

Trade Union Members: N Doolan-Hamer (Unison)

Investment Advisors: N MacKinnon and L Robb

Royal London: L Bramwell and J Platt

Apologies for absence were received from: Councillor K Harpham, Councillor J Mounsey, Councillor R Wraith, T Gardener, D Patterson, G Warwick and N Copley

1 APOLOGIES

Apologies were noted as above.

2 ANNOUNCEMENTS.

M McCarthy welcomed Fund Director George Graham to the meeting.

The Board were informed that the Authority was required to appoint a Head of Paid Service in accordance with Section 4 of the Local Government and Housing Act 1989; the Authority's Constitution designated this role to the post of Fund Director. A report would be submitted to the Authority meeting on 15 March 2018.

3 URGENT ITEMS.

None.

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

None.

5 DECLARATIONS OF INTEREST.

None.

6 MINUTES OF THE MEETING OF THE BOARD HELD ON 14 DECEMBER 2017

RESOLVED: That the minutes of the meeting held on 14 December 2017 be agreed and signed by the Chair as a true record.

7 WORK PROGRAMME

The Board considered its Work Programme.

M McCarthy informed the Board that the Work Programme would be populated further when the 2018/19 cycle of meetings was approved by the Authority.

With regard to the regular Pooling Update item, L Robb suggested that it would be helpful to focus on different aspects of the pooling process individually.

G Graham agreed and suggested a Workshop session either before or after a Board meeting to consider the best format for this.

RESLOVED: That the Work Programme be noted.

8 PRESENTATION BY ROYAL LONDON

Lucy Bramwell and Jonathan Platt from Royal London Asset Management gave a presentation on the Authority's Buy And Maintain portfolio of sterling denominated corporate bonds.

Members were reminded that the objective was to build a portfolio of sterling credit bonds with an overall interest rate duration target of between 8 and 10 years at the completion of the investment.

Since the last meeting in March 2017 there had been an inflow of £45m and the current value of the portfolio was £390.2m.

The Board noted the portfolio's performance, characteristics and diversification; there was over 270 holdings across 209 issuers with a greater focus on security than the benchmark. There had been one issuer downgraded to sub-investment grade since inception.

In conclusion, the Board were informed that:

- 2017 had witnessed the strongest period of global GDP growth since the financial crisis.
- Government bond markets remained overly-pessimistic about global growth prospects, Royal London expected global bond yields to trend gradually higher.
- In the US, it was anticipated there would be three small policy rate rises from the Fed in 2018.
- In the UK, growth had remained sluggish as a result of continued uncertainty around Brexit.
- It was expected that the Bank of England would raise rates twice in 2018.
- Royal London remained positive on credit bonds relative to government bonds and expected sterling credit to outperform gilts over the next three years.

- Portfolio positioning reflected the defensive nature of secured bonds combined with attractive diversification.

The Chair thanked Lucy Bramwell and Jonathan Platt for an informative presentation.

9 LOCAL AUTHORITY PENSION FUND FORUM: JANUARY 2018 BUSINESS MEETING

A report was considered which informed the Board that the minutes of the LAPFF October 2017 business meeting had been issued and gave an update on the January 2018 business meeting.

Members noted that a tribute to Councillor Kieran Quinn, the LAPFF Chair, was presented at the meeting following the sad news of his death on Christmas day.

The meeting also included items on:

- Verbal updates on pooling, the work of the Scheme Advisory Board and the All Party Parliamentary Group.
- A report was presented on membership fees for 2018/19 onwards. An annual flat rate would be introduced, removing the discounted three year option, and a new category of membership relating to the pools would be created.

The quarterly engagement report for October to December included comments on holdings-based engagement and could be accessed via the LAPFF website. Key issues covered in the report included:

- LAPFF engagement on environmental and carbon risk.
- Reflecting the growing concern surrounding cybersecurity, a number of meetings had been held with companies questioning them on their governance and risk management processes.

RESOLVED – That the report be noted.

10 BRITISH VENTURE CAPITAL ASSOCIATION

A report was submitted to seek approval to renew membership of the British Venture Capital Association on the Limited Partner tariff.

Members were reminded that the British Venture Capital Association was a lobbying group and professional body representing private equity and venture capital asset managers and investors. It produced proprietary research, provided technical updates on legal, regulatory and taxation issues and published best practice papers and performance statistics.

The Fund was committed to the private equity asset class and currently had some £370m of value invested and a further £250m committed in undrawn investments.

Members were informed that Limited Partner membership remained at £250 per annum rather than the normal rate of £515 per annum; the present membership would run out on 31 March 2018. Given the move towards pooling new private equity investment, a review would be carried out prior to the next renewal to determine whether continuation of the subscription was justified.

RESOLVED – That the Board agree that the Authority renew its membership of the British Venture Capital Association as a Limited Partner member.

11 EQUITY PROTECTION STRATEGY UPDATE

Members were informed that the Investment Manager Agreement had been signed and the instruction letter issued; collateral would be transferred during the week and the manager would begin to execute the options the following week.

G Graham informed the Board that there was currently a little more upside available than previously reported, this was 15% rather than 12%.

In answer to a question from Cllr Sangar, G Graham remarked that it was difficult to say if the Fund had lost value since the decision was made on equity protection but it was still funded at 100%+.

The Board and the Advisors congratulated the Investment Team on their performance for the Fund to be in its current position.

RESOLVED – That the update be noted.

12 UK VOTING GUIDELINES

A report was submitted to seek Members' approval to the proposed change to the current voting guidelines.

Members were informed that the Authority's voting guidelines were reviewed annually and were considered in conjunction the Authority's corporate governance advisor, PIRC. In 2017 the decision was taken to make no revisions.

Officers had reviewed the current UK voting guidelines with PIRC and consequently suggested that a minor amendment be made.

Members were reminded that officers review individual resolutions at company meetings and that the voting guidelines were overridden if necessary.

The suggested amendment was:-

**SECTION ONE**

**LISTED COMPANIES (EXCLUDING INVESTMENT TRUSTS)**

20) Articles of Association

Vote against proposals:-



Insert 2. – To amend Articles to allow virtual only meetings.

The Board discussed the merits, or otherwise of virtual meetings. Some Members felt that virtual meetings gave less opportunity for proper engagement with companies and that they removed the ability for shareholders and stakeholders to lobby in an open forum, while other Members felt that virtual meetings would allow some people to participate who would otherwise have not been able to.

It was noted that if the Board agreed to the proposed change to the voting guidelines this did not prevent the Authority voting against allowing virtual only meetings.

RESOLVED: That the Board agree to the proposed change to the voting guidelines as detailed above.

### 13 RESPONSIBLE INVESTMENT: ENGAGEMENT UPDATE

A report was submitted to advise Members of the Fund's responsible investment engagement activities.

The Board was reminded that the Authority was fully committed to responsible investment and good stewardship of its investments; the Authority regarded its voting rights as an asset and used them carefully. The internal investment managers of the Fund hold meetings with investee companies throughout the year at which ESG issues are discussed.

The Authority would engage directly on specific issues but would collaborate with other investors to maximise influence. The majority of engagement over the last year had been directed via the Local Authority Pension Fund Forum (LAPFF); the Forum's activities were detailed in the report and was carried out under the following categories.

- Governance Risk.
- Social Risk; and
- Environmental Risk.

The latter was a large part of the engagement work.

The Board noted that during 2017, the Fund voted at 931 meetings in the UK, Europe and North America. The Fund abstained on 545 resolutions, voted against 4370 resolutions and supported all resolutions at 96 meetings.

Cllr Saunders commented that he was not in favour of abstentions.

J Firth replied that the Fund voted in conjunction with how PIRC interpreted the Authority's guidelines; the Fund would normally abstain if it was engaging with a company on specific issues.

G Graham suggested that the matter could be looked at when next reviewing the voting guidelines.

The Board noted that J Firth had attended the AGM's of Tesco and BHP Billiton representing both the Fund and LAPFF.

During the year the Authority had become a signatory to the Workforce Disclosure Initiative which was a new project focusing on human capital management reporting by companies and had signed on to the Climate Action 100+ initiative which was a five-year programme led by investors to engage with the world's largest corporate greenhouse gas emitters.

RESOLVED – That the report be noted.

#### 14 CARBON AUDIT

The Board considered a report that advised them of the outcome of the carbon audit commissioned last year.

Members were reminded that in September 2015, the Board had made a decision to engage a specialist contractor, Trucost, to measure the carbon footprint of the Funds four main equity portfolios, subsequent carbon audits would then be undertaken on a biennial basis. The decision was made in 2017 to use the same provider for the subsequent footprint for comparative purposes.

Members noted that it was widely acknowledged that carbon footprinting had limitations and weaknesses. Although data was improving as companies provided better climate-related financial disclosures, investors still needed to be aware that data was patchy.

The key findings of the carbon footprint were listed in the report. It was noted that each of the individual equity portfolios (UK, US, European, Other Far East) was more carbon efficient than in 2015.

Trucost had stated that three out of the four portfolios were more carbon efficient than their relative benchmarks with sector allocation for all being positive. Therefore, the Authority's policy of positively tilting its equity portfolios was having the desired effect.

Trucost had recommended the following:

- Engage with companies from the lists of top contributors across the various portfolios requesting ambitious short and long term greenhouse gas reduction targets.
- Monitor the carbon disclosure of a number of Asian energy and cement companies, encouraging them to disclose carbon emissions data.
- Set targets for reducing coal mining and power exposure, and increase renewable energy exposure.
- Consider investing in alternative asset classes to increase exposure to a lower carbon economy.

- Monitor the top carbon intensive companies in each portfolio to track changes in performance.

Members were informed that the Authority would, where possible, take on board Trucost's recommendations whilst acknowledging the constraints that pooling would bring.

The Authority would encourage Border to Coast Pensions Partnership (BCPP) to reduce carbon exposure across portfolios, to consider reducing exposure to high-carbon intensity companies and expect BCPP to measure and monitor portfolios' exposure to carbon- intensive companies.

Members expressed concern that the products would not be available in BCPP to continue to improve the Fund's carbon footprint.

G Graham would ensure that BCPP were aware of Trucost's recommendations and the Authority's wish to continue in the same vein; R Elwell, CEO of BCPP, was supportive of the Authority's position.

In addition, the Authority's J Firth, was leading on BCPP's Responsible Investment Policy.

RESOLVED – That the report be noted.

## 15 SYPA CLIMATE CHANGE POLICY

The Board considered a report which reviewed the Climate Change Policy and updated Members on the Authority's actions over the last 12 months.

Members were reminded that a proposed new Climate Change Policy had been submitted to the Investment Board in December 2017. The policy had been aligned with the newly-created LAPFF Climate Change Policy Framework and to reflect pooling.

Members, although content with the structure of the Policy, wanted to retain reference to 'tilting' within the Policy. The current Climate Change Policy was attached for reference along with the proposed new Policy which had been amended to reflect the points made by Members at the meeting of the Investment Board in December 2017.

Members also noted the progress made on implementing the Climate Change policy during the last 12 months.

RESOLVED:

- i) That the report be noted.
- ii) That the revised Climate Change Policy is approved.

16 POOLING UPDATE

A report was submitted to update the Board on progress towards pooling of the Fund's assets within the Border to Coast pool and to seek members' views on the proposed revisions to BCPP's approach to the transition of listed assets into the various pooled vehicles.

The report listed the progress made with a number of key investment related processes and also seven key pieces of strategic work which needed to be undertaken prior to the scheduled June "go live".

Members noted that there was a significant amount of work to be done which would put considerable pressure on the BCPP team and on the teams within the individual pension funds. As a result of this, thought had been given to how best mitigate the risk around the process for rolling out sub-funds.

As a result of this BCPP were now proposing to reduce the number of sub-funds at launch, the list of which was contained within the report. Members noted that the approach chosen would move internally managed assets into the pool at a faster rate within a simplified series of sub-funds.

Members were informed that the move away from regional overseas equity funds was the most significant aspect of the proposals for South Yorkshire.

Members were informed that the issue was that BCPP were proposing to move away from a position agreed with all Funds of mirroring their initial asset allocation. This would lead to a key debate in the evolution of pooling which was how to define strategic asset allocation which remained unresolved.

Members and advisors (including a paper from T Gardener who could not be at the meeting) discussed a number of concerns and options at length.

After considerable deliberation it was decided to reluctantly accept BCPP's proposals subject to:

- i) That BCPP make a written commitment to establish separate North American, European, Asian and Japanese funds by 30 June 2019, or a mutually agreed later date, as set out in the plan already agreed by stakeholders.
- ii) That the Asian fund (both within the Global fund and separately) would be run in such a way that investors could invest in Asian emerging markets without having to gain exposure to emerging markets such as Latin America.
- iii) It was acknowledged that some adjustments had already been made in terms of the US weighting; the Authority would want to discuss whether this could be increased further.

Members noted that BCPP had already indicated a willingness to move to the S&P 500 as the benchmark for the North American portion of the Global Fund recognising that the inclusion of Canada in the benchmark caused a range of difficulties.

RESOLVED:

- i) That the Board note the progress being made towards BCPP becoming operational.
- ii) That the Board reluctantly accept BCPP's proposed revisions to the transition process for listed assets, subject to the conditions detailed above.

17 QUARTERLY REPORT TO 31 DECEMBER 2017

The Board considered the Quarterly Report to December 2017.

Members noted that there were several factors affecting markets during the quarter, including:

- Brexit negotiations.
- A rise in interest rates.
- The collapse of coalition talks in Germany; and
- A regional election in Catalonia which failed to resolve the independence issue.

S Smith informed the Board that, for the quarter, the Fund had returned 3.9% against the expected return of 4.1%, with the Fund valuation rising from £7919.0m to £8193.7m. The performance was attributed to:

**Bonds** - Being underweight bonds added to performance. Asset mix across bonds was also positive.

**UK Equities** – Stock selection was mixed.

**Overseas Equities** – Being overweight the asset class added value.

**Alternatives** - The performance was mixed across the portfolios.

**Property** – Performance was behind the overall benchmark overall.

RESOLVED – That the report be noted.

CHAIR

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## SOUTH YORKSHIRE PENSIONS AUTHORITY

### JOINT LOCAL PENSION BOARD

18 JANUARY 2018

PRESENT: G Boyington (Scheme Member) (Chair)

G Berrett (Employer, SYP), N Gregory (Academy Representative), N Doolan-Hamer (Unison), P Lofts (Employer BMBC), K Morgan (Unite), S Ross (Scheme Member) and J Thompson (Employer, Action Housing)

Officers: G Chapman (Head of Pensions Administration), M McCarthy (Deputy Clerk) and M McCoolle (Senior Democratic Services Officer)

Apologies for absence were received from N Simpson, A Frosdick and G Richards

#### 1 WELCOME AND APOLOGIES

G Boyington welcomed N Gregory to her inaugural meeting of the Board, and introductions were made.

