



**SOUTH YORKSHIRE
PENSIONS AUTHORITY**

Diana Terris
Clerk

18 Regent Street
Barnsley
South Yorkshire
S70 2HG

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NOTICE OF AUTHORITY MEETING

You are hereby summoned to a meeting of the South Yorkshire Pensions Authority to be held in Meeting Room 14, Town Hall, Barnsley, S70 2TA on Thursday 4 October 2018 at 10.00 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
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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.

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SOUTH YORKSHIRE PENSIONS AUTHORITY

4 OCTOBER 2018 AT 10.00 AM IN MEETING ROOM 14, TOWN HALL, BARNSELEY, S70 2TA

Agenda: Reports attached unless stated otherwise

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1	Apologies	
2	Announcements	
3	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.	
4	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).	
5	Declarations of Interest.	
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21	Pooling Update	Verbal Report
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Agenda Item 6

SOUTH YORKSHIRE PENSIONS AUTHORITY – ANNUAL MEETING

7 JUNE 2018

PRESENT: Councillor S Ellis (Chair)
Councillor M Stowe (Vice-Chair)
Councillors: A Bainbridge, S Cox, A Hurst, J Mounsey, A Teal,
A Sangar, I Saunders and R Wraith

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

Officers: A Frosdick (Monitoring Officer), J Bailey (Head of
Pensions Administration), G Graham (Fund Director) and
M McCoolle (Senior Democratic Services Officer)

Apologies for absence were received from Councillor S Durant,
Councillor K Wyatt, N Copley and M McCarthy

1 APPOINTMENT OF THE CHAIR FOR THE ENSUING YEAR

RESOLVED – That Councillor Sue Ellis be appointed as Chair of the Authority for the forthcoming year.

2 APPOINTMENT OF THE VICE-CHAIR FOR THE ENSUING YEAR

RESOLVED – That Councillor Mick Stowe be appointed as Vice-Chair of the Authority for the forthcoming year.

3 MEMBERSHIP OF THE AUTHORITY

A report of the Clerk on the membership of the Authority was presented. The current membership was noted as:-

Barnsley Councillors	Doncaster Councillors	Rotherham Councillors	Sheffield Councillors
M Stowe R Wraith	S Durant J Mounsey S Cox	S Ellis K Wyatt	A Bainbridge A Hurst A Sangar I Saunders A Teal

Councillor Ellis expressed her gratitude to Councillors Harpham, Sykes, Hussain and Richardson, who had served on the Authority during the 2017-18 municipal year; a letter of thanks would be sent to those Members on behalf of the Authority. Councillor Ellis welcomed Councillor Stowe back onto the Authority, together with Councillors Bainbridge, Hurst and Teal. She thanked Councillor Wraith for the invaluable experience that he had provided as Vice-Chair to the Authority during the 2017-18 municipal year.

Pensions Authority Annual Meeting: Thursday 7 June 2018

RESOLVED – That Members noted:-

- i) The contents of the report.
- ii) A letter of thanks would be sent on behalf of the Authority to Councillors Harpham, Sykes, Hussain and Richardson, who had served on the Authority during the 2017-18 municipal year.

4 QUESTIONS IN MEETINGS OF DISTRICT COUNCILS

A report of the Clerk was submitted to consider the appointment of representatives of the Authority to answer questions raised in meetings of the District Councils and to feedback District Council pension issues at each meeting of the Pensions Authority.

The appointments and substitutes for 2018/19 were noted as follows:-

Council	Spokesperson	Substitute
Barnsley MBC	Cllr M Stowe	Cllr R Wraith
Doncaster MBC	Cllr J Mounsey	Cllr S Durant
Rotherham MBC	Cllr S Ellis	Cllr K Wyatt
Sheffield CC	Cllr I Saunders	Vacancy

It was decided, as not all of the Sheffield City Council Members were in attendance, that the appointment of a Section 41 substitute Member would be notified to the next Authority meeting.

RESOLVED – That Members:-

- (i) Agreed the Section 41 appointments to the Authority, as detailed above.
- (ii) Noted that the appointment of a Sheffield City Council Section 41 substitute Member would be notified to the next Authority meeting.

5 APPOINTMENT OF BOARD AND COMMITTEES

A report of the Clerk was presented to consider the appointment of Boards, Committee and Chairs for 2018/19.

Membership was confirmed as:-

Corporate Planning & Governance Board	Investment Board	Management Committee
7 members	7 members	Section 41 Members
Cllr M Stowe (Chair)	Cllr S Ellis (Chair)	Cllr M Stowe Cllr R Wraith (Sub)
Cllr S Ellis (Vice-Chair)	Cllr M Stowe (Vice-Chair)	Cllr J Mounsey Cllr S Durant (Sub)

Pensions Authority Annual Meeting: Thursday 7 June 2018

Cllr S Durant	Cllr S Cox	Cllr S Ellis Cllr K Wyatt (Sub)
Cllr A Hurst	Vacancy	Cllr I Saunders Vacancy (Sub)
Cllr A Bainbridge	Cllr J Mounsey	
Vacancy	Cllr A Sangar	
Cllr K Wyatt	Cllr I Saunders	
And three trades unions representatives	And three trades unions representatives	

Nominations were received for Councillors Teal or Wraith to be appointed onto the Investment Board. Councillor Ellis suggested that the matter be left in abeyance, whilst A Frosdick consulted relevant Members further. Members endorsed the principle that due consideration be given to the need for representation on the Investment Board to reflect the political proportionality of the membership of the Authority. The outstanding vacancy on the Investment Board and the Corporate Planning and Governance Board would be determined in due course in the light of that further consultation and if necessary the issue would be considered further by the Authority at its next meeting.

RESOLVED – That Members:-

- i) Agreed the Terms of Reference and membership of the Boards and Management Committee and their Chairs for 2018/19.
- ii) That there be further consultations with relevant members having due regard to the principle of political proportionality in relation to the vacancy on the Investment Board.
- iii) Noted that the outstanding vacancy on the Investment Board and the Corporate Planning and Governance Board would be determined in due course.

CHAIR

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SOUTH YORKSHIRE PENSIONS AUTHORITY

ORDINARY MEETING

7 JUNE 2018

PRESENT: Councillor S Ellis (Chair)
Councillor M Stowe (Vice-Chair)
Councillors: A Bainbridge, S Cox, A Hurst, J Mounsey,
A Sangar, I Saunders, A Teal and R Wraith

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

Officers: J Bailey (Head of Pensions Administration),
A Frosdick (Monitoring Officer), G Graham (Fund Director) and
M McCoolle (Senior Democratic Services Officer)

Apologies for absence were received from Councillor S Durant,
Councillor K Wyatt, N Copley and M McCarthy

1 APOLOGIES

Apologies for absence were noted as above.

2 LOYAL SERVICE AWARDS

The Authority expressed its thanks to Melanie Dassow and Cath Lyman who had met the criteria for loyal service awards but were unable to be present today.

Councillor Ellis noted that at the end of June 2018 the Authority's Investment Team would transfer to BCPP. She expressed her thanks and appreciation to the Team for their work over many years and considered that they embodied the ethos of the public sector at its best, with impeccable investment knowledge and skills.

Councillor Ellis presented awards to celebrate the service of the Investment Team to the Authority to Sharon Smith, Jane Firth, Ross Martin, Kevin Palmer, Shaun Lovett, Peter Turnor and Myles Andrews.

3 ANNOUNCEMENTS

Councillor Ellis informed Members that the new mobile webcasting equipment would be trialled at today's meeting. She introduced Jason Bailey, Head of Pensions Administration to the meeting.

J Bailey had recently joined the Authority after working at Surrey and East Sussex County Council Partnership for the past 15 years, with a total of 25 years' experience in local government pensions. He was delighted to head up the very professional and dedicated administration team in South Yorkshire.

4 URGENT ITEMS

None.

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

None.

6 DECLARATIONS OF INTEREST

None.

7 MINUTES OF THE AUTHORITY MEETING HELD ON 15 MARCH 2018

RESOLVED – That the minutes of the Authority meeting held on 15 March 2018 be agreed and signed by the Chair as a correct record.

8 MINUTES OF THE CORPORATE PLANNING AND GOVERNANCE BOARD HELD ON 15 FEBRUARY 2018

RESOLVED – That the minutes of the meeting of the Corporate Planning and Governance Board held on 15 February 2018 be noted.

9 MINUTES OF THE INVESTMENT BOARD HELD ON 8 MARCH 2018

RESOLVED – That the minutes of the meeting of the Investment Board held on 8 March 2018 be noted.

10 MINUTES OF THE LOCAL PENSION BOARD HELD ON 18 JANUARY 2018

At the Local Pension Board Meeting held on 15 March 2018, G Boyington had stepped down as Chair and a Member of the Board.

Councillor Ellis expressed her thanks, on behalf of the Authority, to G Boyington, who had been incredibly diligent and astute as a Member of the Board since its inception; a letter of thanks would be sent to G Boyington on behalf of the Authority.

Councillor Wraith echoed Councillor Ellis' sentiments, and he expressed his best wishes to G Boyington in his retirement.

Councillor Stowe expressed his thanks, both personally and professionally, to G Boyington, and he wished him well in his retirement.

RESOLVED – That:-

- i) The minutes of the meeting of the Local Pension Board held on 18 January 2018 be noted.
- ii) A letter of thanks to be sent to G Boyington, on behalf of the Authority.

11 MINUTES OF THE LOCAL PENSION BOARD HELD ON 15 MARCH 2018

RESOLVED – That the minutes of the meeting of the Local Pension Board held on 15 March 2018 be noted.

12 WORK PROGRAMME

The Authority considered its Work Programme to 22 November 2018.

Councillor Ellis informed the new Members onto the Authority that the Work Programme formed a standard agenda item. Members were permitted to make suggestions for inclusion onto the Work Programme and to raise any issues discussed at their respective local authorities. Work would commence to refresh the Investment Strategy; Members would be invited to a seminar and workshop which would be held in September 2018.

RESOLVED – That the Work Programme was noted.

13 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

Councillor Ellis commented that RMBC welcomed the newly appointed G Graham and J Bailey onto the Authority.

14 COMPLIANCE WITH THE PRINCIPLES FOR INVESTMENT GOVERNANCE - SELF-ASSESSMENT

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

In October 2011, Members had adopted a system of self-assessment and had agreed to use a template to gauge compliance. Members had been issued with individual copies in January 2018, to be completed and returned at the end of the financial year (March 2018); 10 forms from the 12 forms issued had been returned. In the main, the scores were either Very Good or Excellent and no areas of concern or development needs had been identified.

RESOLVED – That the Authority:-

- i) Noted the contents of the report.
- ii) Agreed to any development needs arising from the results.

15 MEMBER LEARNING AND DEVELOPMENT STRATEGY

A report of the Clerk was submitted to provide Members with a forward look at learning and development arrangements in 2018/19. It was essential for every Member of a public authority to have continuous training and development. The requirements had been formalised following the introduction of more demanding governance requirements over the last 10 years.

Induction training would be arranged for the most recently appointed Members within 4 weeks of the Authority's AGM, and individual training needs analysis questionnaires

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would be completed for all Members, to ensure that specialist training could be arranged where necessary.

Councillor Ellis reminded the new Members of the expectation to complete the Fundamentals Training within their first year of appointment onto the Authority; the 2018 programme would be made available shortly.

G Warwick referred to the long standing arrangement for Trades Union representatives to be invited to attend appropriate training.

RESOLVED – That Members:-

- i) Nominated and appointed Councillor Sangar as Lead Member for Learning and Development.
- ii) Agreed to commit to a personal development review.
- iii) Agreed an annual training plan which could be developed further over the year as required.

16 REFRESH OF THE CORPORATE PLANNING PROCESS

A report of the Fund Director was presented to secure the agreement of Members to a refresh of the Authority's Corporate Planning process for delivery from 2019/20.

Members noted the very significant changes for the Authority since the last update in 2015, 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 was therefore considered an opportune time to reflect on the Authority's objectives to ensure that key issues were focussed upon.

RESOLVED – That Members:-

- i) Approved the Corporate Planning framework set out in Appendix A to the report.
- ii) Noted the process of stakeholder engagement around corporate priorities proposed over the remainder of the current year.
- iii) Noted the timetable set out for producing the various 'enabling' strategies.

17 REVIEW OF CORPORATE SUBSCRIPTIONS

A report of the Fund Director was presented to allow Members to consider the current corporate subscriptions and levies and to allow them to indicate whether they wished to renew and/or add additional subscriptions.

Councillor Ellis suggested that the Authority should subscribe to the Pensions and Lifetime Savings Association (formerly the National Association of Pension Funds), which provided access to a range of research and training events that were focused on particular groups e.g. elected members and pension investors.

RESOLVED – That Members:-

- i) Noted the current range of corporate subscriptions and levies.
- ii) Did not consider that any of the Authority's subscriptions should be terminated.
- iii) Agreed to subscribe to the Pensions and Lifetime Savings Association (formerly the National Association of Pension Funds).

18 WORKFORCE ISSUES

A report of the Fund Director was submitted 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 faced the Authority and necessary mitigation issues, and to seek approval for the Authority's Pay Policy Statement.

The profile of the Authority currently consisted of:-

- 66% of the workforce was aged over 40, with 21% aged 55 or over.
- The average length of service within the Authority was 14.2 years.
- 62% of the workforce consisted of females, with 38% males.
- Within the 25% of the highest paid roles, females represented 48.1% of the workforce.
- 4.6% of the workforce had a disability.
- The Authority did not currently have any staff from BME backgrounds.

A Frosdick highlighted that the job evaluation methodology had limited the equal pay risk at the local authorities.

G Graham stated that the current principal risk in relation to the Authority's workforce was the age profile which was irrespective of gender, although there was a tendency for women to retire earlier than men. The average member of staff had worked for the Authority for 14 years, the majority of which were pensions administrators with extensive pensions knowledge.

It would be pertinent to invest in technology and to recruit a new younger workforce, to be trained and developed prior to the retirement of the existing staff members over the next few years, in order to eradicate the risk to the Authority.

Councillor Bainbridge queried whether there was an opportunity to recruit apprentices or work experience individuals to SYPA.

G Graham stated that consideration would be given to apprenticeships, which would help to address the imbalance of the age structure of the workforce. It would though, also be necessary to recruit individuals mid-career who had the relevant experience, together with apprentices and school leavers.

J Bailey commented that historically, he was not aware that the Authority had widely offered work experience to those still at school, although he would look into the matter further; SYPA had a good connection with the schools and academies within South Yorkshire.

Councillor Bainbridge queried, if apprentices were to be recruited to the Authority, whether a financial incentive could be implemented for travel to the workplace in Barnsley.

J Bailey referred to the Authority's presence at the four local authorities; consideration would also be given to more agile working for the workforce in the future once the appropriate technology was in place.

RESOLVED – That Members:-

- i) Noted the Workforce Profile set out in Appendix A to the report.
- ii) Approved the Pay Policy Statement set out in Appendix B to the report.
- iii) Approved the adding of workforce issues to the Authority's risk register.
- iv) Instructed the Fund Director to develop proposals to address the risks and issues arising from the information contained in the report for inclusion in the refreshed Corporate Strategy.

19 QUARTER FOUR PERFORMANCE SNAPSHOT REPORT

The Authority was presented with the Quarter 4 Performance Snapshot Report for 2017/18. The report provided a summary of the various information and statistics previously considered by the Authority's Boards.

G Graham reported an improvement on the Administration performance during the quarter. It was noted that 29 new employer contacts had signed up to the Authority's interactive facilities during the quarter, which equated to 468 employers that were now registered for EPIC. Only 7 employers, which covered 114 active members, had not registered for EPIC.

RESOLVED – That Members noted the report.

20 POOLING UPDATE

A report of the Fund Director was submitted 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).

At the last Authority meeting, changes had been approved to the post-pooling structure, and the restructure process for the finance team had been completed without a negative impact on staff. Sharon Smith had been assimilated into the new role of Head of Investment Strategy; the new role of Investment Analyst would be advertised shortly. TUPE transfer arrangements had been agreed for six of the Authority's Investment staff to BCPP on 2 July 2018, to transfer on their current terms and conditions, and appropriate roles had been identified. BCPP would relocate to their new offices at Toronto Square in central Leeds at the beginning of June 2018.

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It had been agreed, as a result of the TUPE process, that the Authority would continue to manage the emerging market equities until September 2018, to enable BCPP to have a full staffing resource in place to manage the assets.

Members' attention was drawn to the proposals agreed at the last meeting of the BCPP Joint Committee and subsequent Board meeting, to appoint two 'shareholder' non-executive directors. Councillor Ellis sought Members' nominations via email consultation; the job description and role profile would be recirculated to Members.

G Warwick highlighted the requirement for Trades Union representative involvement.

Councillor Ellis stated that she had been very pleased with the negotiations that had taken place in South Yorkshire, which had always involved Trades Union representation. It was important that the public sector ethos was embedded within each stage of the BCPP.

Councillor Mounsey stated that it was vital to provide the four local authorities with an update position on the BCPP as soon as possible.

G Graham would arrange for the four local authorities to be provided with an update position; he had recently begun to discuss BCPP with the S151 officers at the local authorities. The BCPP Chief Executive and Chair would attend the Investment Board meeting on 21 June 2018, to update Members on the latest position.

Councillor Ellis suggested that a special S41 Briefing Note should be produced to provide a BCPP update to the four local authorities.

RESOLVED – That Members:-

- i) Noted the contents of the report and the progress being made with the pooling process.
- ii) Agreed that nominations in relation to the appointment of two 'shareholder' non-executive directors onto the BCPP be made via email consultation.
- iii) Noted that the job description and role profile for the BCPP 'shareholder' non-executive directors would be recirculated to Members for consideration.
- iv) Noted that a special S41 Briefing Note would be produced to provide a BCPP update to the four local authorities.

21 THE GENERAL DATA PROTECTION REGULATION

A report of the Head of Pensions Administration was submitted to update Members on progress with the continuing project to ensure compliance with the General Data Protection Regulation (GDPR) which became operative from 25 May 2018.

It was noted that Rob Winter, Head of Internal Audit and Corporate Anti-Fraud at BMBC had agreed to act as Data Protection Officer for the Authority.

A Frosdick made reference to a number of data sharing agreements that required updating for GDPR and where legal advice had been requested from BMBC. These

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were being worked through progressively to confirm compliance with the GDPR requirements. It was envisaged that the exercise would be completed by the next Authority meeting in October 2018.

J Bailey reassured Members that the contracts for the main providers i.e. software provider print houses and actuaries, with which the Authority exchanged personal data, were already GDPR compliant.

RESOLVED – That Members noted the contents of the report.