#### 2 DECLARATIONS OF INTEREST

None.

#### 3 ANNOUNCEMENTS

George Graham had recently been appointed as the substantive Fund Director, with effect from 12 February 2018. Interviews for the appointment of Head of Pensions Administration would be held on 29 January 2018.

The Joint Authorities Governance Unit (JAGU) would relocate from 18 Regent Street, into Barnsley Town Hall on 23 January 2018. It was envisaged that future Board meetings and all Joint Authority meetings would be hosted at Barnsley Town Hall; Members would be provided with parking permits in advance of the meetings. M McCarthy assured Members that the relocation would not impact upon the meeting experience.

R Winter had been appointed as the Authority's Data Protection Officer, and he would attend future Board meetings to provide support in relation to GDPR.

#### 4 MINUTES OF THE MEETING HELD ON 5 OCTOBER 2017

Members noted that a risk matrix would be included onto the Risk Register.

M McCarthy reported that the Authority's insurance covered the Board with regard to public indemnity. He would provide Members with written confirmation and the principle of terms via email.

RESOLVED – That Members:-

- i) Noted that a risk matrix would be included onto the Risk Register.
- ii) Would be provided with written confirmation that the Authority's insurance covered the Board with regard to public indemnity, together with the principle of terms, via email.
- iii) Agreed that the minutes of the Board meeting held on 5 October 2017 be agreed as a correct record.

## 5 WORK PROGRAMME

The Board considered its Work Programme to October 2018.

RESOLVED – That:-

- i) Members noted that the Work Programme would be amended to indicate:-
  - i) The review of the Annual Report and Accounts to be considered before final approval.
  - ii) A learning and development report, to highlight the past and future training, to be presented to the Board meeting in March 2018.
- iii) Arrangements to be made to reschedule the July 2018 Board meeting to June 2018, to enable the earlier commencement of work on the Annual Governance Statement.
- iv) To ensure that R Winter, Data Protection Officer, was in attendance at the next Board meeting, following the significant changes made to GDPR.
- v) A report in relation to the Internal Audit Update to be presented to the Board meeting in March 2018.

## 6 BUDGET MONITORING

Members were presented with the Board's expenditure for quarter ending 31 December 2017.

RESOLVED – That Members noted the position.

## 7 REVIEW OF THE SCHEME'S ADMINISTRATION STRATEGY

The Board was presented with a report to consult on the review of the Pensions Administration Strategy. The proposed amendments had been accepted at the



Authority meeting held today, where Members had made a suggestion that any subsequent changes arising from the consultation should be presented to the Authority meeting in March 2018, before full sign off.

The main factor behind the review of the Strategy Document had been the need to introduce the concept of monthly posting and data file submissions, along with the administration requirements for the new process. Following a review of the document as a whole, a number of new items had been introduced and other items had been revised; financial penalties had been increased to further incentivise employers to meet the requirements of the Strategy.

Members noted that, as yet, no comments had been received following a six week consultation period on the revised Strategy with Employers, which had commenced on 1 January 2018 and had been launched at the Employers Forum and via EPIC.

RESOLVED – That Members were requested to provide G Chapman with any comments on the review of the Pensions Administration Strategy.

## 8 BREACH REPORTING

G Chapman informed Members of the intention that from April 2018 onwards, a breach reporting log would feature as a standard agenda item to future Board meetings, to enable Members to have full oversight of the information. A draft breach reporting log would be presented to the next Board meeting.

J Thompson requested that the Work Programme be amended to reflect that the breach reporting log would become a standard agenda item.

RESOLVED – That the Board:-

- i) Received the update.
- ii) Noted that a draft breach reporting log would be presented to the next Board meeting.
- iii) Noted that the Work Programme be amended to reflect that a breach reporting log would feature as a standard agenda item to future Board meetings from April 2018 onwards.

## 9 GDPR UPDATE

GDPR had been referenced at the Authority meeting held today, to assure Members that a comprehensive staff training exercise would be undertaken.

The Joint Authorities Governance Unit (JAGU) would liaise with the districts to arrange the training over the next 2 to 3 months, to incorporate the Board and Authority Members, in order to avoid duplication and additional costs; to be extended to other outside bodies if considered appropriate.

Members would be provided with the information ascertained through the research on practical law, which referred to the key lines of enquiries, issues to be aware of from a governance perspective and general guidance notes.

G Boyington suggested that a training session be held regarding the governance arrangements and the Board's responsibilities as principals rather than operatives.

S Ross highlighted the requirement for the Authority to ensure that the GDPR processes were compliant, before May 2018.

G Chapman referred to the major data mapping project that was underway; retention policies would start to be reviewed. A number of Authority staff were now GDPR compliant certified. A new secure email package had been purchased, links had been made with R Winter, the Data Protection Officer and the network had been tidied up completely.

G Chapman would continue to report to each Authority meeting prior to the launch. The spring Newsletter, which would be despatched in April 2018, would cover the privacy issues.

RESOLVED – That Members:-

- i) Noted that a training session would be arranged over the next 2 to 3 months to incorporate Board and Authority Members, and the districts, to be extended to other outside bodies if considered appropriate.
- ii) To be provided with the information ascertained through the research on practical law.

## 10 POOLING UPDATE

A report was submitted to update the Board on the progress of pooling in the Border to Coast Pension Partnership (BCPP Ltd) and related matters.

Members noted that a report had been presented to the Authority meeting held today, in order to provide an overview of the key areas relating to BCPP Ltd; the Board would continue to be provided with updates.

RESOLVED – That Members:-

- i) Noted the report.
- ii) Considered the additional budgetary requests referred to therein:
  - i) A one off increase of £75k requested for implementation set up costs, per partner Authority.
  - ii) An ongoing share of the £30k budget proposed for the Joint Committee amounting to £2,500 per partner Authority.

11 RISK REGISTER

The Board considered the Authority's Risk Register, noting that the scoring matrix and direction of travel arrows would be included.

RESOLVED – That Members:-

- i) Noted the Risk Register.
- ii) Noted that the Risk Register would be amended to include the scoring matrix and direction of travel arrows.

12 ANY OTHER BUSINESS

G Boyington highlighted that the March 2018 Board meeting would mark the conclusion of Members' third year in post.

Members had indicated a desire to continue in the role, with the exception of G Boyington. Contact would be made with the Trades Unions and the employers, to seek confirmation for the nominated representatives to continue on the Board, or to otherwise make nominations.

J Thompson and G Berrett requested that an email be sent to their respective employers to indicate that they were keen to continue in their role on the Board, if their employer deemed it appropriate.

RESOLVED – That Members noted that contact would be made with the Trades Unions and the employers, to seek confirmation for the nominated representatives to continue on the Board, or to otherwise make nominations.

CHAIR

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## SOUTH YORKSHIRE PENSIONS AUTHORITY

### PENSION BOARD

15 MARCH 2018

PRESENT: G Boyington (Scheme Member) (Chair)

G Berrett (Employer, SYP), N Gregory (Academy Representative), N Doolan-Hamer (Unison), K Morgan (Unite), S Ross (Scheme Member), N Simpson (Academy Representative), J Thompson (Employer, Action Housing) and G Warwick (GMB)

Officers: G Chapman (Head of Pensions Administration), G Graham (Fund Director), M McCarthy (Deputy Clerk) and G Richards (Democratic Services Officer)

Apologies for absence were received from Councillor P Lofts

#### 1 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting including George Graham SYPA, Fund Director and Nicola Simpson, Board member to their first meeting.

Apologies were noted as above.

#### 2 DECLARATIONS OF INTEREST

There were no declarations of interest.

#### 3 ANNOUNCEMENTS

The Chair announced that this was the last meeting of his term of office. He would not be putting himself forward for another term and he would be resigning from the Board.

#### 4 MINUTES OF THE MEETING HELD ON 18 JANUARY 2018

M McCarthy informed the Board that the GDPR training would be held in May after the local elections.

It was noted that details of the Board's public indemnity insurance had been emailed to the Board as requested.

With regard to the £50,000 limit, officers felt that this was a proportionate amount in the context of the powers of the Board.

In answer to a question from a Board member, G Graham commented that none of the four Boards that he had been involved with had deemed it necessary to take out such insurance.

It was noted that the policy would be reviewed on an annual basis.

RESOLVED: That the minutes of the meeting of the Board held on 18 January 2018 be agreed as a true record.

**5**     WORK PROGRAMME

It was noted that a Treasury Management report would be brought to the October meeting.

The Learning and Development Annual report would be presented to the June meeting of the Board when it was hoped it would be known if BCPP were repeating the 2-day training course they had provided in 2017.

RESOLVED – That the Work Programme be noted.

**6**     SUCCESSION PLANNING

Following G Chapman's retirement at the end of March, his successor Jason Bailey would take up his post in the first week of May; he was currently Head of Pensions Administration at Surrey CC which also administered East Sussex and two London boroughs as part of a shared services agreement.

Officers would again attempt to recruit to the vacant employer and employee vacancies on the Board.

**7**     MEETINGS OF THE LOCAL PENSION BOARD IN 2018/2019

A report was considered which set out the meeting cycle for the Board of 2018/19.

It was noted that there was the option to arrange extra meetings if required.

Board members would be invited to attend any extra meetings of the Pensions Authority and its Boards, which would most likely be around pooling.

RESOLVED – That the meeting cycle for 2018/19 be agreed.

**8**     LPB BUDGET

Members were presented with the Board's expenditure to 28 February 2018.

RESOLVED – That the position be noted.

**9**     MEMBER LEARNING & DEVELOPMENT

M McCarthy reminded the Board of the training undertaken during the year and the training planned for 2018/19.

Members were informed that S Ross would be attending the LGA's Cross-Pool Open Forum on 27 March 2018 to represent the Board.

The Forum had been arranged after the Scheme Advisory Board had commented that there was merit in bringing together Authority Chairs and the Chairs of Local Pensions Boards to share information and experiences regarding the pooling process.

The Board requested that she questioned what the other pools position was regarding Trades Union representation on Joint Committees or Boards.

It had been well documented that in South Yorkshire both the Authority and the Local Pension Board were strongly in favour of some form of member nominated representation at pool level; the Board requested that this was communicated at the Forum.

10 POOLING UPDATE

A report was considered to update the Board on progress towards the pooling of the Fund's assets within the Border to Coast pool.

The Board noted the key areas of progress on areas including investment related progress, staffing matters, non-executive directors and tax strategy.

RESOLVED – That the report be noted.

11 ANNUAL FUND MEETING SURVEY

A report was considered which informed the Board of the results of the survey carried out amongst scheme members who had attended the Annual Fund Meeting.

Members noted that the overall response had been good and Board members who had attended had thought the meeting had been worthwhile.

It was noted that, as in the previous year, some Scheme members had a strong interest in responsible and ethical investments.

RESOLVED – That the report be noted.

12 EMPLOYERS FORUM SURVEY

A report was submitted to inform the Board of the results of a survey carried out amongst the Scheme employers who had attended the Annual Employers Forum.

Members were informed that all delegates who attended the Forum had been issued with an online survey after the event and were also invited to comment on any element of the day in order for SYPA to improve future Employer Forums.

From the 68 employers who had attended the Forum, 14 returned a completed survey; the overall results were good.

J Thompson commented that the Forum had been excellent and topics covered had been better than the previous year. The challenge was to encourage more employers to attend.

Members noted the survey analysis which was attached as an Appendix to the report.

RESOLVED – That the report be noted.

13 GDPR UPDATE

The Board considered a report which gave an update on the work being undertaken to prepare for the implementation of the General Data Protection Regulation on 25<sup>th</sup> May 2018.

The project was well underway and the report detailed progress made in specific areas. The Board noted that the project was on track.

RESOLVED – That the report be noted.

14 BREACH REPORTING

The Board considered the completed Breach Reporting Procedure noting this would be important as the Pensions Regulator would be focusing on the LGPS in the next 12 months.

The Register of Breaches would be a standing item on the Boards agenda, where appropriate, in future.

RESOLVED – That the report be noted.

15 INTERNAL AUDIT UPDATE

L Booth, Audit Manager BMBC, updated the Board on the work completed by the Internal Audit team to date.

The Team had completed a total of 140 days' work to date with a further 25 days planned before the end of the month.

There had been no significant control or compliance issues and there were no longstanding recommendations.



The Board requested that the Internal Audit Progress report be a standing item on their agenda.

RESOLVED – That the report be noted.

16 RISK REGISTER

The Board considered the Authority's Risk Register.

M McCarthy informed Members that at its last meeting, the Corporate Planning and Governance Board had approved the removal of Risks 10 and 11.

There were no additional risks reported although updates had been made where appropriate.

The Board commented that the Risk Register was now much improved.

RESOLVED – That the report be noted.

17 ANY OTHER BUSINESS

As reported earlier the Chair was to stand down.

M McCarthy would circulate a request for nominations for Chair and Vice-Chair which would need to be returned at least two weeks before the next meeting of the Board on 7 June 2018.

CHAIR

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## South Yorkshire Pensions Authority – cycle of future meetings

### Authority Meetings

<b>Agendas</b>	<b>7 June 2018 AGM</b>	<b>7 June 2018 Ordinary Meeting</b>	<b>4 October 2018</b>	<b>22 November 2018</b>
<b>Business Items</b>	Appointment of Chair	Minutes	Minutes	Minutes
	Appointment of Vice Chair	Work Programme	Work Programme	Work Programme
	Membership of the Authority	S41 Feedback	S41 Feedback	S41 Feedback
	Appointment of Boards, Committee and Chairs	Loyal Service Awards	Local Pension Board Annual Report	
	Questions in meetings of District Councils			
<b>Board Scrutiny</b>		Call-Ins	Call-Ins	Call-Ins
<b>Governance Matters</b>		Members Self-Assessment	CP&GB Audit Committee Functions Annual Report	Annual Review of Risk Management Policy
		Members Learning & Development Strategy	Gender Pay Gap	Budgets and Revised Estimates
		Refreshing the Corporate Planning Process		FoIA Annual Report Publication Scheme
		Review of Corporate Subscriptions		

	<b>June 2018 AGM</b>	<b>7 June 2018 Ordinary Meeting</b>	<b>4 October 2018</b>	<b>22 November 2018</b>
<b>Governance Matters</b>		Workforce Profile		
<b>Service Delivery</b>		Full Year Performance Snapshot Report	Qtr 1 Snapshot Report	Qtr 2 Snapshot Report
		Pooling Update/ Partner-Director issue	Pooling Update	
		GDPR		
<b>Training &amp; Development</b>				

## SOUTH YORKSHIRE PENSIONS AUTHORITY

7 June 2018

### Report of the Clerk

#### COMPLIANCE WITH THE PRINCIPLES FOR INVESTMENT GOVERNANCE: SELF ASSESSMENT

1) Purpose of the report

To inform Members of the outcome of the self-assessment against the Principles for Investment Governance

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2) Recommendations

- a) **That the Authority notes the contents of the report.**
  - b) **That the Authority agree to any development needs arising from the results.**
- 

3) Background Information

3.1 Members adopted a system of self-assessment in October 2011 and agreed to use a template to gauge compliance.

3.2 Members received individual copies in January 2018 and were asked to retain them until the end of the financial year (March 2018) and return them, duly completed, to the Clerk.

3.3 Twelve forms were issued and ten were returned; this was the same as the previous year.

3.4 The self-assessment was divided into three separate forms and not all members were required to complete all three. The assessments were: assessment of Authority Members (Form 1); assessment of the Board Chair by Members of the Investment Board (Form 2, Part A); assessment of the Independent Investment Advisors by the Members of the Investment Board (Form 2, Part B); assessment of the Board Chair by the Members of the Corporate Planning and Governance Board (Form 3)

3.5 The scoring mechanism used is a range of 1-5 as follows:

1 Poor; 2 Satisfactory; 3 Good; 4 Very Good and 5 Excellent.

4) Results

4.1 In relation to the assessment of the Authority Members, scores ranged from Good to Excellent. In the main, scores were either Very Good or Excellent and therefore no areas of concern were raised and no development needs identified.

- 4.2 In relation to the assessment of the Board Chair by the Members of the Investment Board, scores ranged from Good to Excellent with the majority falling into the Excellent category.
- 4.3 In relation to the assessment of the Independent Investment Advisors by the Members of the Investment Board, scores again ranged from Satisfactory to Excellent with the majority falling into the Excellent category.
- 4.4 In relation to the assessment of the Board Chair by the Members of the Corporate Planning and Governance Board, scores again ranged from Satisfactory to Excellent, although it is fair to say that most criteria achieved a score of Very Good.

5. Development Needs

There appears to be no immediate development needs arising from the self-assessment.

6. Future Arrangements

Members will recall that the government consultation on the “Local Government Pension Scheme: Revoking and Replacing the Local Government Pension Scheme (Management and Investment of Funds) 2009” removed the need for self-assessment against the Principles for Investment Governance stating that “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 check list to ensure they are maintaining high standards in the execution of their statutory responsibilities.

7. 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  
Senior 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 Authorities Governance Unit, Town Hall, Barnsley.

## SOUTH YORKSHIRE PENSIONS AUTHORITY

7 June 2018

### Report of the Clerk

## MEMBER LEARNING AND DEVELOPMENT STRATEGY

### **1 Purpose of the Report**

To provide Members with a forward look at learning and development arrangements in 2018/19.

---

### **2 Recommendations**

**Members are recommended to:**

- a) **Nominate and appoint a Lead Member for Learning and Development.**
  - b) **Commit to a personal development review.**
  - c) **Agree an annual training plan which can be developed further over the year as required.**
- 

### **CONTENTS**

Main Report

Appendix A - Member Learning and Development Strategy

Appendix B - Training Needs Analysis Questionnaire

### **3 Background Information**

- 3.1 Continuous training and development is essential for every member of a public authority, and the introduction of more demanding governance requirements over the last 10 years has formalised those requirements. For pensions authorities, the need is accentuated because it is such a specialised area of local authority business, and involves responsibility for substantial levels of funds.
- 3.2 The Pension Regulator issues a code of practice relating to the governance and administration of public service pension schemes. The code sets out the standards expected by the Regulator together with the principles, examples and benchmarks to use to assess whether Pensions Authority Members have sufficient knowledge and understanding for them to effectively carry out their role.
- 3.3 The Code of Practice states 'Schemes should establish and maintain policies and arrangements for the acquisition and retention of knowledge

and understanding for their pension board members. Schemes should designate a person to take responsibility for ensuring that a framework is developed and implemented’.

- 3.4 Shortfalls in member capacity and development are likely to attract adverse reports from external auditors and the Government under the new requirements.
- 3.5 To address this an updated Member Learning and Development Strategy has been produced, attached at Appendix A.
- 3.6 The commitment made by Members to participate in learning and development to further develop their understanding of the Pensions Authority is appreciated, given their already busy primary role within their respective Districts.

#### **4 Aims of a Member Development Programme**

##### 4.1 Learning and development is a continuous process:-

- Induction training.

New Members of the Authority are required to complete initial training on the role of the Authority, how it is organised, the basics of the Local Government Pensions Scheme and the mechanics of how the Fund manages its investments.

- Fundamentals Training

All new Members are expected to complete Fundamentals training provided by the LGA or Border to Coast Ltd; existing Members are encouraged to attend this annual event as a refresher.

- Investment Principles

All Members are required to undergo further specialised training on the principles of investment management.

- Specialised Training

The investment world is continually developing, and Members need to be aware of current thinking on issues such as performance monitoring, benchmarking, asset and liability modelling and specialised areas such as private equity, socially responsible investment and hedge funds. This training can be achieved through the attendance of individual Members on courses or seminars or the provision of in-house seminars.



- **General Update**

To continue to keep all Members up to date with what is happening in the LGPS, how the South Yorkshire Fund is performing, changes in legislation or regulations, and all the other developments in the Pensions and Investment world, which can be covered by briefings, bulletins, Authority reports, circulation of journals and digests etc.

#### 4.2 Training Needs

The training needs of individual Members will vary according to their previous experience and the length of time that they have been a Member of the Authority. Members are therefore asked to complete a personalised Training Needs Analysis Questionnaire, to enable flexibility within the learning and development programme. Bespoke training plans can then be developed.

### **5 Annual Training Plan – Next Steps**

- 5.1 Training is planned and delivered over the municipal year.
- 5.2 Induction training is required for the most recently appointed Members within 4 weeks of the Authority's AGM, together with the completion of the individual training needs analysis questionnaires for all Members, so that where necessary, specialised training can be arranged.
- 5.3 Following the completion of this work, the Authority will be in a more informed position to take a view on the level of attendance at external seminars and conferences, the provision of in-house seminars, and the circulation of briefing and information material.
- 5.4 All new Members are expected to complete Fundamentals Training, as a minimum requirement of the Member Learning and Development programme within the first year of appointment onto the Authority. The 2018 programme will be made available shortly.
- 5.5 Generic training to be arranged across the South Yorkshire Joint Authorities to include Risk Management, Audit Committees and Treasury Management.
- 5.6 The Pensions Regulator has developed an e-learning programme for public sector pension schemes. The toolkit is available on the Regulator's website and will be incorporated into the learning and development schedule. Support can be provided for individual Members to enable them to complete the course.
- 5.7 There will be five development/knowledge sessions delivered in-house throughout the year by the Fund Director and the Head of Pensions Administration.

- 5.8 All training will be offered to members of the Local Pension Board and Trades Union representatives where appropriate.
- 5.9 There is a budget provision for training costs, which will meet most if not all of the costs. The ongoing information work is undertaken largely by officers of the Authority and the Pensions Service.

## **6 Implications and risks**

- 6.1 Financial, Legal, Asset Management, Environmental and Sustainability, Equality and Inclusion, Communications and Health and Safety implications have been considered in compiling this report.

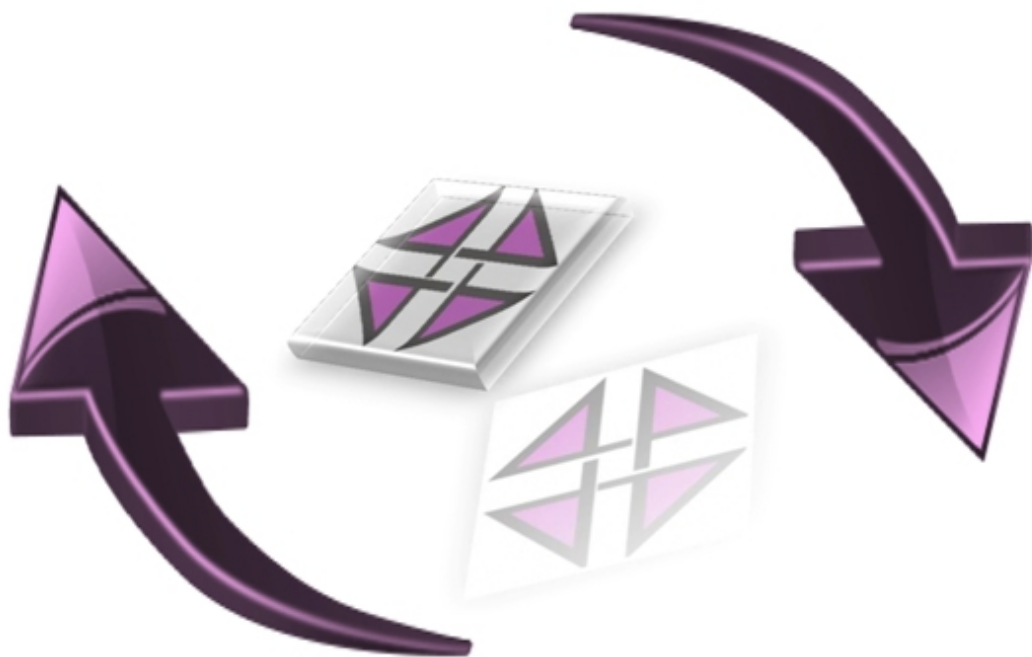
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Clerk

Officer Responsible

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

# South Yorkshire Pensions Authority



## **Member Learning and Development Strategy**

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## **Foreword**

As Pensions Authority Members, our overriding responsibility is to act in the best interests of the present and future beneficiaries of the South Yorkshire Pension Scheme.

Members need to ensure the fund is managed in the most effective and efficient way so as to minimise the call on the public purse.

Members are not expected to be professional experts in investment matters. However, although we can delegate investment decisions and rely on investment advice, Members still define the framework and objectives. For that reason we need to ensure that we are familiar enough with the issues concerned and understand what is being proposed by the advisers and officers, in order to discharge our duties with due care, skill and prudence.

In order to perform our role successfully we need to build on the skills we already have as elected Members, and the learning and development we receive from our own District Councils. We then need to enhance those skills by expanding our knowledge and understanding about the role of the Authority, keep up to date with industry developments and best practice, and listen to and act on professional advice so that we are able to carry out our governance role effectively. We believe there is much for us to learn.

This Strategy provides a framework for identifying the learning and development that Pension Authority Members need to carry out their role. It is flexible to allow for the fact that individual Members have different skills, experience and knowledge and can be tailored to suit Member needs and capacity.

We hope that you will embrace the learning and development programme to help the Pensions Authority to meet its objective of providing effective and transparent governance.

## 1. Introduction

South Yorkshire Pensions Authority is committed to continuous improvement, innovation and value-for-money in the services it provides. Elected Members of the Pensions Authority receive independent support, advice and guidance to equip them with the necessary skills and knowledge to enable them to fulfil their role.

The purpose of the Learning and Development Strategy is to provide a framework for Members to access the support they need and enables the Authority to manage the risk of failing to meet its objectives if Members are not adequately trained and kept up to date on Pensions and Investment matters.

## 2. Reviewing the Strategy

The Strategy reflects an approach to Member development which focuses on providing learning and development rather than formal training. The Strategy will be reviewed annually to keep pace with national and local changes.

There have been significant changes to the Local Government Pension Scheme (LGPS) in recent years with more to follow with the imminent implementation of pooling, and Members will need to be equipped with the necessary skills and knowledge to understand the new scheme.

## 3. Corporate Strategy

The Member Learning and Development Strategy will be central to achieving the vision, values and strategic objectives. The full Corporate Strategy can be found on the Authority's website [here](#): or at: [www.southyorks.gov.uk](http://www.southyorks.gov.uk)

## 4. Aims and Objectives

The overall **aim** of the Strategy is to provide clear direction and purpose in respect of learning and development in order to achieve:

- Well-equipped Members who are confident and able to carry out their roles effectively
- A consistent approach to Member learning and development
- Equality of opportunity

The **objectives** of the Strategy are given below. These will be delivered through a range of activities including improvements to the Member Induction process, courses, workshops, briefings, bulletins, mentoring etc.

- To establish an environment where Member learning and development is seen as an integral part of the governance role of Pensions Authority Members.
- To equip Members with the knowledge and skills necessary to deliver a high quality service that meets the six strategic objectives.
- To ensure all Members are provided with a level of learning and development appropriate to their roles and responsibilities on the Pensions Authority.
- To ensure learning and development is available to all Members irrespective of seniority, length of service and political affiliation.
- To enable Members to have a clearer understanding of their personal responsibility for continuous development and to facilitate this process.
- To provide learning and development in line with the commitment to equal opportunities.
- To improve the Authority following best practice for Member Learning and Development, and contribute to the vision to be an Authority which effectively demonstrates a commitment to excellence in everything it does.

## 5. Learning and Development

### **New Members**

All new Members will be given a structured – and mandatory – **Induction programme** to support them in developing their role and become an effective Member of the Pensions Authority.

### **Both New and Existing Members**

An annual development discussion will be provided for all Members on a one-to-one basis to identify requirements or to ‘refresh’ existing knowledge. Outcomes and benefits will be identified during this discussion and personal learning and development records will be kept for all Members detailing courses, conferences and learning undertaken.

Development discussions will take place as soon after the annual meeting as possible to ensure any new Members are included in the process. Any knowledge, support or skills identified by existing Members in their previous ‘one-to-one’ will be re-prioritised to take account of the existing budget. Additional requirements will also inform the forecast for the following year.

The Development discussions will include an annual self-assessment against the Principles of Investment Governance (see Addendum). Each

Fund's Statement of Investment Principles should detail how they are following these Principles.

The outcome of the annual Development Discussions will be a Learning and Development Schedule for the municipal year. This will fall into two categories – **Authority needs** (where more than one Member has identified the same requirement or where legislation or new initiatives necessitate a workshop session) and **Individual needs**, e.g. role specific, personal or 'one-off' requirements.