CHAIR

SOUTH YORKSHIRE PENSIONS AUTHORITY

CORPORATE PLANNING AND GOVERNANCE BOARD

14 JUNE 2018

PRESENT: Councillor M Stowe (Chair)
Councillor S Ellis (Vice-Chair)
Councillors: K Wyatt, A Bainbridge and A Hurst

N Doolan-Hamer (Unison) and G Warwick (GMB)

Officers: G Graham (Fund Director), J Bailey (Head of Pensions Administration), N Copley (Treasurer), M McCarthy (Deputy Clerk), L Booth (Audit Manager) and A Shirt (Senior Democratic Services Officer)

Councillor R Wraith (Observer)

Apologies for absence were received from Councillor S Durant, D Patterson, B Clarkson, A Frosdick, G Richards, R Winter, R Khangura and R Pearson

1 APOLOGIES

Apologies for absence were noted as above.

2 ANNOUNCEMENTS

None.

3 URGENT ITEMS.

None.

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

None.

5 DECLARATIONS OF INTEREST

None.

6 MINUTES OF MEETING HELD ON 15 FEBRUARY 2018

RESOLVED – That the minutes of the meeting of the Board held on 15 February 2018 be agreed and signed by the Chair as a correct record.

7 WORK PROGRAMME

The Board considered its Work Programme to 14 February 2019.

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

8 REVIEW OF PENSIONS ADMINISTRATION

The Board considered a report which gave an update on administration issues for the period 1st January 2018 to 31st March 2018.

Members were made aware that the report presented at today’s meeting now included The Pensions Administration Report and the Employers’ Performance Report. It was noted that the Head of Pensions Administration proposed to refresh the contents of future reports presented to the Board.

Since the last report, one Pensions Officer had resigned which, together with existing vacancies, the Administration Team was currently operating with 3 FTE vacant posts. Members noted that steps were being taken to fill these vacancies.

During the period, priority performance had increased to 92%, which was the highest level for 2 years. Overall performance was 88%. It was noted that fewer cases had been processed in total compared to the previous reporting period. It was highlighted that this was not representative of a decline in performance, but due to the seasonal impact of the new school year which feeds through to the number of joiners and leavers processed in quarter 3.

Members noted that the Authority had a total of 10,044 pieces of outstanding case work categorised under ‘Active cases’ and ‘Pending’. In addition, 5395 cases were currently on hold due to the Authority awaiting a software development update which was scheduled to be released in July 2018.

In relation to employer performance against their SLAs, Members’ noted that a total of 4,533 cases had been submitted by the Fund’s employers in the reporting period. Of these, 2,440 were submitted within the SLA targets giving an overall performance figure of 53.83%.

Members were made aware that there had been a fall in the performance of Sheffield City Council from 71% last quarter to 36% in this quarter. As a result the overall performance of the four Councils had fallen from 85% last quarter to 75% this quarter.

J Bailey explained that the primary reason for the poor performance of Sheffield City Council was in relation to its poor responsiveness in terms of quantity and quality of data being received from Sheffield Schools outsourced payroll provider, Capita.

Members discussed the action which the Authority could take to address the poor performance, noting that, SYPA District staff had met with Capita to discuss the issues and problems and to assist with training and guidance where necessary, but to no impact.

Councillor Ellis requested that, for the benefit of new Sheffield City Council Members appointed to the Board, a briefing note be produced for them by the Head of Pensions Administration setting out further details of the performance of Sheffield City Council's outsourced payroll provider.

There had been eight formal complaints during the period, five of which were responded to within three working days. The other three were either one or two days over target. The majority of complaints related to delays in processing aggregations, whilst two complaints related to incorrect retirement benefit estimates.

One complaint, relating to an overstated retirement estimate, had been referred to the Pensions Ombudsman; the Authority were currently awaiting the determination. The majority of other appeals related to ill-health cases.

RESOLVED –

- i) That Members considered the contents of the report with a view to commenting on performance and indicating any areas that they may wish to receive further information on in future reports.
- ii) That the Head of Pensions Administration provides Sheffield City Council Board Members with a briefing note on the performance of Sheffield City Council's outsourced payroll provider.

9 BUDGET MONITORING

A report of the Treasurer was submitted to advise Members of current expenditure levels within the Authority against approved budget.

A summary of the major budget variances were set out in the report for Members' information.

The report highlighted that there were underspends of £143,363 when compared to the revised budget, which equated to a 1.97% saving. Full details of variations would be presented at the Authority's July 2018 Corporate Planning and Governance Board meeting.

RESOLVED – That the report be noted.

10 TREASURY MANAGEMENT: UPDATE

A report was presented to update Members on the treasury management operations of the Authority since the last report in October 2017.

Members were reminded that the Authority's Treasury Management Strategy for the financial year had been approved in March 2018.

It was noted that interest rates were still at historically low levels. The prediction of interest rates rises had slowed slightly.

Members noted that, in January 2018 the Authority had revised its counterparty limits in order for the Authority to manage effectively the substantially higher levels of cash that were being held. A list of counterparties used by the Authority over the last six months (in addition to the Authority's retained banks: Lloyds and HSBC) was attached as an appendix to the report for Members' information.

RESOLVED – That the report be noted.

11 ANNUAL GOVERNANCE STATEMENT 2017/18

A report of the Clerk was submitted to enable the Board to consider the Authority's Annual Governance Statement (AGS) for 2017/18.

The AGS was published with the annual Statement of Accounts and related to the governance framework as it applied during the year 1 April 2017 to 31 March 2018.

The draft AGS, attached at Appendix A to the report, outlined the following:-

- i. The purpose of the Governance Framework;
- ii. The Governance Framework;
- iii. The process of annually reviewing the effectiveness of the Governance and Internal Control Framework; and
- iv. Identifying development and improvement issues, arising from the annual evaluation, to be addressed during 2018-19.

Members' attention was drawn to three significant governance issues which had been included in the 2017/18 Annual Governance Statement Action Plan. It was noted that the actions taken to address these issues had, or would be reported to the Authority and the Investment and Corporate Planning and Governance Board at regular intervals throughout the year.

RESOLVED – That Members approve the Annual Governance Statement for 2017/18.

12 AUDIT COMMITTEE FUNCTION ANNUAL REPORT 2017/18

The draft Audit Committee Function Annual Report 2017/18 was submitted for approval and agreement to submit the report to the full Authority meeting on 4 October 2018.

The report covered the Board's work during the financial year 2017/18 in relation to its Audit Committee function and covered the Board's roles and responsibilities, membership, attendance and achievements.

RESOLVED – That Members:-

- i) Approved the Audit Committee Function Annual Report 2017/18; and
- ii) Agreed to submit the final report to the full Authority on 4 October 2018.

13 INTERNAL AUDIT: ANNUAL PLAN 2018/19

A report of the Head of Internal Audit was presented to inform Members of the Internal Audit Plan for 2018/19, together with a summary of audit activity in relation to the Pensions Authority/Service.

The report informed Members of the rationale and process for setting the Plan, which was based on a risk assessment process, historical data and consultation.

Members noted that a total of 228 days had been included within the Internal Audit Plan 2018/19 assigned to the Pensions Authority. This was slightly less than the number of planned days in 2017/18.

It was highlighted that, following consultation with the Pensions Management Team, three key priority areas of work (Equity Protection Scheme; Pension Fund Pooling Arrangements, and; Administering Authority for BCPP) had been identified for Internal Audit to provide the required assurances in these business areas in 2018/19.

RESOLVED –

- i) That Members agree the Internal Audit Plan 2018/19 at Appendix B to the report, and acknowledged the need for the Head of Internal Audit to exercise his professional judgement during the year to apply the Plan flexibly according to priority, risk and resources available.
- ii) That the Board receives monitoring reports from the Head of Internal Audit to demonstrate progress against the Plan including information where the Plan has materially varied from the original Plan.

14 INTERNAL AUDIT CHARTER 2018 - 2020

A report of the Head of Internal Audit and Corporate Anti-Fraud was submitted to present the Internal Audit Charter for 2018 to 2020. The update of the Charter had considered the requirements of the revised Public Sector Internal Audit Standards (PSIAS) that had become effective from 1 April 2017.

The Charter, which was complemented by regular reports and an annual report, was intended to provide the Board with assurances regarding how the Internal Audit function was resourced, managed, organised and delivered its responsibilities.

The latest review had ensured that the Charter reflected the changes within the broad client base, together with a revised structure of Internal Audit following a fundamental review through the Council's Future Council programme.

RESOLVED – That Members considered the Internal Audit Charter and were satisfied that it meets the requirements of the Public Sector Internal Audit Standards (PSIAS) and adequately represents and describes the required function to provide the Corporate Planning and Governance Board and senior management with a professional service.

15 INTERNAL AUDIT ANNUAL REPORT 2017/18

A report of the Head of Internal Audit and Corporate Anti-Fraud was submitted which reported on the Internal Audit Team's completed assignments throughout 2017/18, recommendations made and also the Head of Internal Audit's assurance opinion based on the work undertaken during the year.

Members noted that, based on the systems reviewed and reported on by Internal Audit during the year, together with management's response to issues raised, the Head of Internal Audit had given an Adequate assurance opinion.

L Booth confirmed that all audit assignments undertaken by Internal Audit during the 2017/18 financial year were now fully completed.

Councillor Ellis noted that the Audit Plan for 2017/18 contained 245 planned days of Audit work; she queried what the actual number of Audit days had been undertaken by Internal Audit in 2017/18.

L Booth replied that the original 2017/18 Audit Plan contained 245 days; with a total of 198 audit days been delivered in 2017/18. It was explained that the 2017/18 Audit Plan had also been reduced by 20 days due to management deferring audits to 2018/19. Additionally, the breadth and the outcomes of the completed reviews were sufficient to give a balanced opinion. Efficiencies had been developed within Internal Audit with regards to the coverage of Core Financial Systems.

RESOLVED – That Members considered and received the report.

16 INTERNAL AUDIT PROGRESS REPORT

A report of the Head of Internal Audit and Corporate Anti-Fraud was submitted to inform the Board of the work completed and that in progress by the Internal Audit Team from 1 February 2018 to 31 May 2018. The report also provided Members with the position with regard to the implementation of recommendations and to inform the Board about planned work and the performance of the Team.

It was noted that a total of 198 days of planned work had been completed, including 74 days since the last report to 31 March 2018, plus 27 days post 1st April 2018. In addition, 10 days of planned 2018/19 work had been delivered in line with expectations set out within the Plan profile.

Members were informed that there were no new significant control or compliance issues to bring to the Board's attention as a result of Internal Audit work completed during the period. There were also no longstanding recommendations to bring to the Board's attention.

RESOLVED – That Members considered the report.

CHAIR

SOUTH YORKSHIRE PENSIONS AUTHORITY

CORPORATE PLANNING AND GOVERNANCE BOARD

19 JULY 2018

PRESENT: Councillor M Stowe (Chair)
Councillor S Ellis (Vice-Chair)
Councillors: A Bainbridge, S Durant, A Hurst and K Wyatt

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

Officers: G Graham (Fund Director), J Bailey (Head of
Pensions Administration), B Clarkson (Head of Finance),
N Copley (Treasurer), M McCarthy (Deputy Clerk), G Richards
(Senior Democratic Services Officer) and L Booth (Audit
Manager, BMBC)

R Khangura and R Pearson (KPMG)

Councillor A Teal and W Emery (Observers)

1 APOLOGIES

The Chair welcomed everyone to the meeting.

There were no apologies.

2 ANNOUNCEMENTS

None.

3 URGENT ITEMS.

There were no urgent items.

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 14 JUNE 2018

RESOLVED – That the minutes of the meeting of the Board held on 14 June 2018 be agreed and signed by the Chair as a correct record.

7 WORK PROGRAMME

The Board considered its Work Programme.

RESOLVED:- That the Work Programme be noted.

8 PENSIONS ADMINISTRATION

The Board considered a report which gave an update on administration issues for the period 1 April 2018 to 30 June 2018.

Members noted that the format of the administration update had been amended for the 2018-19 financial year. For reporting on the performance of the administration team the performance summary had been detailed by case type to reflect the main areas of work which were covered by the Customer Charter.

In relation to employer performance, the reporting had been updated to take account of the introduction of Monthly Data Collection (MDC).

The Board were informed that the overall performance for the period was 87%; the 2017-18 year overall performance was 82%.

The report contained a table which showed the casework areas broken down by subject type; priorities were deaths and retirements.

The table showed that the processing of deaths stood out as a concern. J Bailey reported that death cases can be complex and it was unsurprising that some had missed the target of 4 days.

Targeted action had been taken to create a priority work queue under the control of the Performance Manager. Since the introduction of this control, performance on deaths had shown a significant improvement and currently stood at 95%.

The Board were informed that the Head of Pensions Administration was currently reviewing and implementing an updated administration process for death cases to ensure the cases were being handled in the most effective manner.

Members were reminded that employers were required to meet target standards for new starters, early leavers, retirement with immediate entitlement to benefits and death in service.

However, since the introduction of MDC from 1 April 2018 the requirement to submit documentation for the first two categories had been removed in part as they were identified automatically as part of MDC collection.

Under MDC employers were required to submit monthly returns by the 19th of the month following the pay period.

Members noted that the submission rate for the new MDC process had generally been high; it was also reported that of the 42/43 returns outstanding for the first two

months, 40 of those were attributable to employers who used Capita payroll services.

Capita's poor performance had been escalated to Capita senior management and a plan of action had been agreed. As requested a separate report had been drafted for Sheffield City Council members and would be circulated upon receipt of Capita's recovery plan.

There had been a significant increase in sickness absence which had been predicted as four members of staff were on long-term sickness absence. Of the four, three had now returned to work on a full or phased basis so it was likely that Quarter 2 would show an improvement.

Members noted that there had been four formal complaints during the reporting period compared to eight in the previous quarter. All four complaints were responded to within the 3-day response time.

RESOLVED – That the report be noted.

9 ANNUAL REVIEW OF ILL HEALTH RETIREMENT AND APPEALS

The Board considered a report that gave an update on the number and cost of ill-health retirements and the number and type of appeals during the period 1 April 2017 to 31 March 2018.

Members were reminded that SYPA had a robust arrangement in place for the provision of an independent registered medical practitioners (IRMP) report prior to an employer reaching a decision on ill-health retirement; this was not universal across the LGPS.

The Board noted that there were a total of 137 cases submitted to the IRMPS in 2017-18. This was a reduction from 143 referrals in 2016-17.

Appendix A showed the number of cases split by type and showed that 91% of cases were first time assessments whilst 9% were appeals/reviews.

Appendix B showed the outcome of the assessments. Of the first time assessments, 57% of cases met the criteria. This compared with 50% in 2016-17.

Appendix C showed the tier of benefits that were recommended for ill-health benefits that were supported. 94% were awarded the highest Tier 1, this compared to the national average of 78%. Members noted that only 2% of total retirements at SYPA are ill-health compared with 3.6% nationally.

Appendix D provided an analysis of the costs falling on the pension fund (and therefore on the employer) as a result of ill-health retirements which were over and above the funding of age retirements.

In relation to appeals concerning ill-health retirements, Members noted that there had been eight during 2017-18; one of these was supported and seven were not.

In addition to ill-health appeals, there was one Stage 1 appeal and one Stage 2 appeal against SYPA during the year. The Stage 1 appeal related to the SYPA decision around the distribution of a death grant and was dismissed. The stage 2 appeal related to the incorrect payment of benefits and was also dismissed.

RESOLVED – That the report be noted.

10 BUDGET MONITORING

A report was submitted to advise Members of current expenditure levels within the Authority against the approved budget.

The Board noted that there were no unexpected major variances and that the budget was where it was expected to be for the first quarter of the year.

With regard to budgetary provision for the cost of the office move, Councillor Ellis commented that the Authority should not be out of pocket as they were acceding to a request from Barnsley MBC.

RESOLVED – That the report be noted.

11 RISK MANAGEMENT

A report was submitted to enable the Board to review the Authority's Risk Register.

The Board noted that two additional risks had been added around workforce issues and Annual Benefit Statements; commentary had been amended to several of the risks.

Members noted that a detailed review of the Risk Register was scheduled for the autumn and a workshop was planned.

RESOLVED – That the report be noted.

12 KPMG ANNUAL GOVERNANCE REPORT (ISA 260)

R Khangura presented the External Audit ISA260 report. The report summarised the key issues identified during their audit of the Authority's financial statements for the year ending 31 March 2018.

The Board were informed that it was anticipated that an unqualified opinion on the Authority's financial statements would be issued by 31 July 2018.

Cllr Ellis questioned the lateness and validity of KPMG's request to make an amendment to the accounts regarding actual fund returns to March.

R Khangura explained that the real return was higher than the Mercer's assumptions which made a difference of £108,000 which was above the materiality level of £100,000.

Officers and members expressed disappointment with the situation and questioned the reasoning behind the decision to require an amendment at such a late stage.

Cllr Ellis commented that it had marred the end of what had previously been a good relationship with KPMG.

N Copley also expressed disappointment but informed the Board that the issue was not unique to SYPA as Barnsley MBC and South Yorkshire Fire and Rescue Authority had both had the same issue raised by KPMG.

The Board were informed that KPMG had concluded that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources and anticipated issuing an unqualified value for money opinion.

KPMG had reviewed the Authority's Annual Governance Statement and confirmed that it complied with the guidance issued by CIPFA/SOLACE.

RESOLVED:- That the report be noted.

13 STATEMENT OF ACCOUNTS 2017/18

A report of the Treasurer was submitted seeking the Board's approval of the audited Statement of Accounts.

The Board were informed that, due to a last minute request from KPMG to make an amendment to the Authority's accounts, they were being asked to approve the accounts that had been tabled at the meeting and not those contained within the agenda pack.

Members noted that the Statement of Accounts had to be signed off by the External Auditor by 31 July 2018 to meet statutory requirements. The Auditor had completed the audit and their findings had been reported earlier in the meeting in the report to those charged with governance (ISA260) prior to giving their final opinion.

One presentational amendment had been made to the Statements as a result of the audit along with the amendment to the Actual Fund returns as requested by KPMG.

The Board noted the Summary Fund Account and Net Assets Statement at Appendix A and the Summary of Administration and Investment Management Expenses together with explanations of major variances attached at Appendix B.

RESOLVED:- That the Statement of Accounts for 2017/18, as tabled at the meeting, be approved and that the Chair of the Board be authorised to sign them.

14 LETTER OF REPRESENTATION

A report of the Treasurer was submitted to seek approval for the Treasurer's formal letter to the Auditor giving representations regarding the information in the final accounts for 2107/18, as set out in the Accounts and Audit Regulations 2015.

Members noted that as part of the external audit process the auditor was required to receive a management representation letter in respect of the audit it undertook.

The letter gave assurances on the financial statements and how they had been prepared. It also gave assurances relating to internal controls with regard to fraud or suspected fraud.

RESOLVED:- That the Treasurer's Letter of Representation is noted and confirmed and would be signed by the Chair.

15 SOUTH YORKSHIRE PENSIONS FUND ANNUAL REPORT 2017/18

A report was submitted to present the draft South Yorkshire Pensions Fund Annual Report for 2017/18 for Member's consideration.

It was noted that CIPFA had issued guidance which suggested that it was good practice that the Annual Fund Report be formally reviewed by those charged with governance of the Fund prior to publication.

RESOLVED:- That the Board approve the Annual Fund Report submitted today for publication.

CHAIR

SOUTH YORKSHIRE PENSIONS AUTHORITY

INVESTMENT BOARD

21 JUNE 2018

PRESENT: Councillor S Ellis (Chair)
Councillors: M Stowe (Vice-Chair), S Cox, J Mounsey,
A Sangar and I Saunders

Officers: F Bourne (Administration Officer), G Graham (Fund Director), G Richards (Senior Democratic Services Officer), S Smith (Head of Investments), A Frosdick (Monitoring Officer) and C Tyler (Principal Policy and Communications Officer)

R Elwell and C Hitchen (BCPP Ltd)

Trade Union Members: D Patterson (UNITE) and G Warwick (GMB)

Investment Advisors: T Gardener and L Robb

Councillor A Teal and Councillor R Wraith (Observers)

Apologies for absence were received from: N MacKinnon, N Doolan-Hamer and M McCarthy

1 APOLOGIES

The Chair welcomed everyone to the meeting. Apologies were noted as above.

2 ANNOUNCEMENTS.

It was noted that the Doncaster members would have to leave at 12.30pm.

3 URGENT ITEMS.

None.

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

RESOLVED – That item 15 ‘Operation of the Authority’s Arrangements for Independent Advice’ would be considered in the absence of the public and press.

5 DECLARATIONS OF INTEREST.

None.

6 MINUTES OF THE MEETING OF THE BOARD HELD ON 8 MARCH 2018

RESOLVED: That the minutes of the meeting held on 8 March 2018 be agreed and signed by the Chair as a true record.

7 WORK PROGRAMME

G Graham informed the Board that the Work Programme would be revised in the coming months to take into account the transfer of functions to Border to Coast Pensions Partnership (BCPP).

RESOLVED: That the Work Programme be noted.

8 PRESENTATION BY BORDER TO COAST PENSIONS PARTNERSHIP LTD

The Chair welcomed Chris Hitchen and Rachel Elwell, Chair and CEO of BCPP, to the meeting.

R Elwell gave a presentation to update the Board on progress at BCPP and to provide details about the first Sub-Funds to be launched.

The presentation included:

- The aims and aspirations of Border to Coast
- Progress to date in 2018
- Investment Team Structure
- Future Launches
- Implementation of Responsible Investment
- Transition Management; and
- Key Issues for South Yorkshire

R Elwell informed the Board that the team had recently moved into their new offices in Leeds; Members would be invited to visit in due course.

With regard to the 2-day training course that had been arranged the previous year, it was intended to repeat this in November 2018.

Members expressed concerns that Border to Coast's Responsible Investment Policy would not be robust enough.

R Elwell reassured the Board that the Policy had been developed by Jane Firth who had also developed SYPA's policy.

Border to Coast had engaged Robeco with regards to engagement and voting and ShareAction had been very complimentary about the policy.

The policy would be reviewed annually and signed off by the partner funds.

Cllr Stowe commented that there had been concerns that Border to Coast would not recognise Trade Unions.

R Elwell replied that the unions had been fully involved in the TUPE process and Border to Coast were quite happy to engage with the unions if their staff so wished them to do so.

Cllr Stowe also expressed disappointment at the lack of Trades Union involvement at Committee or Board level. He stated that Trades Union representatives could play an important role in campaigning, research, oversight and scrutiny and due diligence. It was vital that there was a mechanism for Trades Union involvement.

G Warwick agreed and pointed out the revised guidance from the Scheme Advisory Board that recommended that Trades Unions were involved in the pools.

C Hitchen was sympathetic but pointed out that this was a matter for the Shareholders and not Border to Coast.

S Ellis informed the Board that the matter would be included on the next Joint Committee agenda in July.

The Chair thanked C Hitchen for his attendance and R Elwell for an interesting and informative presentation.

9 POOLING UPDATE

The Board considered a report which provided an update on the progress of the transfer of assets into the Border to Coast pooling structures and the extent that the process would impact on the Authority's investments.

Members were reminded that they had approved a process by which the Fund Director would carry out a due diligence process on each of the investment structures proposed by Border to Coast and consult the independent advisors prior to approving the transition of any assets into the pool structures.

Officers had met with the advisors the day before the meeting and it had been concluded there were no obstacles to investing in the structures proposed by Border to Coast. All decisions would be made after consulting and receiving approval from the Chair and Vice-Chair.

The Board noted the position for the three listed equity funds which was:

- Transition for the UK Listed Equity Fund would begin on 2 July 2018.
- Transition for the Overseas Developed Market Equity Fund would begin on 9 July 2018
- The Emerging Market Fund would launch in September 2018 to allow time to ensure that Border to Coast had sufficient internal resource in place to manage the fund.

With regard to the Agricultural Property Portfolio, G Graham reminded Members that SYPA would retain management of the portfolio in house through a consultancy arrangement. This was not sustainable in the longer term and advice would be sought about how the portfolio could be managed in a sustainable way going forward. A report would be brought to the Board in due course.

RESOLVED: That the report be noted.

10 QUARTERLY REPORT TO 31 MARCH 2018

The Board considered the Quarterly Report to 31 March 2018.

Members noted that global equities had declined over the first quarter of 2018 due to several factors, including:

- Concerns regarding US interest rate rises.
- The protectionist stand of President Trump; and
- Concern of a trade war between the US and China.

The UK equity market fell 6.9% over the quarter and was the worst performing of all the developed markets. In the US, equities advanced at the beginning of 2018, whilst in Asia the Japanese economy continued its improvement although there were some signs of slippage.

For the quarter, the Fund returned -1.8% against the expected return of -2.4%, with the Fund value falling from £1893.7m to £7996.0m.

With regard to annual performance, the Fund returned 4.7% against the expected return of 3.8%. The performance was attributed to:

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

UK Equities – The outperformance of the UK FTSE 100 portfolio added more value than the underperformance of the mid cap portfolio.

Overseas Equities – Being overweight the asset class added value.

Alternatives - The performance was mixed across the portfolios.

Property - Performance was behind the benchmark overall but the commercial portfolio outperformed its benchmark with the agricultural portfolio underperforming.

T Gardner commented that the managers had worked very hard to achieve such performance and should be congratulated.

RESOLVED: That the report be noted.

11 ANNUAL PERFORMANCE REPORT

The Board considered a report which detailed the performance of the Fund for the period to the end of March 2018.

Members were informed that the performance of the Fund was now independently measured against its benchmark by Portfolio Evaluation Ltd. In addition, the Authority subscribes to the Local Authority Performance Analysis by PIRC Ltd along with another 60 local authority funds therefore giving a reasonable comparative universe analysis.

The reports from Portfolio Evaluation and PIRC were attached as appendices to the report.

As previously mentioned, the Fund had returned 4.7% over the year to March 2018.

Together all the Fund's portfolios had shown an outperformance against the overall benchmark of 0.4%. The remainder of the outperformance was due to the impact of the equity protection programme that was put in place early in March.

Performance within the Local Authority Universe showed the Fund achieved a return which was in the top quartile of funds that were measured. The average return was 4.5% with the median return being 4.0%. Property was the best performing of the major asset classes returning 10% over the year and being heavily weighted to this asset class was a feature of outperformance of the Universe.

Longer term the Fund was now showing outperformance of its benchmark over the one, three and five year periods. Relative to other funds SYPA had outperformed over all periods.

The Board noted that officers and Advisors would be reviewing the property portfolio in light of the changing nature of the high street and that the benchmark would be revisited. Longer term, decisions would have to be made about the agriculture portfolio.

RESOLVED: That the report be noted.

12 IMPLEMENTATION OF THE EQUITY PROTECTION STRATEGY

A report was submitted to provide the Board with an update on the implementation of the Equity Protection Strategy being managed by Schroder.

Schroder implemented the strategy during March 2018 through the purchase and sale of options on the major equity indices representing £2.6bn of the Fund's developed market equity exposures.

Mercer had reviewed the implementation of the strategy on behalf of SYPA and concluded that the strategy had been implemented in line with the mandate given.

As mentioned earlier, the strategy had already had a beneficial effect on the year-end position of the fund by insulating against the full effect of the significant market falls around the turn of the financial year.

RESOLVED: That the report be noted.

13 PROPERTY PORTFOLIO: MANAGEMENT ISSUES UPDATE

A report of the Fund Director was submitted which gave an update on matters relating to the asset management of the investment property portfolio.

As predicted the previous year, the sum spent on empty property rates had increased because the newly acquired industrial parks took time to let. The Warrington property continued to be a drain but the letting out of some of the car park spaces was partially offsetting that. Currently there was an active interest in the property but if this didn't materialise other options would be considered.

The Board were informed that currently the Authority's insurance arrangements were tendered under a framework agreement managed by Barnsley Metropolitan Council. In future it was intended to seek quotes for the agricultural portfolio outside of the agreement as this would open the bidding to mutual insurers who were otherwise excluded.

Members noted that political uncertainty surrounding the Brexit process continued to affect all aspects of real estate management but was especially important for agriculture. Practitioners were postponing decisions until there was a better understanding of the outcome of the process.

RSOLEVED: That the report be noted.

14 RESPONSIBLE INVESTMENT ISSUES

The Board considered a report which gave an update on activity in relation to a number of responsible investment issues.

The report detailed items discussed at the last business meeting of LAPFF and also LAPFF's quarterly engagement report.

It was noted that the LAPFF Annual Conference would take place on 5-7 December 2018 at the Hilton Hotel in Bournemouth. In previous years an elected member had attended the conference along with an officer. If the Chair could not attend, Members would be canvassed for their availability.

Members were informed that the current AGM voting season had reached its peak. Over 400 shareholder proposals had been put forward with over two-thirds related to social or environmental issues.

The Authority supported a number of shareholder resolutions related to climate change and lobbying, including proposals at Royal Dutch Shell and Rio Tinto.

Members were reminded that the Authority was party to litigation to recover withholding tax paid on "manufactured overseas dividends". The litigation involved the interaction of EU law and HMRC's interpretation of UK tax law. The case had recently been considered by the Upper Tribunal who found against HMRC in the test case; the judgement appeared to be comprehensively in favour of the claimants. Given the sums of money involved it is thought likely that HMRC would take the case to the Court of Appeal. When a final judgement is received a further report would be made to the Authority.

RESOLVED: That the report be noted.

RESOLVED:

That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act and the public interest not to disclose information outweighs the public interest in disclosing it.

15 OPERATION OF THE AUTHORITY'S ARRANGEMENTS FOR INDEPENDENT ADVICE

A report was submitted to review the Authority's current arrangements for independent advice in the context of the transfer of assets to Border to Coast and the consequent changes in the role of the Authority as it moved away from directly "running money" to focussing on setting strategy and managing performance.

RESOLVED: That the Board:

- i) Accept the resignation of one of the Advisors with effect from 31 August 2018.
- ii) Approve the changes in the way in which the Authority's arrangements with its independent advisors would operate as set out in the report.
- iii) Approve the reappointment of the two remaining advisors up to the end of August 2019.
- iv) Approve the process for the "refresh" of the Advisory panel from September 2019 as set out in the report.

CHAIR

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SOUTH YORKSHIRE PENSIONS AUTHORITY

PENSION BOARD

7 JUNE 2018

PRESENT: J Thompson (Employer, Action Housing) (Chair)

N Gregory (Academy Representative), N Doolan-Hamer (Unison), K Morgan (Unite), S Ross (Scheme Member) and G Warwick (GMB)

Officers: M McCarthy (Deputy Clerk), G Graham (Fund Director), M McCoolle (Senior Democratic Services Officer), L Booth (Audit Manager) and J Bailey (Head of Pensions Administration)

Apologies for absence were received from G Berrett and N Simpson

1 ELECTION OF CHAIR AND VICE CHAIR

RESOLVED – That Members:-

- i) Appointed J Thompson as Chair of the Local Pension Board.
- ii) Appointed S Ross as Vice Chair of the Local Pension Board.

2 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting and introductions were made.

Apologies for absence were noted as above.

3 DECLARATIONS OF INTEREST

None.

4 ANNOUNCEMENTS

None.

5 MINUTES OF THE MEETING HELD ON 15 MARCH 2018

L Booth requested that the minutes be amended to reflect her attendance at the last Board meeting.

M McCarthy stated that A Hunt, the Risk and Governance Manager at BMBC had considered that the Authority's public indemnity insurance, up to a figure of £2m, was sufficient.

RESOLVED – That subject to the above amendment, the minutes of the Board held on 15 March 2018 be agreed as a true record.

6 WORK PROGRAMME

The Board considered its Work Programme which provided an overview of the topics for discussion over the ensuing year.

RESOLVED – That the Work Programme be noted.

7 SY LOCAL PENSION BOARD ANNUAL REPORT 2017-2018

Members were presented with the South Yorkshire Local Pension Board's Annual Report 2017/18. Members' comments were sought on the Annual Report, prior to the document being made available on the Authority's website.

S Ross suggested that the style and format of the Annual Report should be discussed over the year.

K Morgan requested that the Annual Report be amended to indicate that he was now a Unite Trades Union representative.

RESOLVED – That:-

- i) Members' comments were sought on the Annual Report.
- ii) The Annual Report would be amended to reflect that K Morgan was now a Unite Trades Union representative.

8 INTERNAL AUDIT UPDATE

At the last Board meeting L Booth had been requested to regularly attend future meetings to provide Internal Audit progress updates. An annual Internal Audit report would be presented to the Corporate Planning and Governance Board meeting on 14 June 2018.

L Booth reported that the work in relation to the Internal Audit Plan 2017/18 was now complete, and that the 2018/19 Internal Audit Plan would commence, as agreed with officers and the Corporate Planning and Governance Board. All opinions from each Internal Audit review had been positive, and no fundamental recommendations had been made during the year. In 2016/17 a total of 28 recommendations had been made, compared to 23 recommendations in 2017/18. L Booth considered, from an Internal Audit perspective, that the Authority's direction of travel was exceptional.

The Internal Audit Plan for the Authority for 2018/19 would focus upon supporting the Border to Coast Pensions Partnership (BCPP), to include how the relationship with BCPP and the Authority was managed, together with the timescales for making proactive decisions.

J Thompson requested that update reports should be provided to future Board meetings.

RESOLVED – That Members:-

- i) Noted the update.
- ii) Noted that update reports would be provided to future Board meetings.

9 ANNUAL REVIEW OF THE CONSTITUTION AND TERMS OF REFERENCE

Members were presented with a report to review the Board's Constitution and Terms of Reference, which was reviewed annually. Several changes had been made since the Board's inaugural meeting in July 2015, which included strengthening the Terms of Reference, with the inclusion of a compliance section with the Regulations and relevant legislation, and updates to reflect the transfer of the Passenger Transport Pension Fund to the Greater Manchester Pension Fund.

The report sought Members' consideration to determine whether to increase the membership back to 12 Members, or to reduce it to 10 Members and to recruit one Scheme Member to fill the vacancy.

Members agreed to reduce the Board's membership to 10 Members, and to recruit one Scheme Member.

M McCarthy would review the Board's membership composition in relation to the appointment of the Scheme Member vacancy.

An induction session would be provided to the newly appointed Members onto the Board, and various events would be made available to all Members during the course of the year. M McCarthy referred to an opportunity to explore a number of issues around the pensions sector, which may impact upon the Authority; he would work with the Chair and Vice Chair on the matter, and report back to the Board accordingly.

S Ross suggested that a tailored approach to training would be helpful to enhance Members' understanding of the pensions sector.

M McCarthy stated that a pro-forma questionnaire would be despatched to Members to identify any individual training requirements.

The Pensions Regulator had indicated that the staffing level would significantly increase by 20%, and that training knowledge for the public sector would be focussed upon over the next 12 months to 2 years.

J Bailey highlighted the importance for Members to undertake GDPR training in relation to pensions administration. An exercise was currently underway to screen the Authority's pensions data against the deaths of Scheme Members.

J Thompson suggested that it would be useful to have a thematic approach to the Work Programme, to enable a thought process from a customer perspective and the quality of data. She suggested that the Constitution be amended to include GDPR within the Data Protection section.

G Graham stated that a review of the Authority's Constitution arrangements would be undertaken over the next 12 months, to include the Terms of Reference.

RESOLVED – That Members:-

- i) Commented and made suggestions for amendments to the Terms of Reference and Constitution.
- ii) Agreed to reduce the Board's membership to 10 Members, and to recruit one Scheme Member.
- iii) Noted that the Board's membership composition would be reviewed in relation to the appointment of the Scheme Member vacancy.
- iv) Noted that an induction session would be provided to the newly appointed Members onto the Board, and various events would be made available to all Members during the course of the year.
- v) A pro-forma questionnaire would be despatched to Members to identify any individual training requirements.
- vi) Noted that the Constitution be amended to include GDPR within the Data Protection section.
- vii) Noted that a review of the Authority's Constitution arrangements would be undertaken over the next 12 months, to include the Terms of Reference.

10 POOLING UPDATE

G Graham referred Members to the detailed pooling update report that had been presented to the Authority meeting held today, and was available on the Authority's website. A further report would be presented to the Investment Board meeting on 21 June 2018.

TUPE transfer arrangements had been agreed for six of the Authority's Investment staff to the Border to Coast Pensions Partnership (BCPP) on 2 July 2018, to transfer on their current terms and conditions, and appropriate roles had been identified. BCPP would relocate to their new offices at Toronto Square in central Leeds at the beginning of June 2018.

It had been agreed, as a result of the TUPE process, that the Authority would continue to manage the emerging market equities until September 2018, to enable BCPP to have a full staffing resource in place to manage the assets. A due diligence process was in place to determine the transfer of assets. A meeting would shortly be held with the Independent Advisors to secure sign off of the

proposal to transfer the assets, at which point G Graham would consult with the Chair and Vice Chair of the Authority.

Nominations had been sought from the Authority's Members to appoint two 'shareholder' non-executive directors to the BCPP.

G Graham referred to the Authority's in-house Investment Team, which operated differently in comparison to other pension funds and authorities in the way that independent advisors were utilised. The Authority was required to take appropriate advice in coming to decisions and the role of the advisers would develop to support this. Any unresolved matters at the point of transfer to BCPP would be reported to the Investment Board, and any significant variances would be reported to the Board, with a series of decisions published on the Authority's website.

RESOLVED – That Members noted the report.