**Fundamentals** is externally provided, bespoke LGPS training held over three days (not necessarily consecutive) for Pensions Authority Members.

To ensure the allocated budget is used wisely **criteria for categorising learning and development** will be applied as follows:

- Does the learning support our Strategic Objectives?
- Does it represent value for money in terms of the benefits and outcomes?
- Will the learning increase the capacity of Members to carry out specific roles e.g. chairing skills or leadership programmes?
- Can the learning and development be delivered internally e.g. one to one sessions, bulletins, fact sheets?

## 6. **Delivery**

Members' commitments and personal circumstances will be taken into account to provide equality of opportunity where possible.

A range of approaches will be deployed to deliver learning and development and these are listed below. Any external requirements will be commissioned by the Joint Authorities Governance Unit.

- Traditional – courses delivered by internal / external trainers.
- Workshops (usually held at the end of Pensions Authority meetings).
- Member bulletins, briefings and the Pensions Authority website.
- On-line Library.
- External conferences – through the normal process of selection.
- Informal mentoring / 'coaching' via an established Member of the Pensions Authority.

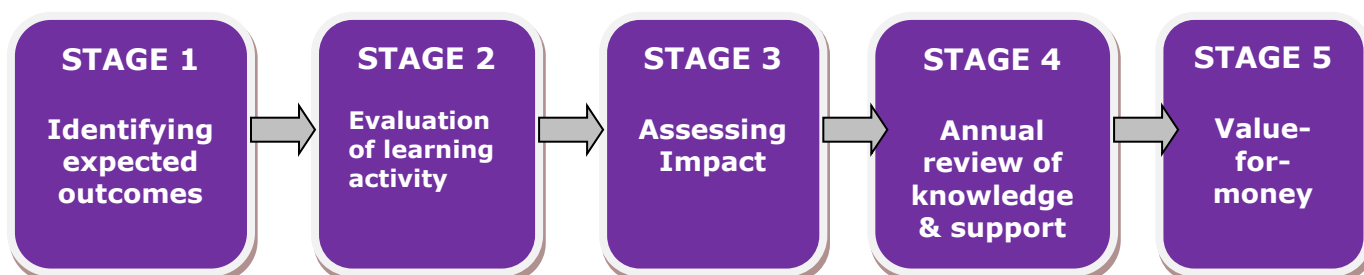
Wherever possible, and appropriate, the Authority will work in partnership with other joint authorities and local authorities to share learning and development and any associated costs.



## 7. Monitoring and Evaluation

A five-stage evaluation process is proposed to monitor the success of the Member Learning and Development Strategy. This process is intended to measure the benefits to:

- Elected Members.
- Pensions Authority in meeting its priorities.
- Pensions Authority Stakeholders



### **Stage 1 – Identifying expected outcomes**

- Establish expected outcomes – what do Members want to achieve from taking part in courses, workshops? e.g. gain a new skill, improve knowledge on a particular subject.

### **Stage 2 – Evaluation of learning activity**

- Immediate response to learning activity.
- How relevant was the learning activity to agreed outcomes?

### **Stage 3 – Assessing Impact**

- Check whether outcomes have been met via the annual Development Discussion.
- Feedback from others – trainers, other participants.
- Assess how attitude, knowledge or skill has improved and how this will be used / applied in the context of the Pensions Authority.

### **Stage 4 – Annual review of learning and development**

- Review learning and development activity and identify new requirements, e.g. Member request, new legislation, new expectations, roles etc.

### **Stage 5 – Value-for-money**

- Assess money spent against learning outcomes and performance measures to demonstrate value-for-money.

## 8. Resourcing the Strategy

We realise that funding is extremely limited, as is Members' time. The Learning and Development Strategy is not about spending additional money; it's about improving the effectiveness of what we do. Any additional costs over and above that budgeted for will need to be justified. Our aim is to find ways of informing Members and providing

them with the necessary learning and development for minimal cost without compromising quality.

We will, therefore, ensure that all learning and development provided is targeted and carefully managed to maximise the benefits to both the Members and to the Authority.

## 9. **Role of the Lead Member**

The Lead Member role is a concept that was introduced as part of the revised Learning and Development Strategy. A Lead Member role description has been developed and for completeness this is given below:

### ***Lead Members should:***

- Take the lead on behalf of the Authority for a particular subject area recognising that, on occasion, they should have the freedom to act in a scrutiny or questioning capacity.
- Be the initial point of contact for the Service or others wishing to discuss issues informally or sound out views.
- Be the spokesperson at Authority meetings in respect of their particular area.
- Contribute to policy development locally and nationally as appropriate.
- Attend national or local meetings, seminars etc. in their area.
- Promote or represent the views and/or policies of the Authority in the public domain even if these are not their own views.
- Keep abreast of key developments and issues in their area.
- Receive briefings / information on their area as required from officers of the Service and/or South Yorkshire Joint Authorities.

### ***Lead Members do not:-***

- Have the power to commit the Authority to a course of action, or make a decision on its behalf.
- Have total accountability for their assigned area.

## 10. **Further information**

Further information on the Member Learning & Development Strategy can be obtained from:

Gill Richards, Senior Democratic Services Officer  
Tel: 01226 772806: E-mail: [g Richards@syjs.gov.uk](mailto:g Richards@syjs.gov.uk)

## Addendum

### **PRINCIPLES FOR INVESTMENT GOVERNANCE**

#### **Principle 1 – Administering authorities should ensure that:**

- Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively monitor their implementation, and
- Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.

**Principle 2 – 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 covenant and the attitude to risk of both the trustees and the sponsor, and clearly communicate these to advisers and investment managers.**

**Principle 3 – 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.**

**Principle 4 – Trustees should arrange for the formal measurement of the performance of the investments, investment managers and advisors. 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.**

**Principle 5 – Trustees should adopt, or ensure their investment managers adopt, the Institutional Shareholders’ Committee (ISC) Statement of Principles on the responsibilities of shareholders and agents. A statement of the fund’s policy on responsible ownership should be included in the Statement of Investment Principles. Trustees should report periodically to members on the discharge of such responsibilities.**

**Principle 6 – 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.**

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# **MEMBER LEARNING AND DEVELOPMENT**

## **QUESTIONNAIRE**

### **1. Introduction**

This questionnaire is designed to help you to identify the knowledge, support and skills you may need to fulfil your role as a Pensions Authority Member.

The role of a Pensions Authority Member differs from other roles you may carry out as a local councillor. Members act as Trustees with an overriding responsibility to act in the best interests of the beneficiaries, even if this is sometimes at odds with their political roles and responsibilities.

Furthermore, pension fund management is complex and, whilst Members are not expected to be professional experts in investment matters, a certain amount of technical knowledge and understanding is required to enable you to make informed judgements and decisions.

### **2. Completing the Questionnaire**

You can complete this questionnaire either by:

- ✦ Filling in a printed copy and sending it back to the Joint Authorities Governance Unit, BMBC (*details below*).
- ✦ By email – we will send you a copy of the form to fill in and return by email – see contact details below.

The process should take no longer than 30 minutes. Please try and be as honest as you can in your assessment. Even if you are an experienced Member of the Pensions Authority, you may still find there are some areas you may wish to learn more about, or would benefit from additional development or support.

### **3. What happens next?**

All completed Development Discussion questionnaires will be read and analysed to produce a comprehensive Learning and Development Schedule for the municipal year. This will consist of joint and individual learning and development either specific to the Pensions Authority, or more generic learning with other Joint Authorities or South Yorkshire Districts.

Members can also request learning and development at any time throughout the year – which will be assessed against the criteria in the Learning and Development Strategy to ensure fairness and value-for-money.

Additionally, there will be the externally-provided Fundamentals Training, which is bespoke Local Government Pension Scheme (LGPS) training usually held over two or three days and aimed specifically at Pensions Authority Members.

N.B. All new Members are expected to complete this training as a minimum requirement and any existing Members who have not yet completed the full course.

4. The Questionnaire

PERSONAL PROFILE	
<b>Name</b>	
<b>District Authority</b>	
<b>How long have you been a Member of the Pensions Authority?</b>	
<b>What are your other (main) elected Member responsibilities/ roles?</b>	
<b>Other relevant experience, e.g. professional, business, community</b>	
<b>What IT facilities and skills do you have? e.g. e-mail, diary management, internet, Twitter, social media etc.</b>	

KNOWLEDGE AND UNDERSTANDING		
<p>Please indicate – as honestly as you can – the level you think you are at using the scale below as a guide. Where appropriate, please use the ‘Comments’ column to indicate specific areas of knowledge where you would like additional knowledge, development or support.</p>		
<b>Level</b>		
1 - Unfamiliar/New to you		
2 - Some knowledge but partial/limited		
3 - Reasonably good level of knowledge and understanding		
4 - Confident with an in-depth knowledge and understanding		
Knowledge & Understanding	Level	Comments
The legal framework and design of the Local Government Pension Scheme (LGPS)		
The role and responsibilities of the Authority or as ‘quasi trustee’		
The role and responsibilities of the Pensions Authority Members		
Corporate governance and the Myners Principles for Pension Fund Trustees		
The roles and responsibilities of the Clerk and the Treasurer, Head of Pensions Administration and the Fund Director		
Role of the South Yorkshire Joint Authorities (SYJA)		

Role of Actuary		
The whole range of SY Pensions Authority stakeholders (e.g. individual scheme members, local authority employers, other employers/admitted bodies and trade unions), and their different perspectives/needs		
Asset classes and asset allocation		
Valuations and valuation monitoring		
Investment principles and management strategies		
Risk Analysis		
Setting performance benchmarks		
Funding strategies and monitoring		

## SKILLS

Many of these skills apply to being an effective Member generally. Although being able to analyse information, think longer-term and make objective decisions are particularly important to your role as a Pensions Authority Member, communicating and influencing are also important to build and maintain the right links with your own Authority and the other employers.

Again, use the levels suggested below, and make use of the 'Comments' column to tell us about any specific issues.

### Level

- 1 - Not very confident and / or inexperienced.
- 2 - Reasonably confident and / or experienced.
- 3 - Very confident and / or experienced.

Skill	Level	Comments
Understanding and handling numerical and financial information		
Digesting written and oral information and grasping key issues		
Using and monitoring performance management information (e.g. benchmarks)		
Thinking about the 'bigger picture' (nationally and locally) and the longer-term (10 years) issues for the Pensions Authority		
Being clear about the top level Authority objectives and its priorities		
Making sure you receive independent and informed advice and guidance that is understandable		
Being decisive, based on an objective assessment of all the issues and risks		

Being able to ask pertinent questions and to challenge officers and advisers constructively (overview and scrutiny)		
The ability to take the initiative to communicate with Members, officers, employers, unions etc.		
Keeping yourself up-to-date with issues pertinent to the Pensions Authority		

**5. Your preferences**

Everyone has preferred ways of learning and developing new skills. If you could indicate your preferences below this will help us to provide the right support tailored to your needs (where practicable). **Please tick all that apply.**

Reading – briefing papers, reports and periodicals	
Electronically through e-mail and website access	
One-to-one briefings and discussions	
Talks and verbal presentations	
Workshops and Seminars	
Conferences	

**THANK YOU FOR COMPLETING THIS QUESTIONNAIRE**

Please return the completed form to:

Gill Richards  
Senior Democratic Services Officer  
South Yorkshire Joint Authorities Governance Unit  
BMBC  
Town Hall  
Barnsley  
S70 2TA  
Email: [grichards@syjs.gov.uk](mailto:grichards@syjs.gov.uk)  
Tel: 01226 772806



## SOUTH YORKSHIRE PENSIONS AUTHORITY

7 June 2018

### Report of the Fund Director

## REFRESH OF THE CORPORATE PLANNING PROCESS

### 1) Purpose of the Report

To secure the agreement of members to a refresh of the Authority's corporate planning process for delivery from 2019/20.

---

### 2) Recommendations

**The Authority are recommended to:**

- a) **Approve the corporate planning framework set out in Appendix A.**
  - b) **Note the process of stakeholder engagement around corporate priorities proposed over the remainder of the current year.**
  - c) **Note the timetable set out for producing the various “enabling” strategies.**
- 

### 3) Background Information

3.1 The Authority's corporate strategy was last updated in 2015 and is based around six Strategic Objectives.

1. The Best
2. Investment Returns
3. Responsible Investment
4. Valuing our employees
5. Pensions planning
6. Effective and transparent corporate governance.

3.2 Given the passage of time since the last update in 2015 which has seen very significant changes for the Authority in terms of its senior management, the forthcoming transfer of staff and assets into the BCPP pooling structure, and the progress towards eliminating the deficit it is appropriate to conduct a full review of the corporate planning framework to ensure that the Authority is focussed on the key issues which are facing it.

- 3.3 Set out in diagrammatic form at Appendix A is the proposed corporate planning framework for the Authority. At the centre of this framework is the Corporate Strategy which covers 3 years (a valuation cycle) with annual updates. The Corporate Strategy is supported by a number of enabling strategies covering the resources used in service delivery.
- Money – The Medium Term Financial Strategy;
  - People – The Human Resources and Organisational Development Strategy;
  - ICT – The ICT Strategy.
- 3.4 These enabling strategies are also set over a three year period with an annual update for the Medium Term Financial Strategy, and a three yearly update for the others. Currently the Authority only has an ICT Strategy in place and the others will need to be developed as part of this process.
- 3.5 These corporate strategies filter through the organisation via the objective setting element of the appraisal system allowing each member of staff to be clear about their role in the delivery of the Corporate Strategy.
- 3.6 The current Strategic Objectives sit within a broader framework of vision, mission and values which are intended to articulate what the Authority exists to do and the way in which it will go about doing it. Again the passage of time means that it is appropriate to review these and consider whether all aspects of this framework remain relevant.

#### The Process of Review

- 3.7 Any corporate planning framework needs to take into account the views of the various stakeholder groups, with whom the Authority engages, in particular:
- Scheme Members
  - Scheme Employers
  - Local Pension Board
  - Staff
  - Trades Unions
  - Elected members
- 3.8 There are already routine channels of communication with some of these groups, which can be utilised to secure views on how the Authority should develop going forward. The broad plan is as follows:
- Scheme Members – Requests for feedback in newsletters, and on the website and the Annual Fund Members Meeting.