11 ANNUAL GOVERNANCE STATEMENT

The Board considered a report on the Annual Governance Statement (AGS) that was published with the annual statement of accounts, and related to the governance framework as it applied during the year 1 April 2017 to 31 March 2018. In preparedness of the AGS for 2018/19, a new template would be utilised to provide a more thematic approach.

M McCarthy sought Members' comments on the AGS, to enable any amendments to be made and fed into the Corporate Planning and Governance Board meeting on 14 June 2018.

J Thompson queried whether it was appropriate for the Board to have sight of the Service's Risk Register. She requested that the confidential reporting procedures in relation to the Whistleblowing policy be presented to the next Board meeting for Members' consideration and comment.

M McCarthy stated that work was underway to merge the two risk registers.

RESOLVED – That Members:-

- i) Considered and commented on the Annual Governance Statement for 2017/18.
- ii) Noted that the confidential reporting procedures, in relation to the Whistleblowing Policy, be presented to the next Board meeting.

12 BUDGET MONITORING

Members were presented with the Board's expenditure for quarter ending 31 March 2018.

RESOLVED – That Members noted the position.

13 GDPR UPDATE

M McCarthy stated that GDPR would be addressed within the induction process for new Members and as part of the wider learning strategy.

J Bailey highlighted that the way in which the Authority held personal and sensitive data would continue to evolve. The Authority's staff had undertaken base level training on the GDPR requirements, which would continue to be enhanced. A privacy notice had been published to all Scheme Members to inform them how and why the Authority handled their personal data, together with a Memorandum of Understanding (MOU) to all employers within the Fund. Rob Winter, Head of Internal Audit and Corporate Anti-Fraud at BMBC, had agreed to act as Data Protection Officer for the Authority. Work would continue with the legal advisors to ensure that all of the data exchange was GDPR compliant.

J Thompson queried whether the Authority had cyber-crime insurance. M McCarthy would ascertain the position.

The Authority's data was backed up on a daily basis and stored off site. In the event of a fire or other incident, a contract was in place to enable the Authority to relocate from its headquarters in Barnsley to alternative premises in Wakefield.

RESOLVED – That the Members:-

- i) Noted the update.
- ii) To be informed as to whether the Authority had cyber-crime insurance.

14 BREACH REPORTING LOG

J Bailey informed Members of the requirement to incorporate data breach reporting, post GDPR.

Since the launch of the new process, a breach report had been received in relation to a Scheme Member's personal data that had been issued to another individual in error. The Authority had apologised to the Scheme Member concerned and no further issues had been raised; if the Board considered it appropriate, the matter would be reported to the Pensions Regulator.

Internal changes were currently being implemented to minimise the risk of a future occurrence. The Pensions Regulator had suggested that the Authority utilise a traffic light system to highlight the level of risk in relation to data breaches.

G Graham stated that the risk of a future data breach could be minimised further by transferring Scheme Members to electronic communication.

15 RISK REGISTER

Members considered a report to review the Authority's Risk Register. Since the Risk Register had last been presented to the Board, Risks 10 and 11 had been removed.

M McCarthy reassured Members that A Hunt would work with the Authority towards a merged Risk Register.

At the Authority meeting held today, it had been agreed to add an additional risk around workforce issues onto the Risk Register. In relation to Risk Number 07 'Failure to ensure the Authority protects the data it owns and the data it handles' the wording would be revised.

Members noted that a training session in relation to risk would be held during the course of the municipal year.

RESOLVED – That Members:-

- i) Reviewed the Risk Register.
- ii) Noted that the wording in relation to Risk Number 07 would be revised.
- iii) Noted that a training session in relation to risk would be held during the course of the municipal year.

CHAIR

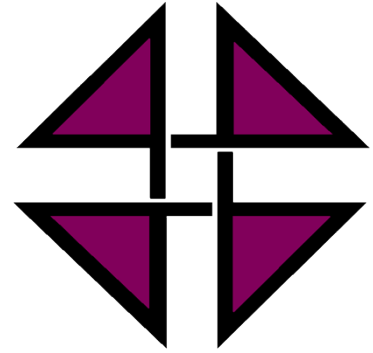
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South Yorkshire Pensions Authority – cycle of future meetings

Authority Meetings

Agendas	4 October 2018	22 November 2018	17 January 2019	14 March 2019
Business Items	Minutes	Minutes	Minutes	Minutes
	Work Programme	Work Programme	Work Programme	Work Programme
	S41 Feedback	S41 Feedback	S41 Feedback	S41 Feedback
	Local Pension Board Annual Report			Meeting Dates of Authority and Boards
	Senior Management Arrangements			
Board Scrutiny	Call-Ins	Call-Ins	Call-Ins	Call-Ins
Governance Matters	CP&GB Audit Committee Functions Annual Report	Annual Review of Risk Management Policy	Members Self-Assessment Report	Treasury Management Statement
	Gender Pay Gap	Budgets and Revised Estimates	Budgets and Revised Estimates	
	Governance Arrangements	FoIA Annual Report Publication Scheme		
	Contract Standing Orders			
	Government Actuary's Dept S13 Valuation			

	4 October 2018	22 November 2018	17 January 2019	14 March 2019
Service Delivery	Q1 Snapshot Report	Q2 Snapshot Report		Q3 Snapshot Report
	Pooling Update	Framework for the 2019 Actuarial Valuation		Actuarial Valuation 2019
Training & Development				



**SOUTH YORKSHIRE
PENSIONS AUTHORITY**

Business Planning and
Performance Framework 2018/19
for the Pensions Service
and Pensions Authority

**Performance Snapshot Report
2018/19: Q1**

ISSUED: September 2018

The strategic framework in outline

Pensions Service Strategic Objectives	Area of Impact
1: The Best	<ul style="list-style-type: none">1.1: Engaging with all our partners, including employers, to ensure that we understand and meet their agreed needs1.2: Providing an accurate and timely service to all customers1.3: Gaining and retaining external recognition through quality standards awards such as Charter Mark and Customer Service Excellence1.4: Ensuring that we continue to provide Value for Money
2: Investment returns	<ul style="list-style-type: none">2.1: Monitoring performance against the adopted benchmark and targets
3: Responsible Investment	<ul style="list-style-type: none">3.1: Developing and implementing a responsible investment policy that is compatible with the fiduciary duties of the Fund3.2: 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	<ul style="list-style-type: none">4.1: Maintaining a competent, valued and motivated workforce.4.2: Encouraging personal development to improve knowledge, skills and effectiveness.
5: Pensions Planning	<ul style="list-style-type: none">5.1: Providing information through written material to all customers5.2: Developing interactive website facilities5.3: Encouraging attendance at annual events to provide forums for discussion5.4: 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
Transactions with Members	13015 cases of which 87% were on target. This compares with 82% achieved during the 2017-18 financial year.	97%	Reduction in case completion from Q4 of around 27% mainly as a result of the impact of the Year End work being undertaken (for the final year) during the period

2. Investment Returns

Area under Review		Target	Status/Comment
Fund Value	£8210.5m	N/A	£7996.0m at end March.

Performance Against Benchmarks	Qtr 2.7%	Qtr 3.2%	Global equities rebounded this quarter. However, a feature was the notable decline in emerging markets partly due to the tightening conditions in the US and the exchange rate impacts on those countries running deficits. Investors became more nervous towards the end of the quarter due to the trade policy in the US and concerns about global trade barriers and US protectionism. There was no significant change in bond yields but increasing equity market volatility saw yields in safe havens such as Germany and the US decline.
	Equity protection reduced the return by 0.9%		

3. Responsible Investment

Area under Review	Activity During Quarter	Target	Status/Comment
Responsible Investment	Q2 Voting review published on web site.		
Shareholder Engagement			

4. Valuing Our Employees

Area under Review	Activity During Quarter	Target	Status/Comment
Staff Turnover	6 Leavers 0 New Starters	Annual 4.25%	Investment Managers TUPE Transferred to BCPP. No leavers from Administration teams.
Staff Training	Routine training for staff on Career Grade scheme. No external training. One member of staff obtained the full DPA Qualification in the Quarter and was promoted under the terms of the Career Grade Scheme.	Plan 100% up to date	GDPR online training for all staff. Further GDPR training being delivered in Q2.
Sickness Monitoring	4.3% total	None	An increase in sickness of 1.4% compared with previous quarter. Linked to long term absences for unrelated conditions.

5. Pensions Planning

Area under Review	Activity During Quarter	Target	Status/Comment
Interactive Facilities	19 new employer contacts registered for EPIC this period MyPension	N/A	477 employers now registered for Epic. Only 1 employer (covering 1 active member) not registered. Registration is still on the increase with 674 new registrations this quarter.

Face to Face Communication	635 Advisory Sessions Held. Move to reduce high volumes of face to face sessions where not required to allow staff to concentrate on efficient handling of case work.	Less than 0.5% complaints	4 complaints received overall– 2 relating to delays associated with aggregation of previous benefits from Police TUPE Transfers, 1 relating to an over-quoted retirement estimate and 1 relating to a member who felt he had not been given full aggregation options prior to retirement.
Employer Activity	17 New Employers (6 Academies, 10 Contractors 1 Community Admission Body) 1 Termination	N/A	There are currently 598 participating employers, of which 478 have active members.

Pensions Authority Strategic Objectives

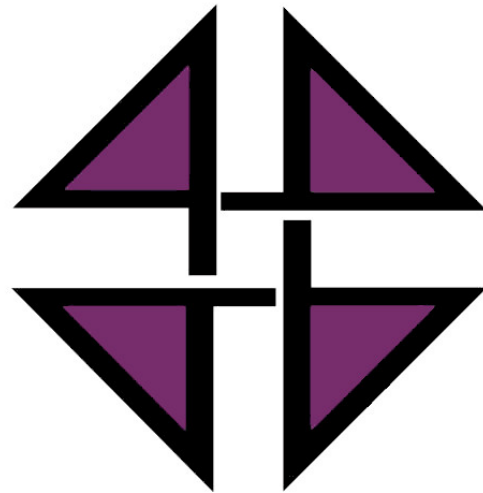
6. Effective & Transparent Corporate Governance

Area under Review	Activity During Quarter	Target	Status/Comment
Internal Audit	June– Internal Audit Progress Report considered by CP&GB	100%	On target
Annual and Quarterly Reports	June – Internal Audit Annual Plan considered by CP&GB		
External Audit Reports /Plans		100%	On target

Area under Review	Activity During Quarter	Target	Status/Comment
Risk Management Annual and Quarterly Reports		100%	On target
Constitution Policy /Procedure		100% Up to date	
Financial Reporting	<p>June - Budget Monitoring report considered by CP&GB</p> <p>June- Treasury management report considered by CP&GB</p>	100% achievement of reporting schedule	On target.
Annual Governance Statement Conclusion	June – AGS considered by CP&GB, AGS Action Plan approved by CP&GB	No Significant Weaknesses	Actions continuing.
Annual Self-Assessment			No significant issues
Member Training	June – 2 Members attended Data Section 13 Workshop	100% Induction & fundamentals training &	92% had induction. 67% had fundamentals training

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South Yorkshire Pensions Authority



SOUTH YORKSHIRE
LOCAL PENSION BOARD

ANNUAL REPORT 2017/18

Foreword

Welcome to the 3rd annual report of the South Yorkshire Joint Local Pension Board (LPB). This will be the last report which I shall present as my three year term of office has come to an end.

The Board seeks to assist the South Yorkshire Pensions Authority to maintain effective and efficient administration and governance. Members of the scheme can have direct influence on how the fund is managed. The LPB comprises both scheme members, retired and active, together with employer representatives. Employer representation is not restricted to the four large local Councils.

This year has seen several changes and challenges including the transfer of SY Passenger Transport Pension Fund to Greater Manchester. Consequently, your LPB now only deals with issues relating to the SY Pension Authority Fund. I would like to thank Steve Carnell for his services as Transport Fund Members' representative from the creation of the Board.

As I reported last year, your pension fund has been required to enter into agreement with other Funds as a result of a Government decision. Your LPB has regularly received updates and commented on the process of establishing the Border to Coast organisation which will in future work to invest funds on behalf of SYPA and others.

We have also been involved in ensuring that an effective process for reporting and recording breaches of the law in respect of pension administration is established. This is a requirement of the Pensions Regulator. We hope that the new policy document will ensure that any systemic issues, as opposed to one-off minor errors, are quickly identified and, where appropriate, reported to the Pensions Regulator and that measures are taken to prevent recurrence. Other work of the board is mentioned elsewhere in the report.

As this is my last report, I would like to take this opportunity to thank my Vice-Chair, Jill Thompson, for all her hard work and support, the Members of the Board for their continuing commitment and the officers of SYPA for their efforts on our behalf.

Glyn Boyington, Chair



A handwritten signature in black ink, appearing to be 'Glyn Boyington', written in a cursive style.

Membership

Employee Representatives

Glyn Boyington - LGPS Member (Chair)

Garry Warwick (GMB) - Trades Union

Kevin Morgan (Unite) - Trades Union

Nicola Doolan (Unison) - Trades Union

Susan Ross - LGPS Member

Steve Carnell - SYPTPF Member (up to October 2017)

Vacancy to replace Steve Carnell

Employer Representatives

Jill Thompson (Action Housing) - Admitted Body (Vice-Chair)

Geoff Berrett (South Yorkshire Police) - 'Other Large Employer'

Nicola Gregory – Academy

Councillor Philip Lofts - Local Authority Member (Barnsley)

Vacancy - Local Authority Member (Rotherham)

Nicola Simpson – Academy

Member Attendance

Attendance at the LPB meetings has been positive with members and employer representatives freely giving their time and commitment. Indeed 6 members have achieved 100% attendance over the year.

	20 July 2017	5 Oct 2017	18 Jan 2018	15 Mar 2018
Geoff Berrett	✓	✓	✓	✓
Glyn Boyington	✓	✓	✓	✓
Steve Carnell	x	x		
Nicola Doolan-Hamer	✓	✓	✓	✓
Nicola Gregory			✓	✓
Cllr Phillip Lofts	x	✓	✓	x
Kevin Morgan	✓	x	✓	✓
Sue Ross	✓	✓	✓	✓
Nicola Simpson			x	✓
Jill Thompson	✓	✓	✓	✓
Garry Warwick	✓	✓	x	✓

Role of the LPB

The role of the Local Pension Board as defined by Sections 5(1) and (2) of the Public Service Pensions Act 2013 is to:

- Secure the effective and efficient governance and administration of the LGPS for the South Yorkshire Pension Fund;
- Provide the Scheme Manager with such information as it requires to ensure that any member of the Local Pension Board or person to be appointed to the Local Pension Board does not have a conflict of interest;
- Ensure the South Yorkshire Pension Fund effectively complies with the Code of Practice on the Governance and Administration of Public Service Pensions Schemes issued by the Pensions Regulator and is effectively managed and administered in compliance with the Code.

Work of the Board 2017/18

The Board held four meetings during the year.

The Board continued to develop their **Work Programme**. This is a fluid document and one which evolves as Members knowledge and understanding of their roles evolve and also as situations arise within the Authority that require the Boards attention/consideration. Agreement has been reached to ensure specific issues set out in Government Guidance were cross referenced and gaps included in the Work Programme, for the avoidance of doubt. Members of the Board receive all **agenda papers** issued to Members of the Pensions Authority.

In considering all agenda papers presented to the Authority, the Board has in particular sought clarification on the following:

- **Annual Fund Member Survey** – Additionally Members of the Board were invited to the Annual Fund Member Event held at The Holiday Inn Barnsley.
- **2016 Actuarial Valuation** – The Board have been kept informed on progress in compiling relevant data in support of the valuation.
- **Risk Management Strategy** – The Board were kept up to date on the development and adoption of the Risk Management Strategy and reviewed the Authority's Risk Register at each meeting.
- **Internal Audit** – The Board received an Internal Audit progress report.
- **Work Programmes** – The Board considered the Work Programmes of the Authority and its Boards.
- **Investment Pooling** – The Board were regularly updated on the progress of developing the Border to Coast Pensions Partnership.
- **Budget** – the Board regularly reviewed their budget.
- **External Audit Arrangements** – The Board, through the receipt of all Authority papers was kept fully briefed on the work of the Authority's External Auditors KPMG.
- **Reporting Breaches of the Law** - The Board assisted in the development of a Reporting Breaches of the Law procedure.
- **GDPR** – The Board were kept up to date with the Authority's progress on complying with the new General Data Protection Regulation.

Training and Development

The Board has in place a Training and Development Strategy similar to that of the Authority and both bodies have acknowledged the requirement to undertake training and development in tandem for mutual benefit and to provide value for money in training delivery.

During the year, Board Members have received the following training/development support:

- Treasury Management Training
- BCPP 2-day training event in York
- CIPFA/Barnett Waddingham Local Pension Board Spring Seminar

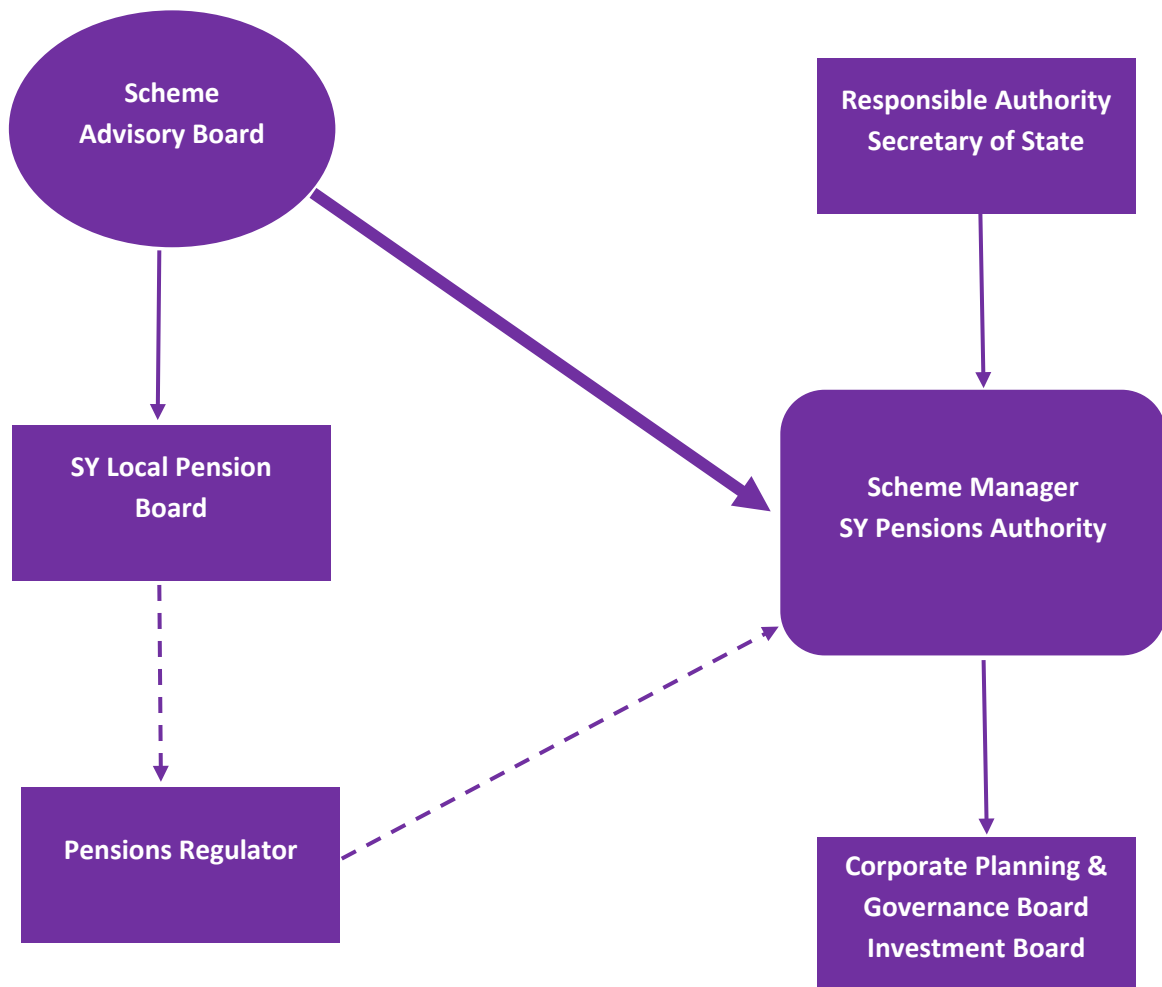
In addition, the Chair and Vice-Chair attended the CIPFA/Barnett Waddingham event – Local Pension Boards Two Years on.