- Scheme Employers – Utilisation of the Annual Meeting to gather views together with the use of other opportunities such as meetings of the s.151 officers of the 4 District Councils.
- Local Pension Board – The Board will be asked to consider the draft corporate strategy in advance of the Authority considering the final version for approval. This will allow any views of the Board to be fed into the final version of these documents. Individual members of the Board will undoubtedly participate in the overall consultation process as part of other stakeholder groups such as scheme members.
- Staff – It is intended to conduct a Staff Survey and follow this up with a small number of focus groups. The last survey was carried out in 2013 so there is effectively no baseline for understanding staff views.
- Trades Unions – There is regular liaison with trades unions in relation to employment matters which will be used to deal with some aspects of this process, while discussion with the 3 Trade Union Observers on the Authority itself will address wider organisational issues.
- Elected Members – It is proposed to hold a workshop towards the end of the summer for elected members. As well as issues of corporate priorities this will consider issues concerning the Authority's risk appetite and investment beliefs which will have a key influence on the development of policy going forward. A similar event will be held in the first quarter to 2019 to allow members to provide feedback on the eventual draft corporate strategy and other key elements of the framework.

#### Timescales

3.9 The revised Corporate Planning Framework needs to be in place by 1<sup>st</sup> April 2019 to coincide with the next actuarial valuation. A broad timeline is set out in Appendix B, which indicates that work will need to start over the summer to ensure that the full framework is in place in time.

#### 4) Implications and Risks

- Financial – Costs of this process will be minimal (largely existing staff time) and will be contained within existing budgets.
- Legal – There are no immediate legal implications.
- Diversity – There are no immediate implications but diversity may well be an issue which is addressed within either the new Corporate Strategy, or the Human Resources and Organisational Development Strategy or both.

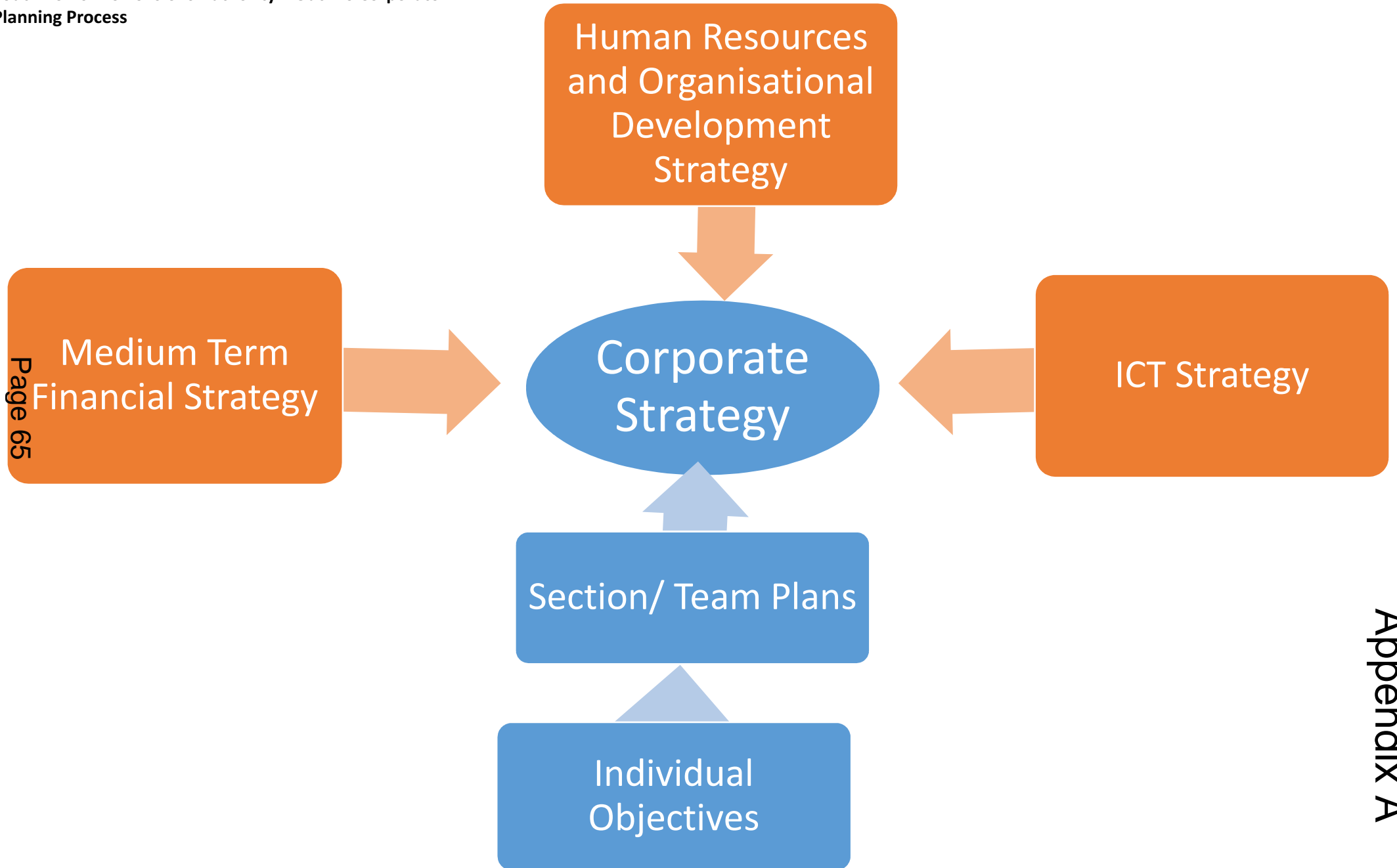
- Risk – The Corporate Strategy will drive a revised corporate risk register, and will therefore provide the opportunity to thoroughly reappraise the risks facing the organisation.

**George Graham**  
**Fund Director**

01226 772887

[ggraham@sypa.org.uk](mailto:ggraham@sypa.org.uk)

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



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### South Yorkshire Pensions Authority – Outline Corporate Planning Timetable

Time	Activity	Output / Outcome
May 2018	Staff Survey	Information to allow the Senior Management Team to identify activity required to progress delivery of the corporate objectives and identify potential barriers. The survey will also be used to inform the process of change associated with the accommodation move.
July 2018	Senior Management Team  Staff Survey	Extended session to consider areas for future development, and key projects for inclusion in future plans together with the appropriateness of existing objectives etc. Provide feedback to staff on results. If the results indicate areas where more in depth probing of issues is required run up to 3 focus groups to do this.
August 2018	Item included in active member newsletter	Feedback on appropriateness of objectives and identification of possible areas for improvement
September 2018	Member workshop	Confirmation of objectives Definition of risk appetite [Identification of investment beliefs to feed into the review of the investment strategy]
October 2018	Annual Fund Member Meeting  Meeting with District Council s151 Officers	Feedback on appropriateness of objectives and identification of possible areas for improvement  As above
November 2018	Employer Forum  Presentation to South Yorkshire leaders	Feedback on appropriateness of objectives and identification of possible areas for improvement  As above
22 <sup>nd</sup> November 2018	Authority Meeting	Draft Estimates for consideration
17 <sup>th</sup> January 2019	Authority Meeting	Final 2019/20 Budget for approval together with Draft Medium Term Financial Strategy for consideration
Late January / early February 2019	Member seminar  Local Pension Board	Informal consideration of draft planning documents Consideration of draft planning documents
14 <sup>th</sup> February 2019	Corporate Planning and Governance Board Meeting	Draft Corporate Plan, ICT Strategy and HR & OD Strategy for consideration Consideration of revised risk register reflecting the new plans.
14 <sup>th</sup> March 2019	Authority Meeting	Final Corporate Plan, ICT Strategy, HR & OD Strategy and Medium Term Financial Strategy for approval

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## SOUTH YORKSHIRE PENSIONS AUTHORITY

7 June 2018

### Report of the Fund Director

### Review of Corporate Subscriptions and Levies

1) Purpose of the Report

To allow members to consider the current corporate subscriptions and levies and allow them to indicate whether they wish to renew and/or add additional subscriptions.

---

2) Recommendations

**Members are recommended to:**

- a) **Note the current range of corporate subscriptions and levies;**
  - b) **Indicate whether there are any subscriptions which should be terminated;**
  - c) **Indicate whether there are any additional subscriptions which should be taken up.**
- 

3) Background Information

3.1 Like many organisations the Authority pays levies to a number of regulatory bodies and pays subscriptions to various representative bodies. In line with good practice this report provides members with information on the level of these payments and allows them to consider whether continuing payments provide a benefit to the Authority.

3.2 The table below gives details of the 2017/18 payments for the various organisations:

Item	2017/18 Payment £	Comment
<b>Levies</b>		
LGPS Scheme Advisory Board	£ 10,432.00	Provides advice to the Secretary of State on the operation of the Scheme under the terms of the 2013 Public Service Pensions Act. Provides technical advice guidance and training to administering authorities and their members on behalf of the English, Welsh and Scottish local government associations. All preparers of accounts are required to pay a levy to support the work of the Financial Reporting Council in setting and monitoring standards of various sorts.
Local Government Pensions Committee	£ 6,800.00	
Financial Reporting Council	£ 4,907.00	
<b>Total Levies</b>	<b>£ 22,139.00</b>	
<b>Investment Related</b>		
British Venture Capital Association	£ 250.00	Provides research in the Venture Capital area which is part of the private equity portfolio. Renewal for 2018/19 was previously agreed by the Investment Board. This will not be required following the TUPE transfer of investment staff. Co-ordinating and lobbying group for engagement and responsible investment activities amongst LGPS funds. Around 75% of funds across the UK are members
LAPFF (Local Authority Pension Fund Forum)	£ 8,250.00	
Institutional Investors Group on Climate Change	£ 3,730.00	This group provides research and co-ordinates engagement in relation to climate issues amongst large investors.
<b>Total Investment Related</b>	<b>£ 12,230.00</b>	
<b>Administration Related</b>		
CIPFA Benchmarking	£ 753.33	Provides comparative information on the costs of pension administration services and a forum for the discussion of underlying processes and working practices in order to identify cost improvement opportunities.
<b>Total Levies and Subscriptions</b>	<b>£ 35,122.33</b>	

- 3.3 Clearly as the various levies are of a regulatory nature there is no choice for the Authority around whether they should be paid, but it is important that members are aware of the scale of these budgetary commitments.
- 3.4 Beyond the payments that have to be made the introduction of the pooling arrangements may give the Authority the opportunity to consider whether there is benefit in continuing some of the current subscriptions.
- 3.5 There are some areas where the Authority might be expected to have a subscription but where currently there is no subscription, this list is far from exhaustive and there are a wide range of groups in which the Authority might participate to further its objectives, however the three listed here are ones with which a major LGPS Fund might be expected to be associated:
- **Local Government Association** – While the Authority is not a council it can if it wishes become an associate member of the LGA at a cost of £7,500. The main benefits of this arrangement are access to LGA events at membership rates and access to the various employment advisory services. Given the specialist nature of the Authority’s work relevant LGA sponsored events are provided by the Local Government Pensions Committee funded through the levy and Barnsley MBC who provide strategic HR input to the Authority already have access to the various employment services.
  - **Pensions and Lifetime Savings Association (formerly the National Association of Pension Funds)** - Most LGPS funds are members of PLSA, who’s role might be summarised as “the LGA for the pensions industry”, and they provide access to a range of research and to training events focussed on particular groups (e.g. trustees (elected members), pension investors etc.). These events are often free to members. PLSA also provides an annual LGPS conference in May each year, which focuses not just on investment matters but on the wider issues of administration and fund governance. This conference has also developed a strand focussed on local pension boards. Membership of PLSA would cost £9,312 plus £120 for access to events organised by the Yorkshire Local Group, which is one of the more active local groups providing events in Leeds.
  - **Pensions Policy Institute** – The Pensions Policy Institute is an educational and research charity whose objectives are concerned with promoting awareness of and understanding of pensions and which undertakes a wide range of academic research and modelling on the effectiveness of pension policy. The Institute is based at King’s College London. There are two levels of membership, supporting membership which is aimed at corporate entities and costs up to £17,000 per annum and associate membership costing £600 which has been taken up by 2 of the larger LGPS funds. This

provides access to research and newsletters and to one or two events per year.

3.6 It is a matter for members to decide whether the Authority should enter into any further subscriptions of this sort and members are invited to consider whether it would be appropriate to become members of any of the organisations listed or any other relevant organisations.

4) Implications and risks

- Financial – The financial implications will depend upon which additional subscriptions, if any, members wish to take up, and whether they wish to end some existing subscriptions. However, it would be expected that a detailed review of outturn variances would identify sufficient resources to meet the likely scale of additional costs. In addition given that the major “selling point” of any of these organisations is access to either free or reduced cost learning and development events, it would be justifiable to transfer some resources from the courses and conferences budget to meet these costs. Equally if members wish to end some subscriptions and not add any new ones then a saving would be available to address other priorities.
- Legal – The Authority has the power to subscribe to organisations of this type.
- Diversity – There are no immediate diversity implications.
- Risk – Clearly subscribing to an organisation associates the Authority with the views and policies expressed by an organisation which the Authority does not control. This is a reputational risk but given the large membership and common interests of the members of these organisations this is not regarded as a significant issue.

**George Graham**  
**Fund Director**

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

## SOUTH YORKSHIRE PENSIONS AUTHORITY

7 June 2018

### Report of the Fund Director

#### Workforce Issues

1) Purpose of the Report

To provide members with information relating to the profile of the Authority's workforce in order to initiate consideration of a range of workforce risks which face the Authority and necessary mitigation issues, and to seek approval for the Authority's Pay Policy Statement.

---

2) Recommendations

**Members are recommended to:**

- a) **Note the Workforce Profile set out in Appendix A.**
  - b) **Approve the Pay Policy Statement set out in Appendix B.**
  - c) **Approve the adding of workforce issues to the Authority's risk register.**
  - d) **Instruct the Fund Director to develop proposals to address the risks and issues arising from the information contained in this report for inclusion in the refreshed Corporate Strategy.**
- 

3) Background Information

3.1 As a small organisation, governed by a unique statutory framework SYPA is not formally required to produce many of the formal documents and reports relating to its workforce that larger organisations like the District Councils have to publish. However, the Authority is a public body and is committed to openness and transparency in relation to its activities, meaning that there is a case for generating and publishing information of this sort even if not required to do so. In addition generating information about the characteristics of the workforce allows the Authority to consider more of the potential staff related risks which it faces.

3.2 Appendix A provides a detailed analysis of the workforce in post at 31<sup>st</sup> March 2018. Key highlights from this are as follows:

- 66% of the workforce are aged over 40, and 21% are 55 or over. The latter is significant because it is possible for these staff to access their pension benefits at any point.
  - The average length of service with SYPA is 14.2 years.
  - 62% of the workforce are women and 38% men, and within the 25% of highest paid roles women represent 48.1% of the workforce.
  - The Authority has no staff from BME backgrounds and 4.6% of the workforce has a disability.
- 3.3 The broad conclusion from this is that over the next few years the Authority can expect to lose through retirement a significant number of experienced staff, potentially at fairly short notice. Clearly this is a significant risk to our ability to maintain the quality of service delivery and it would therefore be appropriate to include this on the Corporate Risk Register.
- 3.4 Mitigating this risk, while also addressing the other issues which the workforce profile highlights, will require actions to:
- Achieve a workforce more reflective of the population of the area;
  - Achieve a more balanced age distribution across the workforce;
  - Be able to replace retiring staff with trained staff rather than having to train replacement staff from scratch.
- 3.5 These issues will be central to the Human Resources and Organisational Development Strategy which will form part of the refreshed corporate strategy framework discussed elsewhere on the agenda. Given the significance of these issues to the overall work of the Authority the actions required are likely to feature within the Corporate Strategy.
- 3.6 As the Authority has fewer than 250 employees it is not required to produce information on the Gender Pay Gap. However, on grounds of openness and transparency it is desirable to produce this information. This is not an entirely simple process and the data is currently being worked on and will be reported to the next meeting of the Authority for information.
- 3.7 Attached at Appendix B is the Authority's proposed Pay Policy Statement. Members will be familiar with documents of this type which are usually approved by the District Councils as part of the budget process. The document is a statement of the current approved position and sets out the pay, terms and conditions of those officers within the Authority's senior management (the Fund Director and the 3 Heads of Service) and how their remuneration relates to the rest of the workforce. The latter is intended to highlight levels of pay inequality. The ratio of 6.3:1 between the highest and lowest salaries is significantly below the 20:1 identified as a maximum in the Hutton

report on fair pay. Comparison is difficult given the unique nature of SYPA as an organisation but such a ratio is slightly below local authorities in the area, which is probably a result of a what is a much smaller organisation having a more compressed grading structure.

4) Implications and risks

- Financial – There are no immediate financial implications arising from this report. However, it is likely that addressing the risks around the loss of a significant number of experienced staff will require some up-front investment, although this will need to be considered by members on a business case basis once proposals have been developed.
- Legal – There are no immediate legal implications. However, by producing and analysing data of this sort the Authority is better able to ensure that it is meeting its legal obligations.
- Diversity – The workforce analysis indicates that there are a number of diversity issues that the plans suggested in this report will need to address.
- Risk – As indicated in the body of the report the potential for a large number of staff to leave the organisation through retirement in the next few years is a significant risk to service delivery which merits inclusion in the corporate risk register.

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

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# Workforce Profile

**At 31<sup>st</sup> March 2018**

## Contents

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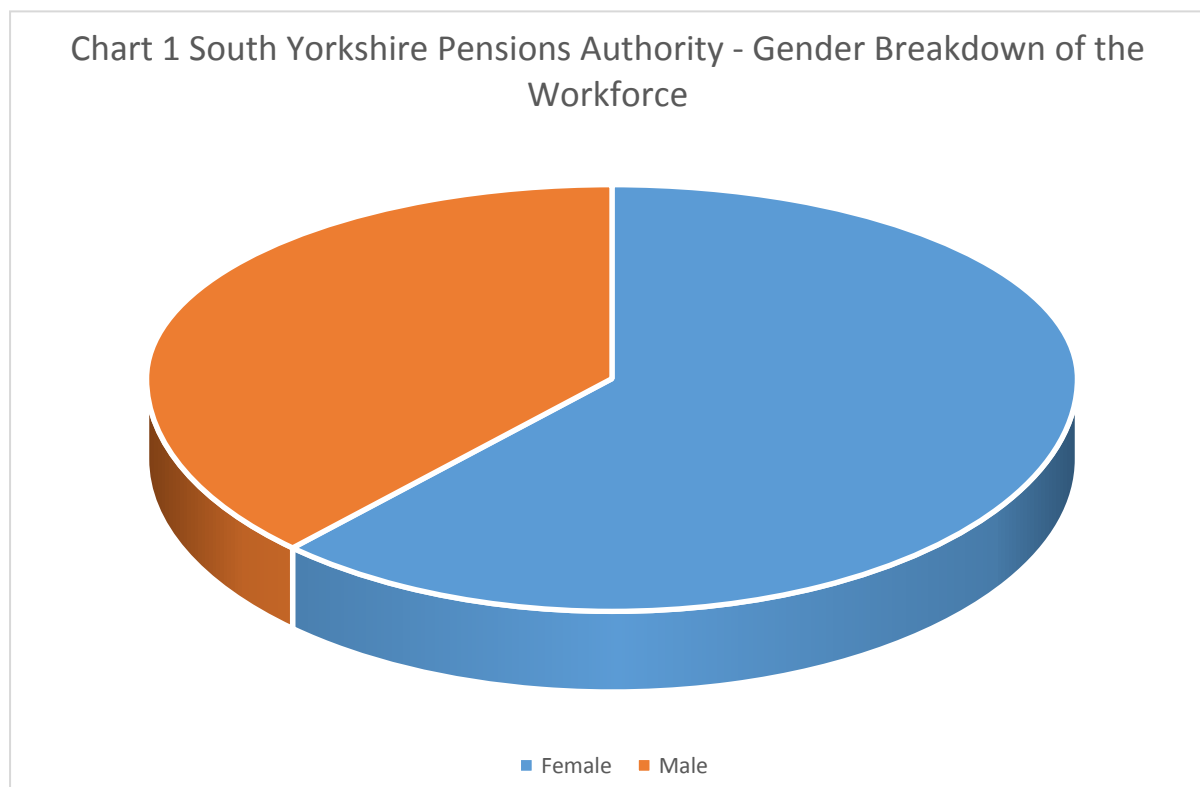
## **1. Introduction**

This document sets out a profile of the Authority's workforce in post as at 31<sup>st</sup> March 2018. At this point there were a total of 108 people on the payroll, so 1% is roughly one person. This includes the 6 investment staff who will in due course transfer to Border to Coast. In this document, unless specified all figures relate to "headcount" rather than Full Time Equivalent staff.

This document has been produced to allow the Authority's senior management and elected members to better understand issues and risks arising from the composition of the workforce which should be reflected both in the corporate planning process and the Risk Register. The profile has been produced using the information available within the Authority's systems (payroll and time and attendance). While much information is available from these sources some types of information (for example information on the levels of qualification achieved by staff) are not held in electronic form and therefore cannot be easily analysed to provide additional information.

## 2. Gender

Chart 1, below gives a breakdown of the gender balance of the workforce:

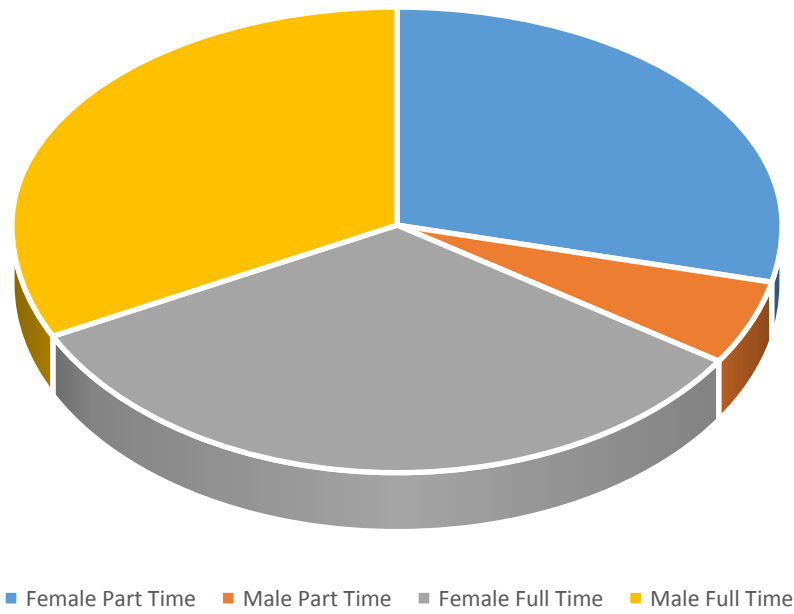


62% of the workforce is female, which given the nature of work undertaken by the Authority and drawing a comparison with other public sector and white collar employers this would be an expected result.

13 of the top 25% of earners are women which represents 48.1% which is about 4 fewer than if the proportion of women in the workforce were mirrored in this group. However, there are a number of female managers in job share arrangements whose hourly rate of pay is the same as those working full time in such roles, while the full time workers will form part of this upper quartile group the part time workers will not. If the transferring investment staff are excluded then 62% of the top 25% of earners are female exactly matching the gender balance in the overall workforce.

Chart 2 shows the breakdown of the work force between full and part time workers, showing that reflecting wider society the majority of part time workers are female, although the numbers of male and female full time workers is very similar.

Chart 2 - South Yorkshire Pensions Authority Gender Breakdown of Full and Part Time Workers



### **3. Ethnicity**

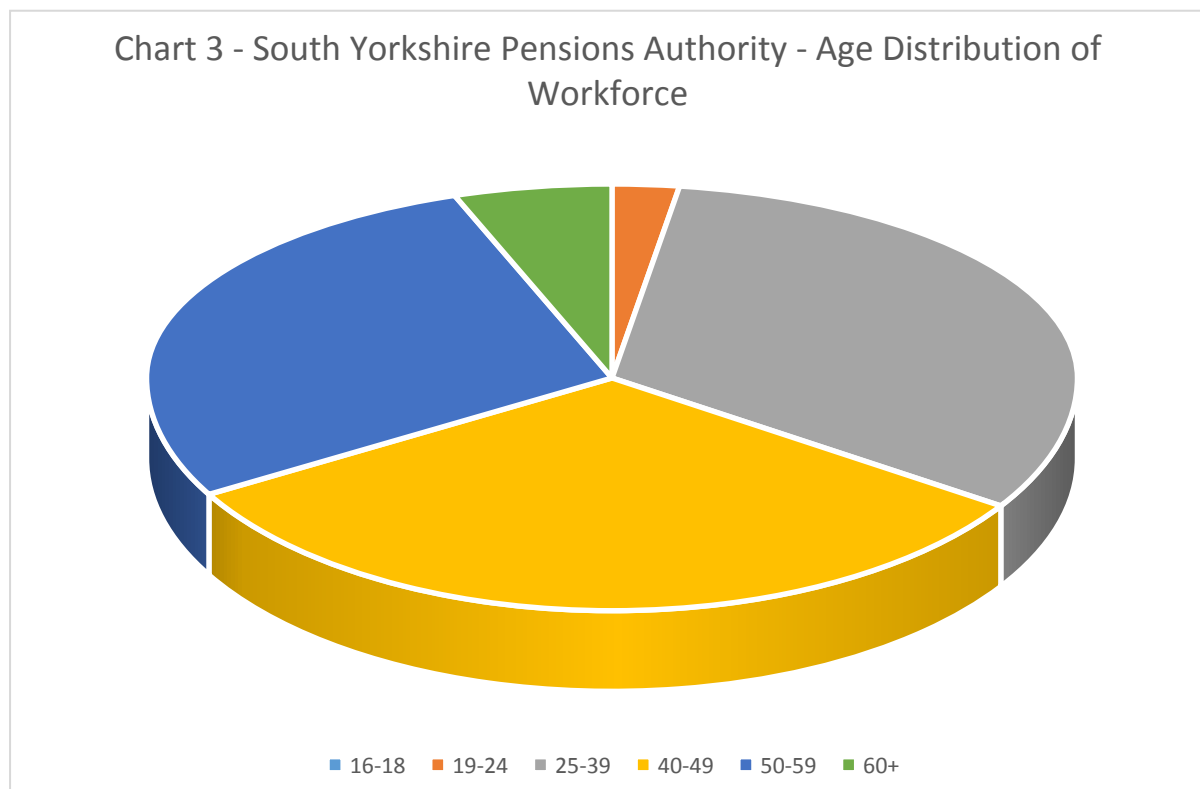
100% of the workforce are white British. This is clearly different to the wider community. According to the 2011 census around 2.1% of the population of Barnsley Borough and 9.3% of the population of South Yorkshire were non-white.

### **4. Disability**

The Authority does not require employees to provide information on any disability they may have, however some do so and this enables us to make reasonable adaptations to allow them to fully contribute while at work, in line with our duties as an employer. Based on the information available 5 employees have reported a disability. Of these one falls in the top 25% of earners when the transferring investment staff are excluded.

## 5. Age

Chart 3, below, provides a breakdown of the age distribution of the workforce.



There are a number of issues that are highlighted by this information:

- 66% of the workforce are aged over 40.
- 21% of the workforce are over 55 which means that they could opt to take their pension benefits (albeit with actuarial reductions) should they wish to do so.
- 6.5% of the workforce are over 60 and it could be assumed are likely to retire within a relatively short timescale.
- The average age of the workforce is 43.69 years old (almost exactly mirroring the average age of an active member of the Fund) and the average length of service with the Authority is 14.2 years.

Overall the age distribution indicates that the workforce is skewed towards the older age bracket with a significant length of service which would tend to indicate a significant level of experience in the workforce.

Given the relative preponderance of the pension administration team within the total workforce the distribution within the team mirrors that for the whole workforce.

## **6. Conclusion**

There are a number of conclusions that can be drawn from the information set out in this profile:

- The number of members of the workforce potentially able to retire with relatively little notice represents a risk for the Authority given the level of experience within the workforce and the need for any replacements to have time to develop equivalent experience.
- While there is a gender balance reflective of the overall workforce in the top 25% of earners (after the transferring investment staff are excluded) this is an area that requires monitoring to ensure unconscious bias does not creep in.
- The Authority's workforce does not reflect the wider community in terms of ethnicity.
- In terms of disability it is not clear whether the number of staff with a disability reflects the wider community as the information is less complete.

The Authority will need to consider what action to take in relation to these conclusions as part of its corporate planning process.