Future Plans

We aim to:

- Continue to work with the Officers and Members of the Authority.
- Become more integrated into the Authorities decision making forums in order to be able to have influence on the outcome of events.
- Marketing the work of the LPB through articles within the news letters issued by the Pensions Authority and participation at the annual fund meeting.
- Undertake training/workshop style events for members of the LPB as appropriate.

Governance Structure



SOUTH YORKSHIRE PENSIONS AUTHORITY
LOCAL PENSION BOARD EXPENDITURE TO Q/E 31.03.18

	ORIGINAL OUTTURN	REVISED OUTTURN	ACTUAL OUTTURN	2017-18 VARIANCE	Note
LOCAL PENSION BOARD					
Travel, Accommodation & Subsistence	3,500	2,500	796	1,704	1
Training	8,000	5,000	913	4,087	1
Professional Advice	3,500	2,500	1,018	1,482	2
	15,000	10,000	2,727	7,273	

1. Expenditure has been minimal against this budget as the Local Pension Board has only incurred travel expense claims, subsistence and training expenses at 31 March 2018.
2. Professional Indemnity Insurance expenditure for LPB.

SOUTH YORKSHIRE PENSIONS AUTHORITY

4 October 2018

Report of the Clerk

CORPORATE PLANNING & GOVERNANCE BOARD – AUDIT COMMITTEE FUNCTIONS ANNUAL REPORT 2017/18

1. Purpose of the Report

The Annual Report of the Corporate Planning and Governance Board's work during 2017/18 is submitted for Members' consideration.

2. Recommendations

Members are recommended to:

- a) Consider the Annual Report for 2017/18; and**
 - b) Note that it will be published on the Authority's website.**
-

3. Background Information

- 3.1 Good practice guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that Audit Committees should produce an Annual Report for consideration by its "governing body", i.e. the full Authority.
- 3.2 The Corporate Planning and Governance Board considered the draft Annual Report for 2017/18 at its meeting on 14 June 2018. The report attached is the final version for consideration by the full Authority.

4. Implications and Risks

- 4.1 There are no financial, legal, risk management or diversity issues associated with this report.

M McCarthy
Deputy Clerk

Officer responsible: Gill Richards, Senior Democratic Services Officer
South Yorkshire Joint Authorities Governance Unit
01226 772806, g-richards@syjs.gov.uk

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

Other sources and references: The Board's agenda papers and minutes.

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**SOUTH YORKSHIRE
PENSIONS AUTHORITY**

**CORPORATE PLANNING AND
GOVERNANCE BOARD**

AUDIT COMMITTEE FUNCTION

ANNUAL REPORT 2017/18

**Approved by the Corporate Planning and Governance Board on 14 June
2018**

Final version to be presented to the full Authority on 4 October 2018

Foreword

I am pleased to present the Committee's annual report for the period 2017/18 which provides evidence of the arrangements the Authority has in place to monitor, challenge and hold to account those responsible for managing its governance arrangements and the production and approval of its Annual Governance Statement.

Richard Wraith
Chair
Corporate Planning and Governance Board

AUDIT COMMITTEE ANNUAL REPORT 2017/18

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• Internal and External Audit	
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• Working Arrangements	
• Additional Outcomes	
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1. INTRODUCTION

This report is prepared for the full Authority and covers the Board's work during the financial year 2017/18 in relation to its audit committee function. It outlines the Board's:

- Role and responsibilities;
- Membership and attendance; and
- Achievements.

2. BOARD INFORMATION

Audit Committee Role and Responsibilities

The Board provides an overview role on all aspects of governance and achieves this by:

- providing a forum for monitoring governance arrangements;
- receiving and discussing monitoring reports from internal and external sources; and
- making recommendations to the Authority for action to address any deficiencies.

The Board performs the core audit committee functions recommended as good practice by the Chartered Institute of Public Finance and Accountancy (CIPFA). These functions are included in the Boards Terms of Reference which are attached at Appendix 1. Its achievements are considered in Section 3 below.

Board Membership

The Board's membership at the end of March 2017 was:

Councillor M Stowe (Chair)
Councillor E Butler
Councillor S Ellis (Vice-Chair)
Councillor Z Sykes
Councillor H Mirfin-Boukouris
Councillor J Wood
Councillor K Wyatt

Membership changes occurring during the year were as follows:

- Councillor R Wraith replaced Councillor M Stowe
- Councillor S Durant replaced Councillor E Butler
- Councillor T Hussain replaced Councillor H Mirfin-Boukouris
- Councillor K Richardson replaced Cllr J Wood

Board Meetings and Attendance

The Board held four meetings in the year (June 2017, July 2017, October 2017 and February 2018). The business conducted was in accordance with the work programme which was reviewed at each meeting.

The schedule of Members' and Officers' attendance is attached as Appendix 2. The good practice guidance suggests that the Chief Financial Officer should attend regularly, and that the Monitoring Officer and other senior officers should contribute as appropriate. The actual attendance recorded demonstrates that this was achieved.

3. COMMITTEE WORK PROGRAMME AND OUTCOMES

The Board maintains a work programme for its main areas of activity which is considered at each meeting. The reports received during 2017-18 relating to its audit committee functions are shown in Appendix 3; the outcomes of the Board's work in relation to these are summarised below. The "boxed" bullet points in *italics* are the core functions from the CIPFA guidance; the details below each box identify how the Board has achieved its responsibilities.

3.1 Risk Management and Internal Control

- *Considering the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements.*
- *Seeking assurances that action is being taken on risk-related issues identified by auditors and inspectors.*
- *Being satisfied that the Authority's assurance statements, including the Annual Governance Statement properly reflect the risk environment and any actions required to improve it.*

The Board has:

- Considered regular reports on the corporate risk register and considered the movements in individual risks and their categorisation;
- Received progress reports from the Head of Internal Audit on internal audit matters and from KPMG on external audit issues;
- Considered the results of the review of internal control and internal audit for 2016/17;
- Approved, the Annual Governance Statement 2016/17 including the improvements required in 2017/18;
- Received regular update reports on the Authority's treasury management position;
- Received regular Budget Monitoring reports.

3.2 Internal Audit and External Audit

- *Approving (but not directing) Internal Audit's strategy and plan, and monitoring performance.*
- *Reviewing summary Internal Audit reports and the main issues arising, and seeking assurance that action has been taken where necessary.*
- *Receiving the annual report of the head of Internal Audit.*
- *Considering the reports of external audit and inspection agencies.*
- *Ensuring that there are effective relationships between Internal Audit and external audit, inspection agencies and other relevant bodies, and that the value of the process is actively promoted.*

Internal Audit:

The Board has:

- Agreed the Internal Audit Strategy and Annual Plan for 2017/18;
- Received and considered Head of Internal Audit's Annual Report for 2016/17, including the opinion on the Authority's internal control arrangements;
- Received and considered regular reports from the Head of Internal Audit on the Internal Audit Team's progress against the annual plan, including summaries of the reports issued and management's response.

KPMG (Appointed External Auditor) (see also Accounts below):

The Board has:

- Received reports from KPMG on their Audit Plans for the Authority;
- Received regular progress reports from KPMG
- Approved KPMG's fee for the financial year 2017/18.

3.3 Accounts

- *Reviewing the financial statements, the external auditor's opinion and reports to members, and monitoring management action in response to the issues raised by external audit.*
- *Overseeing the production of, and approving, the Authority's Annual Governance Statement.*
- *Overseeing the production of, and approving, the Authority's Annual Statement of Accounts, focussing on:*
 - *the suitability of, and any changes in, accounting policies;*
 - *major judgemental issues e.g. provisions.*
- *Receiving and agreeing the response to the external auditor's report to those charged with governance on issues arising from the audit of the accounts, focussing on significant adjustments and material weaknesses in internal control reported by the external auditor.*

The Board has:

- Overseen the production of, and approved the Authority's Annual Governance Statement 2017-18;
- Reviewed and approved the Authority's Statement of Accounts 2016/17;
- Received and approved the Audit Commission's Annual Governance Report 2017/18 and agreed the responses to the recommendations made.

3.4 Working Arrangements

Members considered and agreed the Board's Annual Report for 2017/18 which was presented to the full Authority and published on the Authority's website.

The Board revisited the self-assessment of its position against the best practice guidance and considered the extent to which its arrangements remained robust.

CORPORATE PLANNING & GOVERNANCE BOARD

TERMS OF REFERENCE (extract)

- 6) Carrying out the following core audit committee functions:
- a. Consider the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
 - b. Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
 - c. Be satisfied that the authority's assurance statements, including the Statement on Internal Control, properly reflect the risk environment and any actions required to improve it.
 - d. Approve (but not direct) internal audit's strategy and plan.
 - e. Monitor performance against Internal Audit's strategy and plan.
 - f. Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
 - g. Receive the annual report of the Head of Internal Audit.
 - h. Consider the reports of external audit and inspection agencies.
 - i. Ensure that there are effective relationships between internal audit and external audit, inspection agencies and other relevant bodies, and that the value of the process is actively promoted.
 - j. Review financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
 - k. To oversee production of, and approve, the Authority's Annual Governance Statement.
 - l. To review and approve the annual Statement of accounts, focussing on the suitability of, and any changes in, accounting policies; and major judgemental issues e.g. provisions.
 - m. To receive and agree the response to the external auditor's report to those charged with governance on issues arising from the audit of the accounts, focussing on significant adjustments and material weaknesses in internal control reported by the external auditor.

MEMBER/OFFICER ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Member / Officer	June 2017	July 2017	Oct 2017	Feb 2018
Members				
Councillor R Wraith (Chair)		✓	✓	✓
Councillor S Ellis (Vice-Chair)	✓	r/a	✓	✓
Councillor S Durant		✓	✓	x
Councillor T Hussain		r/a	r/a	✓
Councillor Z Sykes	✓	✓	✓	✓
Councillor K Richardson		✓	✓	✓
Councillor K Wyatt	✓	✓	✓	✓
Representative Bodies				
Unison – N Doolan	✓	✓	r/a	✓
GMB – G Warwick	✓	✓	✓	✓
Unite – F Tyas	x			
Unite – D Patterson		x	x	✓
Officers				
Interim Fund Director (SB)	✓	rep	✓	x
Fund Director (GG)				✓
Head of Pensions Admin (GC)	✓	✓	✓	✓
Financial Officer (IR)	✓	rep	✓	✓
Monitoring Officer (AF)	r/a	✓	r/a	r/a
Deputy Clerk (MM)	✓	✓	✓	✓
Head of Internal Audit (RW)	rep	rep	rep	r/a
Audit Manager	✓	x	x	✓
Democratic Services Representative	✓	✓	✓	✓
KPMG Appointed External Auditor				
District Auditor (KPMG)	x	✓	r/a	✓
Audit Manager (KPMG)	x	x	r/a	✓

Notes:

- ✓ = attended
- r/a = apologies for absence recorded
- rep = sent representative

APPENDIX 3

BOARD ACTIVITY – AUDIT COMMITTEE FUNCTION

Function / Issue	June 2017	July 2017	Oct 2017	Feb 2018
Risk Management				
Risk Register	Noted	Noted	Noted	Noted
Governance and Internal Control				
Review of Internal Control 2017/18: Internal Investment Mandate			Approved	
Annual Governance Statement (AGS) 2016/17	Approved			
AGS Improvements Action Plan 2017/18	Agreed			Noted
Treasury Management Update	Noted		Noted	
Internal Audit				
Audit Strategy & Plan 2018/19				
Annual Report 2016/17	Noted			
Progress report & outstanding recommendations	Noted	Noted	Noted	Noted
External Audit				
Annual Audit Letter			Noted	
External Audit Plan 2017/18				Noted
Report to those charged with governance (ISA 260)		Noted		
Accounts				
Audited Statement of Accounts 2016/17		Approved		
Letter of Representation		Noted		
Budget Monitoring	Noted	Noted	Noted	Noted
Board Working Arrangements				
Work Programme	Noted	Noted	Noted	Noted
Annual Report 2016/17	Approved			

(The term “Noted” is used to include resolutions to note and to receive reports).

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SOUTH YORKSHIRE PENSIONS AUTHORITY

4 October 2018

Report of the Clerk and the Fund Director

Governance Arrangements

1) Purpose of the Report

To put in place various immediate and longer term changes to the Authority's governance arrangements in order to deal with conflicts of interest and to fit them to the post pooling world.

2) Recommendations

Members are recommended to:

- a) Approve the changes to the arrangements for the chairing of the Authority's Boards for the remainder of the current municipal year set out in paragraph 3.3.
 - b) Approve the changes to representation on the Border to Coast Joint Committee and the arrangements for handling the Authority's shareholder role for the remainder of this municipal year as set out in paragraph 3.3.
 - c) Approve the disestablishment of the Investment Board and the Corporate Planning and Governance Board with effect from the beginning of the next municipal year, with their functions passing to the full Authority.
 - d) Approve the establishment of an Audit Committee to meet 3 times per year constituted as described in paragraph 3.10 (b).
 - e) Approve the establishment of Staffing, Appointments and Appeals Committee with the role and membership described in paragraph 3.10 (c).
 - f) Indicate which of the options outlined in paragraph 3.14 should be pursued in relation to the handling of the Authority's responsibilities as a shareholder in Border to Coast.
 - g) Instruct officers to bring forward an amended constitution for adoption at the Authority's next annual meeting.
 - h) Approve the institution of an Urgent Business Procedure along the lines set out in para 3.17.
-

3) Background Information

Issues to be addressed

- 3.1 The Authority has recognised for some time that the introduction of investment pooling is likely to result in some changes to its governance arrangements. In addition the recent election of the Authority's Chair as a Non-Executive Director of Border to Coast gives rise to the need for a number of immediate changes in order to avoid conflict of interest issues arising. This report addresses both these immediate issues and proposes longer term changes which, if approved, would come into effect from the next municipal year.

Immediate Issues

- 3.2 The election of the Authority's Chair as a Non-Executive Director of the Border to Coast operating company, while undoubtedly a good result in terms of the composition of the Board and ensuring that the public sector ethos remains a consideration for the company does raise a number of issues which need to be addressed immediately.
- a. As Border to Coast will be the Fund's principal investment manager (at the time of writing managing in excess of 50% of the Fund) it is not appropriate for the Investment Board to be chaired by one of the company's Non-Executives.
 - b. As the Corporate Planning and Governance Board acts as the Authority's Audit Committee it would not represent good governance if it were to be chaired by the Chair of the Authority.
 - c. There would be a conflict of interest if the Chair of the Authority were to act as shareholder in relation to the Authority's interest in Border to Coast.
 - d. An individual elected as a Non-Executive Director of Border to Coast is specifically excluded from membership of the Border to Coast Joint Committee, thus the Authority needs to identify an alternative member to ensure that it is represented.
- 3.3 None of these issues are a reflection on any individual, simply a consequence of the fact that company directors have a duty to act in the best interests of the company which may come into conflict with the interests of the Authority. It is therefore proposed that the following arrangements be put in place for the remainder of this municipal year.
- a. The Vice Chair of the Authority should chair both the Corporate Planning and Governance and Investment Boards.
 - b. The Chair of the Authority will vacate the Chair when matters concerning Border to Coast are discussed at Authority meetings and not take part in any discussion on such matters. Efforts will

be made to structure agendas so that this does not disrupt the flow of the meetings.

- c. The Vice Chair of the Authority will represent the Authority on the Border to Coast Joint Committee and act as the Authority's shareholder in the operator company. Members may also wish to consider nominating a substitute in case the Vice Chair is indisposed and unable to attend a meeting of the Joint Committee.

Longer Term Issues

- 3.4 The Authority's current governance arrangements were designed for a very different organisation to the one that pooling will create. This means that thought needs to be given to how to make the most effective use of the scarcest resource available in the governance process which is the time of elected members, while also giving consideration to the number of meetings which it is practical for officers to support. These proposals assume a change in the Authority's Chair from the next annual meeting.
- 3.5 The most fundamental change brought about by pooling is that the Authority no longer needs to concern itself with operational investment matters needing to concentrate instead on overall performance and funding, and the investment strategy and related issues. Making the comparison with a trustee board in a private sector fund, these would be matters which would be the concern of the whole board and not a subset of it. This leads to the thought that perhaps the whole membership of the Authority should be involved in these issues given that all members are responsible for these matters by virtue of their membership of the Authority.
- 3.6 The current arrangements for the Corporate Planning and Governance Board present an uncomfortable mix of functions which while not in conflict do not necessarily sit well together. Again, it might be expected that the whole collective of elected members would be responsible for overseeing the performance of the Administration service while broader corporate planning issues and risk management would also generally be seen as things that should fall to the Authority as a whole. In addition a considerable overlap has developed between the agendas of the Corporate Planning and Governance Board and the Local Pension Board. In most funds the principal focus of the Local Pension Board is on the administrative arrangements and data quality, related policies and compliance with the Pensions Regulator's Code of Practice 14. Indeed this is very much the expectation being set out by the Pensions Regulator. Officers have been discussing with the Chair and Vice Chair of the Local Pension Board a refocussing of the Board's agenda in this way to give it a distinct focus. Such a move would free space in the agenda of the Authority and its Boards by removing unnecessary detail and allow the Local Pension Board to properly fulfil its role as part of the overall assurance framework to support members of the Authority

in their role. Achieving this sort of change will require some amendments to the Terms of Reference of the Local Pension Board, which following agreement by the Board will be brought forward to the next meeting of the Authority. It will also be proposed that from the next municipal year the meetings of the Local Pension Board are separated from those of the Authority in order to promote more timely interchange of information.

- 3.7 The Audit Committee role is an anomaly and seems to sit with the Corporate Planning and Governance Board because there is no other obvious place to put it. Auditors under their professional standards look to report to “those charged with governance”, which has always proved a difficult concept in the local authority context. Is it the full council or equivalent or is it the Cabinet or Executive which has the power to implement policy. Thus a mix of arrangements have grown up, but the key requirement is that there be a distinct audit committee role within the governance arrangements which should be seen as having independence in some way from the executive functions.
- 3.8 The Authority as a whole is smaller than many pension fund committees in traditional administering authorities which handle all their business within the full committee or with a small investment panel which works with officers on developing strategy and previously on more operational issues. Given this there seems no overriding reason why it would not be possible to effectively engage all members of the Authority in all aspects of its work.
- 3.9 Within the current structure of meetings the only place where the limited range of staffing issues which are not delegated, or on which officers seek members’ views, can be discussed is the full Authority. Most local government organisations have a smaller member body which can discuss these sorts of issues. Similar considerations apply to the small number of appeals in relation to the exercise of discretions which are reserved for member decision.
- 3.10 The proposed approach is as follows:
 - a. To disestablish the two boards and deal with all business apart from Audit Committee matters through the full Authority. The Authority would be able to create time limited working groups to consider specific items in detail if that is deemed necessary.
 - b. To constitute an Audit Committee to comprise the s41 members and one Councillor not from the majority party on the Authority to be chaired by the Vice Chair of the Authority. Using the s41 members as the core of this committee would seem to ensure that it comprises “those charged with governance”, in the sense meant by auditing standards. It is suggested that no more than 3 meetings per year would be required, given that the remit will solely be audit matters, and the approval of the accounts.

- c. To constitute a Staffing, Appointments and Appeals Committee made up of the s41 members and one Councillor not from the majority party on the Authority to be chaired by the Chair of the Authority and with a remit to deal with staffing matters to make specific officer and other appointments (such as the Independent Advisers), and handle appeals which require to be heard by members.
- 3.11 Under this approach the full Authority would meet more frequently (using the dates previously allocated to the two Boards), and meetings would be focussed on particular matters. This latter approach is, in part, intended to ensure that when investment matters are being discussed members will have access to the Independent Advisers. An outline timetable of meetings for the next municipal year is attached to illustrate how this might work. While efforts will be made to hold as much discussion as possible in public it might be that the balance between the open and private parts of Authority meetings will change.
- 3.12 The carving out of a specific Audit Committee function is intended to ensure that this activity retains a clear and distinct place in the Authority's governance and also by engaging the s41 members to ensure that the requirement on auditors to report to "those charged with governance" can be demonstrably met.
- 3.13 Creating the Staffing, Appointments and Appeals Committee in effect gives a clear purpose to the previous Management Committee. This body will meet on an as required basis.
- 3.14 The remaining issue is how to properly address shareholder matters and decision making in relation to shareholder resolutions relating to Border to Coast. Often shareholder resolutions are routine (such as the appointment of auditors) and they should be turned round promptly. In some cases during the development of Border to Coast it has taken several months to secure approval for such routine resolutions by all 12 partners due to the need for the decisions to be taken through the relevant governance processes. To date South Yorkshire has managed to avoid such delays. There would appear to be two options, both of which are based on the assumption that the Chair will be the actual shareholder although they would also work in a situation where an officer was the actual shareholder:
- a. Either, the Fund Director (or other appropriate officer) advises the Chair on the detailed subject of the resolution and recommends how the Authority's vote should be cast; or
 - b. As option (a), but with additional consultation, either with the Vice Chair or the s41 members.

- 3.15 In both cases the way in which the Authority voted would be reported to the next available meeting. Option (a), above is the current process, although it has evolved rather than having been approved. Neither option is ideal in terms of transparency. However, the nature of the governance processes involved in Border to Coast mean that any more significant issues (for example the budget and business plan) will have been discussed at meetings of the Authority prior to a shareholder resolution being required. As such there is an opportunity for the views of all members to be fed into major decisions regardless of the formal mechanisms for exercising the Authority's voting rights.
- 3.16 Overall the broad approach suggested here should reduce the number of member meetings to be serviced by nearly 40% (5 of the current 13). While this is not in itself particularly significant it will result in some small savings on support costs which can be reinvested elsewhere in the Authority's activities. The freeing up of time within the calendar in this way does provide the opportunity to run more informal sessions for members either for the purposes of learning and development or policy development.
- 3.17 Another item which is absent from the Authority's current governance arrangements is an "urgent business procedure", although there are provisions for dealing with emergencies such as a fire destroying the Authority's offices. It is proposed that in the event of decisions being required to be taken urgently they be taken by the relevant statutory officer (Clerk, Fund Director, Monitoring Officer or Treasurer) in consultation with the Chair and Vice Chair and then be reported at the next meeting of the Authority. There are a small range of occasions when urgent decisions are required, for example in relating to the settlement of legal claims or agreeing to sponsor shareholder resolutions at company AGM's, when it is not possible to convene a meeting of the Authority. Putting in place a procedure of this sort allows issues such as these to be dealt with promptly and in a transparent way.
- 3.18 Informal discussions around these proposed changes have taken place with the new External Auditor in order to ensure that there are no issues from their point of view with the proposed Audit Committee arrangements. In these discussions the Auditors did raise a concern as to whether three meetings per year of the Audit Committee would be sufficient. Following further reflection and discussion with Internal Audit officers feel that this should be sufficient given the scale of the organisation. However, this will be reviewed after 12 months and it is always possible to hold additional meetings if required.

Next Steps and Implementation

- 3.19 Should members accept the proposals set out in this report the next steps will be to prepare a revised constitution for the Authority reflecting the proposed arrangements, to be adopted from the next Annual Meeting.

4) Implications and risks

- Financial – As indicated there may be some small savings in support costs when the detail of the proposals are finalised, however, this is unlikely to be material, and the delivery of financial savings is not the key driver in this exercise.
- Legal – It is a matter for the Authority to determine its own governance arrangements within the framework set out in local government law and having regard to good governance practice. The proposals set out in this report meet both of these criteria.
- Diversity – There are no diversity implications arising from this report.
- Risk – Any change to governance arrangements carries some degree of risk. Arrangements will be put in place when implementing any changes to ensure that risks are appropriately addressed.

Diana Terris
Clerk

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.

Appendix A

Current Pattern of Meetings (Based on 2018/19)

	Authority	Corporate Planning and Governance Board	Investment Board
April			
May			
June	7 th (Annual Meeting)	14 th	21 st
July		19 th (Accounts)	
August			
September			13 th
October	4 th	18 th	
November	22 nd		
December			13 th
January	17 th (Budget)		
February		14 th	
March	14 th		7 th
Number of Meetings	5	4	4

Total number of meetings 13

Possible Future Pattern of Meetings (Based on 2018/19 for illustration only)

	Authority	Audit Committee
April		
May		
June	7 th (Annual Meeting)	
July		19 th (Accounts, Internal Audit Annual Report)
August		
September	13 th	
October		18 th (Internal Audit Progress, Annual Audit Letter)
November	22 nd	
December		
January	17 th Budget	
February		
March	14 th	7 th (Audit Plans and Progress Reports)
Number of Meetings	5	3

Total number of meetings 8. The Staffing Appointments and Appeals Committee would meet as required.

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SOUTH YORKSHIRE PENSIONS AUTHORITY

4 October 2018

Report of the Clerk, Monitoring Officer and Fund Director

CONTRACT STANDING ORDERS

1) Purpose of the Report

To seek approval of updated Contract Standing Orders.

2) Recommendations

Members are recommended to:

- a) Approve the revised Contract Standing Orders at Appendix A for immediate inclusion in the Authority's constitution**
-

3) Background Information

- 3.1 The Authority's Contract Standing Orders were last reviewed in 2016 although there has been no fundamental review since 2006. Recent procurement exercises have identified some deficiencies in the standing orders, in particular the fact that they do not accommodate recent regulations requiring the use of electronic tendering. Consequently officers have sought advice from Barnsley MBC's procurement service in undertaking a comprehensive update of the standing orders as part of a wider piece of work to update the authority's procurement arrangements in line with best practice across the public sector.
- 3.2 A revised set of Contract Standing Orders is set out at Appendix A for approval. These fully incorporate e-procurement as the standard means by which the Authority will operate, and in addition to developing these rules the Authority has signed up to Yortender the regional procurement portal to facilitate this.
- 3.3 The revised rules follow the broad framework of the previous rules, but provide more detailed guidance for those initiating or leading specific procurements as a means of reducing the risk of non-compliance with the wider regulatory framework.
- 3.4 Further work is being done with Barnsley MBC's procurement team to finalise a complete contract register, which will be published on the

Authority's website and to identify a procurement plan which will put in place contractual arrangements, as far as possible through participation in appropriate framework arrangements, in a wider range of areas than is currently the case. In the short term this may mean that approval is required for a number of waivers in order to regularise current arrangements, until a new procurement can take place.

4) Implications and risks

- Financial – Approval of these Contract Standing Orders in and of itself does not carry a financial implication. However, they are designed to ensure that the Authority can demonstrate transparently that it has achieved best value through its procurement arrangements.
- Legal – The revised Contract Standing Orders ensure the Authority is operating in line with the relevant legislative frameworks.
- Diversity – There are no immediate diversity issues.
- Risk – Comprehensively updating Contract Standing Orders to ensure they comply with all aspects of the public sector procurement rules reduces the risk of challenge to procurements undertaken by the Authority and will ensure that the organisation operates appropriately and transparently in this area which in itself reduces risk.

Diana Terris
Clerk

Andrew Frosdick
Monitoring Officer

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 Constitution

PART 4d
CONTRACT STANDING ORDERS

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1. Introduction

- 1.1. These Contract Standing Orders (CSOs) are made by the Authority in accordance with Section 135 of the Local Government Act 1972. The CSOs set out the responsibilities of Officers and the procedures to be followed when conducting the procurement of goods, works or services on behalf of South Yorkshire Pensions Authority (SYPA).
- 1.2. Any Officer conducting a procurement exercise on behalf of SYPA Must familiarise themselves with these CSOs, which Must be read and acted upon in conjunction with the Authority's constitution and in particular the financial regulations and scheme of delegation.
- 1.3. By following the requirements of these CSOs Officers will be supported to conduct procurement exercises that:
 - comply with the Authority's strategic objectives, procurement strategies, policies and statutory legal obligations
 - promote the fundamental principles of public sector procurement, i.e. being open, fair and transparent
 - are capable of withstanding challenge by being effective, efficient and robust.

2. Scope and Compliance

- 2.1. All of the Authority's contracts Must be entered into in accordance with these CSOs.
- 2.2. In the event that there is any doubt regarding the scope or application of these CSOs this should be referred to an authorised Officer listed at 4.4 for further guidance and instruction.
- 2.3. Where the estimated value of a contract exceeds the relevant current procurement threshold, the contract Must be tendered in accordance with the Public Contracts Regulations 2015 and where possible these CSOs.
- 2.4. In the event that these CSOs are not compatible with the requirements of the Public Contract Regulations then the requirements of the Regulations shall take precedence and apply.
- 2.5. Officers and Members Must exercise the highest standards of conduct, integrity and impartiality when involved in the procurement, award and management of contracts and have particular regard to the requirements of the code of conduct regarding relationships with suppliers.

3. Exemption to Competition Requirements.

- 3.1. The following contracts are exempt from the requirement for competitive tendering except where the Public Contract Regulations 2015 apply in which case the Regulations Must be complied with.

- 3.2. Services that are provided 'in-house' or by another Authority (where the conditions of the Public Contract Regulations are met).
- 3.3. Contracts of employment that make the individual a direct employee of the Authority. For the avoidance of doubt these CSOs do apply to the procurement of agency/recruitment services, the appointment of interim Consultants/Contractors and the provision of short term agency workers.
- 3.4. Additional works, supplies or services that are required due to unforeseen circumstances, which are either strictly necessary for the completion of the contract, or for technical or economic reasons cannot be carried out separately without great detriment to the Authority. Where a contract variation is required this Must be executed in accordance with CSO 22.1. Approval to use this exemption Must be supported by the submission of a business case (Appendix 3) to the Authorised Officer listed at 4.4.
- 3.5. Financial services associated with the purchase and sale of securities and financial instruments, including the procurement of research, traded upon a public stock exchange.
- 3.6. Legal services contracts and arbitration services that fall within the exemptions set out in Regulation 10 of the Public Contracts Regulations 2015.
- 3.7. For agency services associated with the management, purchase and sale of investment properties.
- 3.8. For works, supplies or services obtained from or under contracts which have been negotiated by a central or local government purchasing organisation or by or on behalf of any consortium, association or similar body of which the Authority is a member.

4. Delegated Authority

- 4.1. Procurement exercises carried out on behalf of the Authority may only be undertaken by officers with the appropriate delegated authority to carry out such tasks as set out in the Authority's scheme of delegation. Officers with delegated authority may only delegate to other officers who have the appropriate skills and knowledge appropriate to the task.
- 4.2. Within approved budgets and in accordance with the Annual Procurement Plan where applicable, Authorised Officers may enable members of their staff to place orders against Framework Agreements.
- 4.3. The decision to award any contract which falls above the EU threshold or which involves any potential TUPE transfer of the Authority's employees to a Supplier shall be made by the Authority.

- 4.4. The Fund Director, the Head of Finance, the Head of Investment Strategy and the Head of Pensions Administration are empowered to seek offers for and award contracts for works, supplies or services on behalf of the Authority in accordance with these Standing Orders. These officers are empowered to authorise any other suitable officer to lead a procurement process on their behalf, such authorisation must be in writing and refer to one or more specific procurement process(es)
- 4.5. Whenever one of the offices specified above is vacant, or he/she is for any reason unable to act, the person(s) specified below shall be authorised to act on his/her behalf for the purposes of these Standing Orders.

<u>Fund Director</u>	<u>Head of Finance</u>	<u>Head of Investment Strategy</u>	<u>Head of Pensions Administration</u>
Any Head of Service	Fund Director or Any Head of Service	Fund Director or Any Head of Service	Fund Director or Any Head of Service

5. Pre-Procurement Requirements

Prior to undertaking a procurement exercise, Officers Must ensure that:

- 5.1. They have ruled out the possibility of the service being provided in-house.
- 5.2. All appropriate advice has been obtained including legal, financial, insurance and other professional advice such as procurement, health and safety and risk management.
- 5.3. Key stakeholders including Elected Members and Trade Unions if TUPE might apply have been identified and consulted.
- 5.4. The contract value is calculated in accordance with Public Contract Regulations 2015 (irrespective of whether the Regulations apply) including whole life costs for the duration of the contract and any period of extension and/or continuing costs.
- 5.5. The proposed expenditure is contained within an approved budget in accordance with the Authority's Financial Regulations.
- 5.6. Contracts are not disaggregated into 2 or more separate contracts in an attempt to avoid the Public Contract Regulations or avoid competition.
- 5.7. Where the procurement is subject to Public Contract Regulations consideration is always given to dividing the contract into smaller lots. Where this is not possible the main reasons for the decision not to subdivide into lots shall be included in the procurement documents or post evaluation report.
- 5.8. Any risks associated with the procurement are identified, assessed and recorded together with the actions required to manage them.

- 5.9. An initial equality impact assessment is carried out to ascertain whether a more detailed Equality Impact Assessment (EIA) is required to inform the procurement process and subsequent contract management.
- 5.10 Taking advice where necessary, the procurement is properly categorised for the purpose of the Public Contract Regulations as being works, supplies or services, and that any Light Touch Services are correctly identified.

6. Existing Arrangements & Frameworks

- 6.1. Where an existing corporate contract is in place with a Supplier for specific goods or services, then these should be used unless there are exceptional reasons why this would not be the best course of action.
- 6.2. In all cases, where no existing corporate contract is in place, consideration should be given to whether existing external arrangements would be appropriate such as the use of public service purchasing consortia (e.g. YPO, ESPO, NEPO, national LGPS frameworks) or existing frameworks in order to benefit from the advantages listed below.
- 6.3. The use of frameworks can save significant time and money, whilst still meeting the Authorities specific requirements. The benefits for the Authority include:
- Fast, efficient, easy to use OJEU compliant frameworks that can reduce the cost and time associated with procurement processes
 - Significant reduction in procurement timescales
 - Reduced procurement costs
 - Pre-agreed terms and conditions
 - Ceiling prices that can be further reduced by competition at call off.
- 6.4. The framework may include a requirement for a mini competition exercise and this shall be tendered in accordance with the framework agreement and where possible these CSOs.
- 6.5. Due diligence Must be carried out to ensure it is legally viable for the Authority to make use of any such consortia arrangement or framework.

7. Nominated Sub Contractors

- 7.1. If a sub-Contractor or sub-Consultant is to be nominated or named to a main Contractor, they must be procured in accordance with these Contracts Standing Orders and under terms that are compatible with the main contract. The procurement documents should require that the nominated Contractor or Consultant must also be willing to enter into:
- a contract with the main contractor on terms which indemnify the main contractor against the main contractor's own obligations under the main

contract in relation to the work or goods or materials included in the sub-contract;

Or

- an agreement to indemnify the Authority in such terms as may be prescribed.

8. Managing Supplier Risk

8.1. Officers Must consider any steps necessary to protect the Authority's interests in the event of contractor default. Officers should assess whether additional security is required in the form of a bond, guarantee and retention or, where performance is required by a particular date and where delay would have financial consequences for the Authority, provision for liquidated damages. This consideration should be based on risk to the Authority taking account of the circumstances, including:

- (a) value of the Contract
- (b) impact on the tenant's business operations
- (b) type of Goods, Services or Works being procured
- (c) payment profile of the Contract
- (d) financial strength of the Suppliers in the market
- (e) affordability and proportionality.

9. Contract Values

All values stated in these CSOs are exclusive of VAT.

9.1. Purchasing up to £5,000.

9.1.1. Where no existing contract provider or framework is available, variations in quality are minimal or there is no requirement to evaluate the quality of the goods, services or works, formal issue of a tender/quotation document is not required. Officers should satisfy themselves that they have obtained, and kept a record of, an adequate amount of comparative pricing information to ensure that the best value in terms of economy, efficiency and effectiveness is obtained. The purchase order form shall specify the services, supplies or works to be provided and set out the price and payment terms.