# Pay Policy Statement

**2018/19**

**PAY POLICY STATEMENT**

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## **PAY POLICY STATEMENT**

---

### **1.0 INTRODUCTION**

- 1.1 Under s112 of the Local Government Act 1972 the Authority has the “power to appoint officers on such reasonable terms and conditions as it thinks fit”. This Pay Policy sets out the Authority’s approach to pay in accordance with the requirements of s38 of the Localism Act 2011. While these requirements do not specifically apply to the Authority this statement is being published in order to demonstrate the Authority’s commitment to openness and transparency in matters of pay.
- 1.2 The purpose of this statement is to provide transparency with regard to the Authority’s approach setting the pay of its employees by identifying:
- The methods by which the salaries of all employees are determined;
  - The details of the remuneration of its most senior employees;
  - The relationship between the salary of its most senior employees and other employees.
- 

### **2.0 OTHER LEGISLATION RELEVANT TO PAY AND REMUNERATION**

- 2.1 In determining the pay and remuneration of its employees the Authority will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, and where relevant the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014. The Authority ensures that there is no pay discrimination within its pay structures and that pay differentials can be objectively justified through the use of job evaluation mechanisms which directly establish the relative level of posts in grades according to the requirements, demands and responsibilities of the role.
- 2.2 The Authority utilises the Hay job evaluation scheme for all roles.
- 

### **3.0 PAY STRUCTURE**

- 3.1 The Authority’s pay structure of spinal column points is set out in Appendix A.
- 3.2 Annual salary increases for all staff (including senior managers) are set through national negotiations between the local government employers and the recognised trades unions within the National Joint Council for Local Government Services.
- 3.3 Where evidence exists of recruitment and retention issues it may be necessary to make additional payments to take into account pay levels in the wider labour market in order to attract and retain employees with particular skills, knowledge and experience. In such instances the Authority will use evidence of relevant market comparators, using data sources available within the local government sector, the financial services sector and beyond as appropriate.
-

**4.0 DEFINITIONS**

4.1 The Localism Act refers to the position of Chief Officer, which, in terms of the South Yorkshire Pensions Authority is defined as:

- Head of Paid Service designated under s4 (1) of the Local Government and Housing Act 1989
- Monitoring Officer designated under s5 (1) of the Local Government and Housing Act 1989
- Chief Finance Officer designated under s151 of the Local Government Act 1972
- A Non Statutory Chief Officer as defined in s2 (7) of the Local Government and Housing Act 1989

4.2 In the case of the South Yorkshire Pension Authority these definitions encompass the following roles:

- Head of Paid Service – Fund Director
- Chief Officer - Head of Finance
- Head of Investment Strategy
- Head of Pension Administration

4.3 The statutory roles of Monitoring Officer and Chief Finance Officer (Treasurer) are performed under a service level agreement by officers of Barnsley Metropolitan Borough Council as part of their core roles and any impact on remuneration is reflected in Barnsley MBC’s pay policy statement.

4.4 The additional statutory role of Clerk which is required under the Local Government Reorganisation (Pensions etc.) (South Yorkshire) Order 1987 is performed under a service level agreement by an officer of Barnsley Metropolitan Borough Council as part of their core role and any impact on remuneration is reflected in Barnsley MBC’s pay policy statement.

4.5 Remuneration is defined as the pay an individual receives.

**5.0 FUND DIRECTOR REMUNERATION**

5.1 The current post holder took up the role on 12th February 2018. This is a spot salary and there is no incremental progression.

Grade	Salary @ 31/3/2017
SM1	£102,010

5.2 The terms and conditions of service relating to this post are in accordance with the Joint Negotiating Committee for Local Authority Chief Officers, with the exception that pay increases are tied to the headline increase in the main pay scale of the National Joint Council for Local Government Services.

Additional Allowances

5.3 The Fund Director is not entitled to any additional allowances such as telephone, or lease car, and is not designated as a car user.

5.4 Rules in relation to reimbursement of travel and subsistence etc. are the same as for all other posts within the Authority.

5.5 The Authority’s flexi-time scheme does not apply to the Fund Director.

**6.0 HEAD OF SERVICE REMUNERATION**

6.1 The three Head of Service roles reporting to the Fund Director are paid as follows:

Post	Grade	Salary Range @ 31/3/2017
Head of Finance	SM4	£56,105 - £61,206
Head of Investment Strategy	SM2	£76,507 - £81,608
Head of Pensions Administration	SM2	£76,507 - £81,608

6.2 Progression through the grade occurs through the payment of an additional annual increment on 1st April each year, until the top of the grade is reached.

6.3 The terms and conditions of service relating to this post are in accordance with the Joint Negotiating Committee, with the exception that pay increases are tied to the headline increase in the main pay scale of the National Joint Council for Local Government Services.

**Additional Allowances**

6.5 The Heads of Service are each designated as casual car users.

6.6 Any other allowances relating to the posts are the same as for all other posts within the Authority, for example, reimbursement of fuel expenditure for business travel.

---

**7.0 RECRUITMENT OF THE FUND DIRECTOR AND CHIEF OFFICERS**

7.1 Where there is a requirement to recruit to the post of Fund Director or to a Chief Officer post then the provisions of procedural Standing Order 19 within the Authority's constitution will apply.

---

**8.0 SALARY ON APPOINTMENT**

8.1 Under normal circumstances all new appointments to a post of Chief Officer will be made at the bottom spinal point of the grade, unless there are objective reasons for not doing so. Any appointment above the bottom spinal column point will require the approval of the Fund Director in consultation with the Clerk.

---

**9.0 PERFORMANCE RELATED PAY**

9.1 The Localism Act requires details of any performance related pay arrangements to be disclosed. South Yorkshire Pensions Authority does not operate any such arrangements.

---

**10.0 RELATIONSHIP BETWEEN FUND DIRECTOR / CHIEF OFFICER PAY AND OTHER EMPLOYEES**

10.1 The following information is provided to assist with understanding the ratio calculations

Fund Director Salary =	£102,110 (spot salary)
Chief Officer Median Salary =	£61,206
Authority Median Salary =	£19,430
Authority Lowest Salary =	£16,123

**10.2 Pay Ratio**

<b>Post</b>	<b>Benchmark Salary</b>	<b>Ratio</b>
Fund Director's Salary	Chief Officer Median Salary	1.6 : 1
Fund Director's Salary	Authority Median Salary	5.3 : 1
Chief Officer Median Salary	Authority Median Salary	3.1 : 1
Fund Director's Salary	Authority Lowest Salary	6.3 : 1
Chief Officer Median Salary	Authority Lowest Salary	3.7 : 1

10.3 The Hutton report "*Fair Pay in the Public Sector*" recommended that the Fund Director's salary should not exceed 20 times that of the lowest paid worker. The above table shows that with a ratio of South Yorkshire Pensions Authority meets this requirement.

**11.0 LOWEST PAID EMPLOYEE**

11.1 The lowest grade in the pay structure is Grade A (scale points 9-11 £15,375 - £15,807 at 31/3/2017)

11.2 For any staff on this grade a variable Living Wage Supplement is payable to bring the salary in line with the Foundation Living Wage, which meets the Authority's commitment to be a Living Wage employer. This supplement will be removed as and when the national pay scale matches or exceeds the Foundation Living Wage.

**12.0 TERMINATION PAYMENTS**

12.1 The Authority's redundancy policy applies equally to all employees regardless of their grade. A redundancy payment will be paid to an employee when their post is made redundant and there are no suitable redeployment opportunities.

12.2 The Authority does not have a policy which allows for the enhancing of an employee's pensionable service.

**13.0 EMPLOYER PENSION CONTRIBUTIONS**

13.1 The Authority contributes to the Local Government Pension Scheme in 2018/19 for all its employees who are members equally at the rate of 14.9% of employee's pensionable pay. This rate is set by the actuary for the South Yorkshire Pension Fund and is reviewed every three years.

**14.0 EMPLOYEE PENSION CONTRIBUTIONS**

- 14.1 Employees in the Local Government Pension Scheme will pay the following contributions as a proportion of their pensionable pay with effect from 1st April 2018.

<b>Band</b>	<b>Pensionable Pay</b>	<b>Contribution Rate- Main Scheme</b>	<b>Contribution Rate- 50/50 Scheme</b>
1	Up to £14,100	5.5%	2.75%
2	Above £14,100 up to £22,000	5.8%	2.9%
3	Above £22,000 up to £35,700	6.5%	3.25%
4	Above £35,700 up to £45,200	6.8%	3.4%
5	Above £45,300 up to £63,100	8.5%	4.25%
6	Above £63,100 up to £89,400	9.9%	4.95%
7	Above £89,400 up to £105,200	10.5%	5.25%
8	Above £105,200 up to £157,800	11.4%	5.7%
9	Above £157,800	12.5%	6.25%

---

**15.0 ENGAGEMENT OF FORMER CHIEF OFFICERS IN RECEIPT OF PENSIONS**

- 15.1 The Authority does not have a policy which prevents former employees, including Chief Officers, from applying for and being successfully appointed to any job, or returning under a contract for service, because they are in receipt of a public sector or Local Government Pension. Normal recruitment or procurement rules would apply in such circumstances.
- 

**16.0 PUBLICATION OF THE POLICY**

- 16.1 This policy will be published on the Authority's website. In addition, for posts where the full time equivalent salary is at least £50,000 the Authority will publish further information as required by the Accounts and Audit Regulations 2015.
- 

**17.0 REVIEW OF THE PAY POLICY**

- 17.1 The Policy will be subject to annual review and must be approved by the Authority prior to 31st March each year. If there is a need to amend the Policy between reviews then any such amendments will be approved by a meeting of the full Authority.
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**South Yorkshire Pensions Authority Pay and Grading Structure**

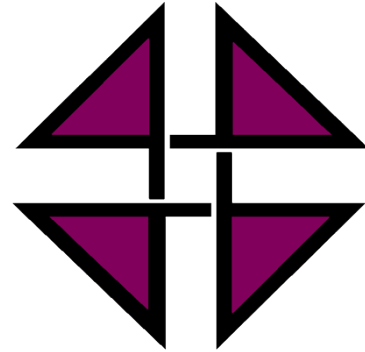
	Spinal Point	Pay from 1/4/2017 £	Pay from 1/4/2018 £	Hay Score (Pts)
A	9	15,375	16,755	<120
	10	15,613	16,863	
	11	15,807	17,007	
B	11	15,807	17,007	120 – 139
	12	16,123	17,173	
	13	16,491	17,391	
C	14	16,781	17,681	140 – 160
	15	17,072	17,972	
	16	17,419	18,319	
	17	17,772	18,672	
	18	18,070	18,870	
D	19	18,746	19,446	161 – 180
	20	19,430	19,819	
	21	20,138	20,541	
	22	20,661	21,074	
E	23	21,268	21,693	191 – 250
	24	21,962	22,401	
	25	22,658	23,111	
	26	23,398	23,866	
	27	24,174	24,657	
F	28	24,964	25,463	251- 280
	29	25,951	26,470	
	30	26,822	27,358	
	31	27,668	28,221	
G	32	28,485	29,055	281 – 320
	33	29,323	29,909	
	34	30,153	30,756	
H	35	30,785	31,401	321 – 380
	36	31,601	32,233	
	37	32,486	33,136	
I	38	33,437	34,106	381 -430
	39	34,538	35,229	
	40	35,444	36,153	
	41	36,379	37,107	
	42	37,306	38,052	
J	43	38,237	39,002	431 – 480
	44	39,177	39,961	
	45	40,057	40,858	
	46	41,025	41,846	
	47	41,967	42,806	
K	48	42,899	43,757	481 – 550
	49	43,821	44,697	
SM5	1	53,555	54,626	551 – 600
	2	56,105	57,227	
	3	58,655	59,828	
SM4	1	56,105	57,227	601 - 650
	2	58,655	59,828	
	3	61,206	62,430	
SM3	1	71,407	72,835	651 – 710
	2	73,957	75,436	
	3	76,507	78,037	



## SOUTH YORKSHIRE PENSIONS AUTHORITY

Grade	Spinal Point	Pay from 1/4/2017 £	Pay from 1/4/2018 £	Hay Score (Pts)
SM2	1	76,507	78,037	711 – 800
	2	79,057	80,638	
	3	81,608	83,240	
SM1	1	102,010	104,050	>800

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**SOUTH YORKSHIRE  
PENSIONS AUTHORITY**

Business Planning and  
Performance Framework 2017/18  
for the Pensions Service  
and Pensions Authority

**Performance Snapshot Report  
2017/18: Q4**

**ISSUED: June 2018**

The strategic framework in outline

Pensions Service Strategic Objectives	Area of Impact
1: The Best	1.1: Engaging with all our partners, including employers, to ensure that we understand and meet their agreed needs 1.2: Providing an accurate and timely service to all customers 1.3: Gaining and retaining external recognition through quality standards awards such as Charter Mark and Customer Service Excellence 1.4: Ensuring that we continue to provide Value for Money
2: Investment returns	2.1: Monitoring performance against the adopted benchmark and targets
3: Responsible Investment	3.1: Developing and implementing a responsible investment policy that is compatible with the fiduciary duties of the Fund 3.2: Adopting a voting strategy and guidelines specific to the Fund's requirements and ensuring that it is regularly reviewed in accordance with industry best practice
4: Valuing our Employees	4.1: Maintaining a competent, valued and motivated workforce. 4.2: Encouraging personal development to improve knowledge, skills and effectiveness.
5: Pensions Planning	5.1: Providing information through written material to all customers 5.2: Developing interactive website facilities 5.3: Encouraging attendance at annual events to provide forums for discussion 5.4: Maintaining an "on-site" presence to address personal concerns
6: Effective and Transparent Corporate Governance	6.1: Clarifying functions and roles towards delivering a common purpose 6.2: Promoting good governance through upholding high standards of conduct and behaviour 6.3: Developing the capacity and capability of members and officers to be effective 6.4: Ensuring robust accountability

*Snapshot performance results for each Strategic Objective and Area of Impact appear on the following pages*

## Pensions Service Strategic Objectives

### 1. The Best

Area under Review	Activity During Quarter	Target	Status/Comment
<b>Transactions with Members</b>	17718 cases of which 88% were on target	97%	Reduction in case completion (6%) from Q3 peak but matches Q2 output and reflects overall upward trajectory of performance.

### 2. Investment Returns

Area under Review		Target	Status/Comment
<b>Fund Value</b>	£7996.0m	N/A	£8193.7m at end December.
<b>Performance Against Benchmarks</b>	Qtr -1.8% FY 4.7%	Qtr -2.4% FY 3.8%	Global equities declined over the quarter as investors became more concerned about US interest rate rises and also about the increasingly protectionist stance of President Trump and the concern of a trade war between the US and China. Commodities were modestly down as global tensions increased but crude oil prices rose further as confidence grew that OPEC would maintain the production costs through 2018. Bond market yields globally rose as the world economy showed signs that it was moving to an expansionary phase of the cycle with inflationary pressures increasing and tighter monetary policy.

### 3. Responsible Investment

Area under Review	Activity During Quarter	Target	Status/Comment
<b>Responsible Investment</b>	The Climate Change Policy was reviewed and updated.		
Shareholder Engagement	The Carbon Audit of the equity portfolios was completed. Voting guidelines were reviewed and a minor amendment was made to the policy to vote in favour of virtual only meetings.		

### 4. Valuing Our Employees

Area under Review	Activity During Quarter	Target	Status/Comment
<b>Staff Turnover</b>	2 Leavers 1 New Starter	Annual 4.25%	One retirement (HoPA) and a resignation of pensions officer during first year.  New Fund Director appointed.
<b>Staff Training</b>	Routine training for staff on Career Grade scheme. No external training.	Plan 100% up to date	Preparation for GDPR training and other subject matter training to be delivered in Q1.
<b>Sickness Monitoring</b>	2.9% total	None	A reduction in sickness of 0.7% compared with previous quarter.

### 5. Pensions Planning

Area under Review	Activity During Quarter	Target	Status/Comment
<b>Interactive Facilities</b>	29 new employer contacts	N/A	468 employers now registered for

	registered for EPIC this period		Epic. Only 7 employers (covering 114 active members) not registered.
	MyPension		Registration is still on the increase with 745 new registrations this quarter
<b>Face to Face Communication</b>	675 Advisory Sessions Held	Less than 0.5% complaints	8 complaints received overall– 6 relating to delays associated with aggregation of previous benefits.
<b>Employer Activity</b>	11 New Employers (7 Academies, 4 Contractors)	N/A	There are currently 590 participating employers, of which 486 have active members..
	No Terminations		

**Pensions Authority Strategic Objectives**

6. Effective & Transparent Corporate Governance

Area under Review	Activity During Quarter	Target	Status/Comment
<b>Internal Audit</b>	February– Internal Audit Progress Report considered by CP&GB	100%	On target
<b>Annual and Quarterly Reports</b>			
<b>External Audit</b>	February – External Audit Annual Audit Plan considered by CP&GB.	100%	On target
<b>Reports /Plans</b>			
<b>Risk Management Annual and Quarterly Reports</b>	February – Risk Register considered by CP&GB	100%	On target
<b>Constitution</b>		100% Up to date	

Area under Review	Activity During Quarter	Target	Status/Comment
<b>Policy /Procedure</b>			
<b>Financial Reporting</b>	February- Budget Monitoring report considered by CP&GB	100% achievement of reporting schedule	On target.
<b>Annual Governance Statement Conclusion</b>	February – AGS Action Plan considered by CP&GB	No Significant Weaknesses	Recovery of performance following implementation of UPM identified. Issues arising from the implementation of government proposals to pool investment assets identified. Issues arising out of the restructuring of the SYTPF. Actions continuing.
<b>Annual Self-Assessment</b>			No significant issues
<b>Member Training</b>	1 Member attended Treasury Management Awareness training	100% Induction & fundamentals training &	92% had induction. 100% had fundamentals training



## SOUTH YORKSHIRE PENSIONS AUTHORITY

7 June 2018

### Report of the Fund Director

#### Pooling Update

1) Purpose of the Report

To provide members with an update on developments in the process of pooling the Authority's investments within the Border to Coast Pensions Partnership (BCPP).

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2) Recommendations

**Members are recommended to:**

- a) **Note the contents of this report and the progress being made with the pooling process.**
  - b) **Consider the arrangements for determining how to cast the Authority's vote in relation to BCPP shareholder directors.**
- 

3) Background Information

- 3.1 This is the latest in a series of reports providing members with an update on progress in implementing the arrangements for pooling the Authority's investments through Border to Coast Pensions Partnership (BCPP).

Staffing and Industrial Relations

- 3.2 Following approval of changes to the post-pooling structure agreed at the Authority's last meeting the restructure process for the finance team has been completed with no negative impact on staff. In addition Sharon Smith has been assimilated into the new role of Head of Investment Strategy. Preparations are being made to advertise the new role of Investment Analyst in order to fill the role as quickly as possible.
- 3.3 Arrangements to transfer six of the Authority's investment staff to BCPP have been agreed following a number of discussions with BCPP, the affected staff and Unison. Appropriate roles have been identified for each of the staff as set out in the table below:

Role	Name	Specialism
Portfolio Manager - Equities	Ross Martin	UK
Portfolio Manager - Equities	Shaun Lovett	US
Portfolio Manager - Equities	Myles Andrews	Asia/Emerging Markets
Portfolio Manager - Alternatives	Peter Turnor	Alternatives
Head of Responsible Investment	Jane Firth	Responsible Investment
Portfolio Manager - Bonds	Kevin Palmer	Bonds

Staff currently working for East Riding will take roles as portfolio managers covering UK equities and European equities in addition to the above roles allocated to SYPA staff.

- 3.4 These staff will transfer on their current terms and conditions as required by the TUPE regulations.
- 3.5 Members will be aware of correspondence with Unison on the subject of the recognition of Trades Unions for the purposes of collective bargaining. BCPP have subsequently invited Unison to meet with them and discuss their areas of concern, although as yet it is not known whether there has been any response to this. This issue is, in governance terms, one for the BCPP Board to resolve. As indicated in the letter sent by the Chair to all members of the Authority on this subject the position taken by SYPA is that we are strongly supportive of the recognition of trade unions.
- 3.6 BCPP continues to recruit in order to bring the organisation up to strength in all areas, and has been successful in attracting staff at a range of levels across the whole range of its activities.
- 3.7 The company will be moving into their new offices at Toronto Square in central Leeds at the beginning of June with staff subject to TUPE transferring on 2<sup>nd</sup> July.

#### Asset Transition

- 3.8 BCPP has now received the necessary approvals from the FCA for both the organisation and the investment structures and the process of transferring assets from SYPA into BCPP's new pooling structures will commence on 2<sup>nd</sup> July with UK and overseas developed market listed equities. At this point SYPA will transfer the relevant holdings to a transition manager who will restructure the portfolios to achieve BCPP's required starting point and then transfer them to BCPP. This process will take around a week and will be overseen by a Transition

Adviser whose role on behalf of SYPA as investor is to ensure that any impact on value is minimised.

- 3.9 It had originally been intended to transfer emerging market equities in this transition, SYPA is the seed investor for this sub-fund, with Teeside moving assets into it at a later stage from a current passive fund. However, the results of the TUPE process mean that BCPP will not at this point have sufficient resource in place to be able to manage these assets. Consequently officers have agreed with BCPP to delay this transfer until the full BCPP team is in place, probably in September. SYPA will have staff in place who can continue to manage this portfolio until the point of transition, and while this will have some impact on the rate at which retained staff can transition into their new roles it reduces the risk to SYPA around the transition of these assets. The fact that BCPP have maintained dialogue on this and taken an approach which focuses on doing things right rather than achieving an arbitrary timetable reflects well on their overall approach and on the nature of the relationship they wish to develop with investor funds.
- 3.10 Prior to the final authorisation of the transition of assets a full due diligence exercise is being undertaken and details of this process will be reported to the Investment Board at its next meeting later this month. This work is being accompanied by a significant amount of work to ensure that things like tax documentation are in place for each individual holding. Appropriate delegation arrangements were agreed at the last meeting to allow for the relevant decisions to be taken in the required timescales.
- 3.11 The remainder of the Fund's internally managed assets, except property, will be managed by BCPP through an advisory agreement until they transfer into pooling structures. Management of the property portfolio will be reviewed as BCPP develops its internal expertise prior to pooling.
- 3.12 BCPP are developing a pooling structure for "alternative" assets such as private equity which it is anticipated will be launched towards the end of the calendar year. The structure chosen could allow some existing investments to be held within the structure, while not being pooled. While this option will not be immediately available it does present an opportunity for the Authority to consider options to transition assets more quickly and simplify the management of this element of the portfolio which is becoming more complex as it grows as a proportion of the total portfolio.

#### Governance

- 3.13 At the last meeting of the BCPP Joint Committee and subsequent Board meeting proposals were agreed to appoint 2 "shareholder" non-executive directors, who should be councillors able to meet the FCA's "fit and proper" test to be directors of a regulated entity. The agreed

process is for the Joint Committee to agree through an exhaustive ballot process two names for submission to the BCPP Board.

- 3.14 The deadline for receipt of nominations (including a personal statement) is 25<sup>th</sup> June with the nominations being considered at the Joint Committee meeting on 10<sup>th</sup> June. The same timescales and ballot process apply to the positions of Chair and Vice Chair of the Joint Committee, the latter role currently being held by Cllr Ellis.
- 3.15 Members will wish to consider the arrangements they wish to put in place for determining how to cast the Authority's vote at the Joint Committee.
- 3.16 Since the last meeting of the Authority the following shareholder resolutions and other related documents have been agreed which relate to papers considered at previous meeting of the Authority
- Approval of the BCPP operating budget for 2018/19.
  - Appointment of KPMG as external auditors following a procurement process.
  - Subscription for £833,333 worth of B shares to provide regulatory capital to the business in line with the agreed business case.
- 3.17 The nature of these decisions indicates that the process of launching BCPP is nearing its completion and more and more of the final building blocks are being put into place.
- 3.18 An invoice for the remaining contribution to the set up costs of the company is expected in the coming days. This will be in line with the budgetary provision previously agreed.

#### SYPA Post Pooling Activity

- 3.19 Following the transfer of the first tranche of assets into the new pooling structures there are a number of tasks which SYPA as an organisation will need to consider in more detail with decisions coming to future Authority and Investment Board meetings as necessary over a period of time. The more significant issues to be considered include:
- Defining the relative responsibilities of the Authority and Investment Board going forward.
  - Developing appropriate forms of performance reporting to allow elected members to exercise their strategic responsibilities in relation to the Fund while also holding investment managers to account.
  - Reviewing and making changes to operational processes as the Fund moves over a period from being almost wholly internally managed to almost wholly externally managed.

- Adjusting the way in which officers and the Independent Advisers work together in order to both monitor the overall performance of the Fund in support of members and develop investment strategy.

### Conclusion

3.20 Considerable progress continues to be made towards the launch of BCPP's first investment structures and the foundations for the Authority's post pooling arrangements have been put in place.

#### 4) Implications and risks

- Financial – There are no additional financial implications outlined in this report. BCPP are in the process of drawing down both their regulatory capital and any remaining contributions to set up costs in line with the existing budgetary provision.
- Legal – The actions on the part of the Authority set out in this report are within its relevant powers and advice has been taken as necessary in considering the various agreements which the Authority has to enter into.
- Diversity – There are no immediate diversity implications.
- Risk – The pooling project appears in the corporate risk register and the measures outlined in this report are intended to reduce the Authority's overall risk exposure.

**George Graham**  
**Fund Director**

01226 772887

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

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## SOUTH YORKSHIRE PENSIONS AUTHORITY

7 June 2018

### The General Data Protection Regulation (GDPR)

#### 1. Purpose of the Report

To update members on progress with the continuing project to ensure compliance with the GDPR which becomes operative from 25 May 2018.

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#### 2. Recommendations

**Members are recommended to note the contents of the report and to comment on the progress being made**

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#### 3. Background Information

3.1 GDPR is operative from 25 May 2018 and applies to all EU organisations that hold and/or use personal data about individuals. This is the latest in a series of reports providing an update on our progress towards GDPR compliance.

#### 4. GDPR – Project Update

4.1 The GDPR legislation requires that organisations are compliant with the requirements of GDPR or have a plan in place to demonstrate that they are working towards compliance.

4.2 The table attached as **Appendix A** attempts to draw together the various key themes of the GDPR requirements as they relate to SYPA and to highlight progress against these themes. A number of areas are deemed to satisfy GDPR requirements and are marked as green in terms of status but continuous improvements are planned as outlined.

4.3 As indicated, the project is ongoing and will remain under continuous review as we work towards full compliance and as the implications of the legislation become more transparent through working practices and the outcome of case law.

#### 5. Implications and risks

- Financial - GDPR is an issue effecting the Authority as a whole and one which cannot be ignored. The costs associated with GDPR are not expected to be more than £50,000 in total and these costs will be met from the Corporate Strategy Reserve.
- Legal - SYPA is seeking legal advice on a number of service provider contract amendments to ensure they are GDPR compliant.

- Diversity – None
- Risk - Any risks of not being fully compliant with GDPR by the implementation date have been mitigated by plans in place demonstrating that SYPA is working towards full compliance and this will be kept under continued review.

**Officer responsible:** Jason Bailey, Head of Pensions Administration  
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**Background papers** used in the preparation of this report are available for inspection at the South Yorkshire Pensions Authority



GDPR Subject Area	Progress to Date	Further activity planned	Current Project status
Maintain records of data processing	Information Asset Register (IAR) is now in place across all teams and holds details of all retained information. Will be subject to continuous review. Data retention policy published.	Database of information data flows to be completed.	
Data Security Measures (1)	Cyber Security Essentials accreditation achieved following an independent audit.	Cyber Essentials Plus accreditation planned for later in 2018.	
Data Security Measures (2)	The internally developed systems, DART & EPIC, have been updated with additional security and auditing functionality.	An independent vulnerability assessment is planned in conjunction with SY Police.	
Data Security Measures (3)	Secure encrypted email in place for exchange of data with members and employers. Data Protection Policy revised and approved in line with Audit IT Risk Assessment.	New SQL database server to host encrypted data built and in testing. Main pensions database (UPM) and other systems will move to encrypted server once supported.	
Privacy Statements/Notices	Privacy statement published on website and referenced in standard documentation for new joiners to the fund.	Publish privacy notice in annual statements to active and deferred members and review standard documentation for all member types.	
Lawful Processing of Data	All employers in the fund have been issued with a memorandum of understanding confirming we have legitimate basis for processing data on their behalf and no data sharing agreement is required.	NA.	
Breach Management Process	Breach reporting policy published and quick links to reporting breaches created on staff intranet home page. All staff briefed on reporting requirements.	Bespoke training on breach reporting to be provided to all staff.	
Staff Training and Awareness	All staff within SYPA completed the BMBC online development tool on GDPR compliance.	See above.	
Service Provider Contracts	A number of data sharing agreements signed but legal advice requested from BMBC to confirm compliance with GDPR requirements.	Completion of all data sharing agreements.	
Policy/Governance	Working group of senior managers within SYPA review progress monthly against ICO Data	Ongoing review.	

	Controller Checklist. Overall ownership of project managed by Head of Pensions Administration.		
Data Protection Officer (DPO)	Meeting taking place with BMBC DPO at end of May to confirm arrangements for acting as DPO for SYPA.	Confirmation of DPO.	