9.2. Low Value Procurement £5,000 - £25,000.

9.2.1. In all cases the procurement exercise and subsequent contract award **Must** be published on Yortender in order to comply with data transparency legislation.

9.2.2. Where no existing contract provider or framework is available, formal competition is required. Where there are a sufficient number of providers in the market the contract opportunity should be openly advertised or at least three written quotes invited via YORtender.

9.2.3. In exceptional circumstances and considering all the information available an Officer may decide that it is justified to invite less than 3 quotations. In this

situation a waiver form (Appendix 1) Must be completed and approved before proceeding.

9.2.4. The quotation template document shall be used by the Officer which describes as a minimum the services/goods/works to be provided and/or an explanation of the outcomes to be met. The methodology that the Authority will use to evaluate the quotes Must be clearly explained and the quotation document Must be made available electronically via YORtender. This is to ensure that all bidders shall be provided with exactly the same information and to ensure equal treatment.

9.2.5. The Officer should consider whether the procurement would be of interest to local Suppliers with their headquarters and, if it would, at least 2 quotations should be invited from these organisations.

9.2.6. The use of a pre-qualification stage in procurements below the EU thresholds for supplies and services is not permitted. The use of the Crown Commercial Service (CCS) Standard Selection Questionnaire is not permitted however the exclusion questions and standard selection questions may be used as a guide in developing appropriate and proportionate questions to be used in a one-stage procurement process. Those questions may be used to assess the suitability, capability, legal status, and financial standing of a potential Supplier, provided that the questions are relevant and proportionate to the contract.

9.2.7. All bids received shall be treated as confidential and will not be used for any other purposes other than that for which they were sought.

9.2.8. Negotiation should only take place if the quotation documents state that it may take place. Negotiations Must be conducted by at least two appropriately authorised Officers and full written records of negotiations Must be kept.

9.2.9. The awarded contract shall be recorded on the Contract Register on Yortender.

9.3. Intermediate Value Procurement £25,000 - £75,000

9.3.1. In addition to the requirements of 9.2 Officers conducting procurements valued at £25,000 or more Must ensure that the opportunity is published on YORtender and, if not invitation only, also on Contracts Finder.

9.3.2. Contract award details Must be published on YORtender and Contracts Finder.

9.4. High Value Procurement £75,000 to EU Procurement Threshold.

9.4.1. In addition to the requirements of CSO 9.2 and 9.3 the Officer conducting the procurement should comply with the following.

9.4.2. Where no existing contract provider or framework is available, formal competition is required. Where there are a sufficient number of providers in the market the contract opportunity should be openly advertised or at least four written tenders invited via YORtender.

9.4.3. For works contracts valued between the threshold for goods and services and the threshold for works a two stage process is permitted and Officers may make use of the PAS 91 PQQ.

9.5. Use of Selection Questions

9.5.1. In sub threshold procurements for goods and services Officers need to decide whether it is necessary to assess a Supplier's eligibility, financial standing and technical capacity. If the Authorised Officer decides that this assessment is necessary it Must be carried out in compliance with the Public Contract Regulations, within a one stage procurement exercise and the CCS standard Supplier questionnaire may not be used.

9.5.2. In sub threshold procurements for works a two stage restricted procurement may be carried out in accordance with 9.4.3.

9.5.3. In procurements that exceed the procurement threshold under the Public Contracts Regulations 2015 for goods, services or works the Authority shall only enter into a contract if it is satisfied as to the Supplier's eligibility, financial standing and technical capacity.

9.5.4. Potential Suppliers should be permitted to self-declare that they meet the relevant criteria in the Supplier selection stage. Only the winning Supplier (and any organisations relied upon to meet the winning Supplier's selection criteria) should submit evidence. This reduces the need for potential Suppliers to submit supporting documents every time they wish to bid for a public contract.

9.5.5. If the winning Supplier fails to provide the required evidence within set timeframes, or the evidence proves unsatisfactory, the award of the contract should not proceed. Officers may then choose to amend the contract award decision and award to the second-placed Supplier, provided that they have submitted a satisfactory bid. Alternatively, the procurement process may be terminated.

9.6. EU Procurement Thresholds

9.6.1. Where the estimated value of a contract exceeds the current procurement threshold the contract will be tendered in accordance with the Public Contracts Regulations 2015 and these CSOs.

9.6.2. In addition to CSO 9.2, CSO9.3 and CSO 9.4 the Officer conducting the procurement Must comply with the following.

9.6.3. Contract notices and award details Must be published in the Official Journal of the European Union (OJEU) as well as on Contracts Finder and YORtender.

9.6.4. The current thresholds are:

- Services £181,302.00
- Goods £181,302.00
- Works £4,551,413.00
- Social and other specific services (as defined by the regulations) £615,278.00

9.6.5. The thresholds are updated every two years with the next update due on the 1st January 2020.

9.6.6. Officers conducting above threshold procurements Must consider dividing the contract into lots and justify any decision not to do so in either the procurement documents or the post evaluation report.

9.6.7. Post tender negotiation is not permitted except where the Authority is utilising the Competitive Procedure with Negotiation.

10. Above EU Threshold Procurement Procedures

Where the value of the contract exceeds the relevant procurement threshold the Officer Must use procurement procedures as permitted by Public Contract Regulations 2015.

10.1. Open Procedure

10.1.1. In the open procedure, any interested Supplier may submit a tender in response to a contract notice. An open procedure may be used for contracts below and above the procurement threshold

10.1.2. Where the procurement regulations apply the minimum time limit for the receipt of tenders is 35 days from the date on which the contract notice is sent. This can be shortened to 30 days where tenders may be submitted by electronic means i.e. via YORtender.

10.1.3. The invitation to tender shall be accompanied by information regarding the evaluation criteria to be used by the Authority.

10.1.4. Where the Authority has published a prior information notice (PIN) which was not itself used as a means of calling for competition, the minimum time limit for the receipt of tenders, subject to specific conditions being met, may be shortened further. Advice should be sought from a suitably qualified person to ensure that conditions of the Public Contract Regulations are fulfilled.

10.2. Restricted Procedure

- 10.2.1. The restricted procedure is a two stage process where any Supplier may apply to participate in the tender competition by providing the selection information that is requested by the Authority. Following assessment of the information provided, only those Suppliers invited to do so may submit a tender.
- 10.2.2. The time limit for receipt of selection information is 30 days from publication of the contract notice.
- 10.2.3. Where the Authority has published a prior information notice (PIN) which was not itself used as a means of calling for competition, the minimum time limit for the receipt of tenders, subject to specific conditions being met, may be shortened further. Advice should be sought from a suitably qualified person to ensure that conditions of the Public Contract Regulations are fulfilled.
- 10.2.4. The time limit for receipt of invited tenders is 30 days from the date of the invitation to tender and this can be shortened to 25 days where tenders may be submitted by electronic means i.e. via YORtender.

10.3. Other Procurement Procedures

- 10.3.1. In the majority of cases the Open or Restricted Procedures will be the preferred option for the Authority. In exceptional circumstances where they are not thought to be suitable then the Authority may opt to utilise another procurement procedure i.e. the Competitive Procedure with Negotiation, Competitive Dialogue, Innovative Partnerships and the use of the negotiated procedure without prior publication.
- 10.3.2. Before commencing any of these procurement procedures the Officer Must obtain the approval of the Fund Director and the Monitoring Officer, or where the Fund Director is the applicant the Monitoring Officer and the Treasurer.
- 10.3.3. The Officer shall prepare a report in the format set out in Appendix 2 explaining the reasons why use of a another procurement procedure is the recommended course of action. The report Must be submitted to the Fund Director and the Monitoring Officer, or where the Fund Director is the applicant the Monitoring Officer and the Treasurer for consideration and approval or rejection.
- 10.3.4. Where approval is granted it will in all cases be on the condition that the process is supported by suitably qualified procurement professionals.

11. Publicity and Advertising

The Authority has legal obligations to ensure that contract opportunities and details of subsequent contract awards are suitably advertised and that procurement activity is conducted in an open, fair and transparent manner

- 11.1. In all cases and regardless of value, Officers Must consider if the procurement might be of cross border interest to economic operators in other member states of the EU. A written record Must be kept of this consideration and the conclusion reached. If it is considered that there may be cross border interest a suitably accessible advert Must be published which for the purposes of these CSOs shall be an OJEU advert, in addition to the requirements of 11.2 and 11.3 below.
- 11.2. Details of all contract opportunities valued at £5,000 or more Must be published on YORtender. Award details Must also be published on YORtender contracts register.
- 11.3. All contracts valued at £25,000 or more Must be advertised on YORtender and, if not invitation only, on Contracts Finder. Award details Must be published on YORtender and Contracts Finder
- 11.4. All contracts valued above the Public Contract Procurement Thresholds Must be advertised in the OJEU, on Contracts Finder and on YORtender. Award details Must also be published on OJEU, Contracts Finder and YORtender
- 11.5. Procurements through framework agreements need not be advertised unless a mini-competition is required in which case advertising will be in accordance with the requirements of the framework agreement. Where the mini-competition is managed outside of YORtender the subsequent contract award Must be added to the contract register on YORtender and, dependent on the value of the contract, the award details Must be published in accordance with 11.3 and 11.4.

12. Invitation to Tender

- 12.1. The invitation to tender shall include details of the Authority's requirements for the contract including:
 - (a) a description of the services, supplies or works being procured;
 - (b) the procurement timetable including the tender return date and time, which shall allow a reasonable period for the applicants to prepare their tenders;
 - (c) a specification and instructions on whether any variants are permissible;
 - (d) the Authority's terms and conditions of contract, form of contract and bond;
 - (e) the evaluation criteria and sub-criteria including any weightings;
 - (f) pricing mechanism and instructions for completion;
 - (g) whether the Authority is of the view that TUPE may apply;
 - (h) form and content of method statements to be provided;
 - (i) rules for submitting of tenders;
 - (j) any further information which will inform or assist tenderers in preparing tenders.

13. Pre Tender Submission Clarification

- 13.1. Where either the Authority or a tenderer seeks to clarify any aspects of the tender documentation adequate time must be allowed for both the clarification question and the response.
- 13.2. Clarification questions and responses Must be in writing and recorded in a log.
- 13.3. In above EU threshold tenders a minimum of 6 days Must be allowed between the last clarification response and the tender submission deadline, if this is not possible the tender return deadline should be extended. To avoid malicious clarifications being raised with the intention of extending the tender period the Officer should state in the tender documents the latest date that tenderers may raise clarification questions.
- 13.4. Unless the clarification is of a confidential nature both the question (anonymised) and the response Must be issued to all tenderers.

14. Tender invitation and submission

- 14.1. Tender documents for procurements that have a contract value of £5k or more including mini competitions under external frameworks, Must be made available electronically and where possible by using YORtender.
- 14.2. Where the contract value is £5k or more the Officer Must ensure that tenders/quotes may be submitted by electronic means, via YORtender.

14.3. Hard Copy Tenders

- 14.3.1. The Authority's standard method of receiving tender submissions is by electronic means.

15. Tender Opening

- 15.1. Electronic tenders shall be opened by the Authorised Officer and in all cases one other officer.
- 15.2. An immediate record shall be made including date and time of opening and name and address of tenderer(s).

15.3. Managing Late submissions

- 15.3.1. YORtender does not allow tenders to be submitted after the deadline.
- 15.3.2. late bids may only be accepted with the approval of the Monitoring Officer where the bidder has gained no advantage as a result of the late submission and for reasons where the late submission is through no fault of the bidder , for example where there is evidence that YORtender was unavailable.
 - 15.3.2.1.

16. Managing Errors and Ambiguities

- 16.1. Tender Documents Must state how errors in tenders will be dealt with. Whichever process is followed it Must be transparent and fair to all tenderers.
- 16.2. Where a tenderer has made a material and genuine error they may be given an opportunity to correct that error prior to tender evaluation. If correction is permitted the tenderer must submit the required information within a strict time limit. Failure to meet the time limit will result in the tenderer being given the choice to stand by the bid as submitted or withdraw their tender.
- 16.3. Where information or documentation submitted appears to be incomplete or erroneous, or where specific documents are missing, the Authority may request the tenderer concerned to submit, supplement, clarify or complete the relevant information or documentation within a strict time limit provided that such requests are made in full compliance with the principles of equal treatment and transparency. Failure to meet the time limit will result in the tenderer being given the choice to stand by the bid as submitted or withdraw their tender.
- 16.4. Other errors in tender submissions should be dealt with either by asking the tenderer to confirm that they will honour their tender submission despite their error or if not withdraw the tender from the procurement process.
- 16.5. If a Contractor agrees to stand by an error which jeopardises its ability to perform the contract to the standard required, or may result in legal dispute, then the Authority should consider whether this renders the bid to be unacceptable.

16.6. Abnormally Low Tenders

- 16.6.1. Where a tender appears to be abnormally low the Officer should request that the tenderer explains the tendered price in writing and considers the evidence provided. Should a satisfactory explanation not be provided the bid should be rejected.

17. Post Tender Clarification and Negotiation

- 17.1. Where an aspect of a submitted tender is genuinely unclear the Officer may request that the tenderer provides clarification of that matter. The response Must only clarify the relevant part of the original tender and not contain any new information. Anything that is submitted and goes above and beyond clarification Must be disregarded in the evaluation.
- 17.2. All clarifications and responses Must be in writing and recorded in a log. It is important that clarifications are not used as a means to negotiate and advice should be sought if there is any doubt whether something is clarification or negotiation.
- 17.3. Where the Public Contract Regulations apply post tender negotiation is only permitted whilst using the competitive procedure with negotiation. Post tender negotiations are not permitted in open and restricted procedures.

- 17.4. In sub-threshold procurements where the Public Contract Regulations do not apply and it is considered that post tender negotiations are in the Authority's interests and may achieve added value then post tender negotiations may, subject to 17.5 exceptionally be appropriate where authorised by the Fund Director and the Monitoring Officer except. where the Fund Director is seeking the authority in which case it will be authorised by the Monitoring Officer and the Treasurer.
- 17.5. Post tender negotiations Must only take place where they do not distort competition or disadvantage any bidder. The process should be transparent and non-discriminatory and ensure bidders are treated equally. Post tender negotiations with any tenderers Must be in accordance with the following conditions:
- Post tender negotiation should only take place if the tender documents state that it may take place.
 - Conducted by a team of suitably experienced Officers.
 - Written records of the negotiations are kept and a clear written record of the added value obtained is incorporated into the contract.

18. Evaluating Tenders

- 18.1. The tender evaluation criteria including sub-criteria and all weightings shall have been predetermined and published in the invitation to tender (ITT). The criteria shall be strictly observed at all times throughout the evaluation process by any Officer involved in the tender evaluation. The tenders Must be evaluated in accordance with the relevant Public Contract Regulations and the evaluation criteria as set out in the ITT. Except where lowest price was predetermined to be the appropriate criteria, the contract shall be awarded to the offer that represents best value for money to the Authority.
- 18.2. Detailed records Must be kept of the evaluation process and the individual or consensus scores allocated, including the reasons why each score was given. Records should be saved electronically (PDF format) and stored in accordance with the Authority's Records Retention Policy.

19. Awarding Contracts

- 19.1. The Authority shall only award a contract where this represents best value for money. A contract may only be awarded by an officer with the requisite delegated authority to award contracts. No contract shall be executed as a deed except under seal.
- 19.2. Contracts below £75,000 may be signed by an officer with appropriate delegated authority i.e the Fund Director, Head of Finance, Head of Investment Strategy, Head of Pensions Administration, Clerk, Treasurer and Monitoring Officer.

- 19.3. All contracts valued at £75,000 or above shall be executed under seal unless the Clerk approves other arrangements.
- 19.4. For all procurements valued at £250,000 or more the decision to award a contract shall be made by an Officer listed at 4.4.
- 19.5. Electronic signatures may be used in accordance with the Electronic Signature Regulations 2002 provided the sufficiency of security arrangements has been approved by the Clerk.
- 19.6. Every contract Must be in writing and must be concluded (executed by all parties) prior to the commencement of any works, services or any supply. Exceptionally, and only for certain categories of procurement such as construction, a letter of intent may be utilised to enable forward planning and mobilisation activities. Proceeding under a letter of intent can give rise to risks and suitable legal advice should always be sought before utilising a letter of intent.
- 19.7. When a contract is awarded the Officer Must ensure that the award is published on YORtender, if over £25K on Contracts Finder and if over the procurement threshold on OJEU.
- 19.8. In exceptional cases where YORtender has not been utilised the Officer Must ensure that the contract is added to the contract register.
- 19.9. The Clerk shall submit a report regarding the award of any procurement valued at £250,000 or more to the earliest available meeting of the appropriate Board.
- 19.10. The Clerk shall submit an annual report to the Corporate Governance and Planning Board listing all contracts, including those awarded under framework agreements or through joint procurement, awarded in the given year that exceed £5,000 in value.

20. Records and Retention

- 20.1. The Authorised Officer with delegated authority in respect of a particular procurement shall maintain a list of all tenders received.
- 20.2. A Contracts Register of all contracts awarded above £5,000 shall be maintained and made publically available by the Fund Director on behalf of the Authority. The Contracts Register may be maintained electronically on YORtender.
- 20.3. For every individual contract a file shall be maintained for a period of 6 years.

21. Debriefing and Feedback

- 21.1. Feedback is not required for quotations of £5k - £25k

- 21.2. Once a decision to award a contract at £25k and above is made all tenderers Must be notified at the same time, as soon as possible, in writing, of the intention to award the contract to the successful bidder, giving reasons for the decision.
- 21.3. The Authorised Officer will provide the evaluation results (tenderers score and winning tenderers score) to unsuccessful tenderers and will offer to provide further written feedback.
- 21.4. Where unsuccessful tenderers request a further debrief this should be provided to them in writing.
- 21.5. A contract subject to the Public Contracts Regulations can only be awarded following a communication to all unsuccessful tenderers and a mandatory 10 day standstill period. Failure to comply can result in a challenge and the contract being set aside.
- 21.6. If an unsuccessful bidder challenges the decision to award the contract and the contract has not already been awarded then the award process should be postponed and suitable legal advice is obtained.

22. Contract Management

The Officer is responsible for ensuring that an appropriate and proportionate level of contract management procedures and practices are put in place.

22.1. Contract Variation

- 22.1.1. A variation must not materially affect or change the scope of the original contract. Such a variation could constitute a new award/contract. Where a proposed variation exceeds 10% or £100,000, whichever is the lower the Regulations Must be followed where applicable and suitable legal advice obtained. Approval to implement a contract variation Must be requested by completion of a business case (Appendix 3).
- 22.1.2. All Contract variations Must be in writing, signed by both parties and the contract register should be updated accordingly.

22.2. Contract Novation

- 22.2.1. Novation involves an agreement to change a contract by substituting the original contractor with another. Where the Authority is approached regarding novation the Authorised Officer should seek advice as follows:
- 22.2.2. For services or supplies contracts under the procurement threshold or works contracts under £250,000 either the Treasurer or Monitoring Officer should be consulted for advice.
- 22.2.3. For services or supplies contracts valued above the procurement threshold or works contract valued above £250,000 suitable legal advice must be sought.

22.2.4. Approval to implement a contract novation Must be requested by completion of a business case (Appendix 3).

22.3. Contract Extension

22.3.1. The Authorised Officer shall always be satisfied that a contract extension will achieve value for money, is reasonable in all the relevant circumstances and should take legal advice regarding its execution.

22.3.2. Where the contact value exceeds the EU procurement threshold contract extensions are only permitted if there is provision in the contract to do so and the contract has not already expired. Once a Contract has expired it cannot then be extended.

22.3.3. Below EU threshold contracts may be extended by negotiation.

22.3.4. Where a contract is extended the contracts register should be updated accordingly.

22.3.5. Approval to implement a contract extension Must be requested by completion of a business case (Appendix 3).

22.4. Contract Termination

22.4.1. Either party to the contract may terminate a contract early, by agreement, in accordance with the termination provisions set out in the contract. For any contract exceeding £250,000 in value, the agreement to terminate the contract shall be approved by the Authority.

22.4.2. Where termination is initiated by the contractor, or is planned to be initiated by the Authority, under circumstances that are not by mutual agreement, legal advice must be obtained.

22.4.3. Approval to implement a contract termination Must be requested by completion of a business case (Appendix 3).

22.5. Contract Review and Exit

22.5.1. At least twelve months prior to the expiry of the contract the Officer should have in place an exit plan. The exit plan should contain, as a minimum, provision for the handover of any assets or data, a strategy for post exit arrangements and if necessary plans for re-procurement, including allowance of time for any required approval processes.

23. Joint Procurement

23.1. Any joint procurement arrangements with other local authorities or public bodies including membership or use of purchasing consortia for procurements above £250,000 shall be approved by the Monitoring Officer. Approval shall only be

given where the joint procurement arrangement assures compliance with the Public Contract Regulations. This clause does not apply to framework agreements.

23.2. The Authorising Officer Must be satisfied that any joint procurement shall be undertaken in accordance with the principles of these CSOs.

23.2.1. Approval to embark on a joint procurement exercise Must be requested by completion of a business case (Appendix 3).

24. Procurement by Consultants

24.1 Any Consultants used by the Authority shall be appointed in accordance with these contract standing orders. Where the Authority uses Consultants to act on its behalf in relation to any procurement, then the Authorised Officer shall ensure that the Consultants carry out any procurement in accordance with these contract standing orders, or using an equivalent market appropriate, open and transparent process that is compliant, where applicable with the Public Contract Regulations 2015. Consultants shall only be permitted to make recommendations on whether to award a contract or who a contract should be awarded to. The Authorised Officer shall ensure that the Consultant's performance is monitored.

25. Purchasing cards

25.1. Purchasing cards shall be used in accordance with these standing orders.

26. Review and Amendment of Contract Standing Orders

26.1. These contract standing orders shall be reviewed and updated on a regular basis as determined by the Authority and changes to titles, statutory thresholds and minor amendments will be undertaken in consultation with the Monitoring Officer from time to time. Amended contract standing orders shall be agreed periodically as determined by the Monitoring Officer and adopted by the Authority.

27. Waivers of Contract Standing Orders

27.1. While the Authority may choose to waive certain requirements within these Contract Standing Orders it is important to note that the requirements of Public Contract Regulations 2015 cannot be waived under any circumstances.

27.1.1. Circumstances where a Waiver to the requirement for competition may be justified include for example, the procurement of goods, materials, works or services which are obtainable only from one supplier, where no equivalent or reasonably satisfactory alternative is available and no genuine competition can be obtained;

27.2. In order to waive a Contract Standing Order the Officer Must complete the waiver form attached to these CSOs at Appendix 1. The waiver form may be authorised by one of the following :

- the Clerk,
- the Treasurer, and the
- the Fund Director

- 27.3. Where it is necessary to waive CSOs because of an unforeseeable emergency involving immediate risk to persons or property, serious disruption to the Authority, or other significant situation that requires urgent action, the Authorised Officer may, after consulting with an officer listed at CSO 4.4 and 27.3 above jointly approve the waiver without completion of a waiver form up to a maximum of £75,000. The Officer Must prepare a report describing the situation and actions taken for submission to the next appropriate Board meeting.
- 27.4. All applications to waive Contract Standing Orders and a record of the decision to approve or reject the application Must be recorded on the Authorities CSO Waiver Log.
- 27.5. Where any contract standing order indicates that an Officer “Must” follow a certain course of action that contract standing order cannot be waived under any circumstances. All other contract standing orders Must be complied with unless otherwise authorised via the waiver process.

Definitions

“Authorised Officer”	A person with appropriate delegated authority to act on the Authority’s behalf.
“Authority”	South Yorkshire Pensions Authority; or any designated Board of the Authority that has delegated powers to act on behalf of the Authority.
“Consultant”	Provider of professional services or expertise engaged to: (a) provide expert analysis and advice which facilitates decision making (b) provide a specific, one-off task or set of tasks; and (c) perform a task involving skills or perspectives which would not normally be expected to reside within the Authority.
“Contract”	Means an agreement between the Authority and any Contractor or Supplier made by formal agreement or by issue of a letter of acceptance or official order for goods, works or services.
“Contractor”	Any person or body of persons providing, or seeking to provide, supplies, services or works to the Authority. May be used interchangeably with Supplier.
“Contracts Finder”	The web-based procurement portal provided by or on behalf of the UK Government Cabinet Office.
“Contracts Register”	A public register held and maintained by the Authority containing details of contracts valued at £5,000 or more.
“Framework Agreement”	An agreement which allows an Authority to call off from a Supplier to provide supplies, services or works in accordance with the terms of the agreement. The Framework Agreement itself usually constitutes a nonbinding offer with no obligations on the Authority to call off from the Supplier. If the Authority calls off from the Supplier a binding contract comes into being.
“Light Touch Services”	Public contracts for social and other specific services as set out in Chapter 3, Section 7 of the Public Contract Regulations 2015.
“Monitoring Officer”	The Monitoring Officer performing the functions of the “Monitoring Officer” as described under section 5 of the Local Government and Housing Act 1989.
“Must”	An instruction to follow a certain course of action that cannot be waived under any circumstances.
“OJEU”	Official Journal of the European Union.

“PAS 91”	PAS 91 is a standardised pre-qualification questionnaire which has been developed to reduce the need for suppliers to complete a variety of different pre-qualification questionnaires for different, and in some cases, the same clients. Developed by the British Standards Institute (BSI), the question set has been commissioned by Government and is a recommended common minimum standard for construction procurement.
“Procurement Regulations”	Public Contract Regulations 2015.
“Procurement Threshold”	The financial threshold above which contracts are required by the Public Contract Regulations 2015 to be advertised in the OJEU.
“Regulations”	Public Contract Regulations 2015.
“Supplier”	Any person or body of persons providing, or seeking to provide, supplies, services or works to an Authority. May be used interchangeably with Contractor.
“TUPE”	The Transfer of Undertakings (Protection of Employment) Regulations 2006.
“Value for Money”	The optimum combination of a minimum purchase price, combined with maximum efficiency and effectiveness of the purchase, combined with maximum benefits for the customer receiving the goods, services or works..
“YORtender”	The Authorities electronic procurement system.

Appendix 1 Waiver Form

Report by:	<i>[insert name of Officer making the request]</i>
Telephone:	
Email:	
Date	

Subject: Request to waive contract standing order(s) in respect of *[insert name of project/procurement]*

1. Background

Request to waive Contract Standing Order Number: *[insert CSO number]*

Name of Supplier(s): *[insert]*

Contract Value(s): *[insert]*

Contract Dates: *[insert]*

2. Reason for request and recommended course of action

[The report must give the reasons why the request is being made and explain the recommended course of action. Sufficient information must be included to enable the authorised Officer to make a decision. For example; Justification for using the Supplier including details of previous contracts (dates, value and scope) Information demonstrating that value for money is being achieved including any savings being secured by this approach. Identification of any social, economic or environmental advantages from this course of action]

3. Consequences of proposed waiver not being approved

[A statement should be included explaining the consequences of the proposed action not being approved.]

4. Legal implications

[Insert details of any legal advice that has been obtained and/or any legal risks that have been identified]

5. Recommendations

It is recommended that approval is given to waive Contract Standing Order *[insert]* and to proceed as proposed in this report.

6. Decision

Based on the information / reasons detailed above, the request to waive the Contract Procedure Rule(s) as proposed in this report is **approved/rejected** (delete as appropriate).

Signed.....

Date.....

Comments.....

Designation (*delete*): Clerk / Treasurer / Fund Director

Appendix 2 Request to use a Procurement Procedure (not open or restricted).

Report by:	<i>[insert name of Officer making the request]</i>
Telephone:	
Email:	
Date	

SUBJECT: Request to use the following procurement procedure in the procurement of
[insert name of project/procurement]:

1. PROCEDURE	Please tick <input checked="" type="checkbox"/>
Competitive procedure with negotiation	<input checked="" type="checkbox"/>
Competitive dialogue	<input checked="" type="checkbox"/>
Innovation partnership	<input checked="" type="checkbox"/>
Use of the negotiated procedure without prior publication	<input checked="" type="checkbox"/>

2. Background

Name of Supplier(s): *[insert]*

Contract Value(s): *[insert]*

Contract Dates: *[insert]*

3. Reason for request and recommended course of action

[The report must give the reasons why the request is being made and explain the recommended course of action. Sufficient information must be included to enable the authorised Officer to make a decision. For example; provide the reasons why the open or restricted procedures are not suitable. How have you arrived at your decision to use a particular procurement procedure? Information demonstrating that value for money is being achieved including any savings being secured by this approach. Identification of any social, economic or environmental advantages from this course of action]

4. Consequences of proposal not being approved

[A statement should be included explaining the consequences of the proposed action not being approved.]

5. Legal implications

[Insert details of any legal advice that has been obtained and/or any legal risks that have been identified]

6. Recommendations

It is recommended that approval is given to the use of the procurement procedure indicated at 1. above and to proceed as proposed in this report.

6. Decision

Based on the information / reasons detailed above, the request to use the procurement procedure as proposed in this report is **approved/rejected** (delete as appropriate).

Signed.....

Date.....

Comments.....

Designation (*delete*): Clerk / Treasurer / Fund Director

Appendix 3 Business Case

Report by:	<i>[insert name of Officer making the request]</i>
Telephone:	
Email:	
Date	

SUBJECT: Proposal to implement one of the following procedures in the case of
[insert name of procurement/contract].

1. Procedure	Please tick <input checked="" type="checkbox"/>
CSO 3.4 - Procurement without competitive tendering due to unforeseen circumstances.	<input checked="" type="checkbox"/>
CSO 22.1 - Contract Variation	<input checked="" type="checkbox"/>
CSO 22.2 - Contract Novation	<input checked="" type="checkbox"/>
CSO 22.3 - Contract Extension	<input checked="" type="checkbox"/>
CSO 22.4 - Contract Termination	<input checked="" type="checkbox"/>
CSO 23 - Joint Procurement Exercise	<input checked="" type="checkbox"/>

1. Background

This business case constitutes a formal request to proceed with a *[insert relevant information from table above]* with *[insert name of relevant third party i.e. Supplier or other Authority]*.

Contract Value(s): *[insert]*

Contract Dates: *[insert]*

2. Reason for request and recommended course of action

[The business case must explain the reasons behind the request, the recommended course of action, how value for money is being achieved, any savings being secured, any social, economic or environmental advantages from this course of action. Sufficient information must be included to enable the authorised Officer to make a decision.]

3. Consequences of business case not being approved

[Explain the consequences of the proposed action not being approved.]

4. Legal implications

[Insert details of any legal advice that has been obtained and/or any legal risks that have been identified]

5. Recommendations

It is recommended that the business case is approved and to proceed as proposed.

6. Decision

Based on the information / reasons detailed above, the business case is **approved/rejected** (delete as appropriate).

Signed.....

Date.....

Comments.....

Designation (delete): *Fund Director, Head of Finance, Head of Investment Strategy, Head of Pensions Administration*

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SOUTH YORKSHIRE PENSIONS AUTHORITY

4 October 2018

Report of the Fund Director

GENDER PAY GAP

1) Purpose of the Report

To provide the Authority with details of the organisation's gender pay gap.

2) Recommendations

Members are recommended to note the Gender Pay Gap Information set out at Appendix A.

3) Background Information

3.1 Earlier this year all organisations in the UK employing more than 250 staff were required to produce and publish information on their gender pay gap. While SYPA is not a large enough organisation to have to produce this information as part of the work being undertaken to understand the workforce and to promote transparency the relevant report has been produced and is attached at Appendix A

3.2 The headline gender pay gap identified is **16.7%**, which compares to a UK average of **20.9%** and exactly matches the EU average and is considerably below the figures reported by many financial services organisations.

3.3 From the information reported it appears that the distribution of female staff across the different earning levels within the workforce is not even with underrepresentation of women particularly at middle management level, seeming to be a significant contributor to the pay gap.

3.4 In terms of action to be taken to address the pay gap specific steps will be considered as part of the HR and Organisational Development Strategy which is to be developed as part of the corporate planning process. However, as a smaller organisation small changes one way or another can have a significant impact on the reported figures.

4) Implications and risks

- Financial – There are no immediate financial implications arising from this report. Any financial implications from the HR and OD strategy will be reflected in the budget and medium term financial strategy.
- Legal – The Authority is not covered by the legislation requiring publication of gender pay gap information and has produced this information in an effort to provide greater transparency.
- Diversity – The results of this work indicate that there are diversity issues within the workforce which the HR and OD strategy will need to address.
- Risk – This work reinforces the decision already made by the Authority that issues concerned with the workforce are a key corporate risk that needs to be addressed through the corporate planning process.

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.



Gender Pay Gap Report

2018

1. Foreword

South Yorkshire Pensions Authority wants to achieve a position where its workforce is reflective of the community it serves. We are a small specialist organisation and hence sometimes not as able as larger members of the local government family in South Yorkshire to achieve progress in areas such as this quickly, but we have taken steps including adopting the so-called “foundation living wage” which addresses the pay of our lowest paid staff most of whom are women.

As any good employer should we offer a range of flexible working opportunities to enable our employees to achieve a work life balance and which provide encouragement and support for women returning to work to further their career with the Authority.

The Authority has more women than men in the top quartile of earners and half of the Chief Officer roles are held by women, presenting a significant contrast with much of the financial services industry of which many would consider us to be part.

As a small organisation we are not legally required to provide information on the Gender Pay Gap. However, we feel that by being transparent on this issue we are providing a spur to ourselves to do better and setting an example to the organisations in which we invest to do better in addressing the issue of pay inequality.

Councillor Sue Ellis
Chair
South Yorkshire Pensions Authority

2. Context

Equal pay between men and women is a legal right under both United Kingdom and European Law. The Equality Act 2010 requires employers not to discriminate on grounds of race and disability and similar rules apply to sexual orientation, religion and age.

The Authority is committed to and supports the principle of equal pay for all our employees. In pursuit of this objective, it has adopted terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national and local) or as a consequence of authority decisions. These terms and conditions are incorporated into contracts of employment.

All of the jobs within the Authority (with the exception of the 5 most senior roles) are covered by the National Joint Council for Local Government Services Single Status Agreement, which contains nationally agreed pay spine. All jobs are evaluated against the pay & grading scheme using the Hay job evaluation system, ensuring a transparent process through which fair and consistent judgements are made on pay.

The gender pay gap is different to equal pay. Rather than considering whether women and men receive equal pay for work of equal value, the pay gap is a measure of the disparity in the average earnings of men and women.

From 2017, any organisation that has more than 250 employees must publish and report specific figures about their gender pay gap. The gender pay gap is defined in the regulations as the difference between the average earnings of men and that of women, calculated relative to men's earnings. These calculations must be made using payroll information correct as on a specific date.

For public sector organisations the specific date, or snapshot date is the 31 March.

Data must be published and reported on the following measures:

- Mean gender pay gap in hourly pay
- Median gender pay gap in hourly pay
- Mean bonus gender pay gap
- Median bonus gender pay gap
- Proportion of males and females receiving a bonus payment
- Proportion of males and females in each pay quartile

As SYPA employs fewer than 250 staff it is not required to publish this information. However, as a matter of good practice and transparency the Authority has decided that it will comply with the requirements of the regulations and the information in this report is based on data at 31 March 2018.

3. The Workforce

SYPA has published a profile of its workforce as at the end of March 2018. The following are the key facts relevant to the Gender Pay Gap. The full profile can be found at the link below:

- 62% of the workforce is female and 38% male;
- 2 of the 4 Chief Officer roles as defined in the Pay Policy Statement are held by women;
- Of the 62% of the workforce who are female 33% work full time and 29% part time while of the 38% who are male 32% work full time and 6% part time.

In addition to these facts which are particularly relevant to the Gender Pay Gap the workforce profile highlights disparities in the age profile and the ethnic composition of the workforce. The Authority has recognised these issues as significant risks and is seeking to address them.

4. Gender Pay Data and Analysis

Means and Medians

The Median Gender Pay Gap for the Authority was **17.51%**, while the Mean Gender Pay Gap was **16.71%**. A positive pay gap indicates that men are paid more than women while a negative figure indicates that women are paid more than men. These figures show that for SYPA men were paid more than women. However, the following figures which look at major public sector employers in Barnsley and the major employers within the South Yorkshire Pension Fund set these differences in context.

Employer	Mean Gender Pay Gap %	Median Gender Pay Gap %
Barnsley College	30.0	10.5
Barnsley Hospital NHS Foundation Trust	8.1	12.4
Barnsley Metropolitan Borough Council	14.7	7.1
South Yorkshire Pensions Authority	16.7	17.5
Doncaster MBC	15.7	21.1
Rotherham MBC	11.5	12.5
Sheffield CC	4.3	8.4
UK Average	20.9	
EU Average	16.7	

Given the small sample size for employees with a declared disability and the fact that the Authority currently has no employees from a BME background we have not analysed the pay gap for employees with other characteristics protected under the Equality Act, but it would be expected that a Gap would exist.

Bonus

The Authority does not operate a bonus or performance related pay scheme. However, the definition of Bonus pay in the statutory guidance includes long service awards. In the period being considered one female employee (1.54% of the total) received a long service award, while no men did so. The sum involved is so small that it makes no difference to the figures reported above.

Quartiles

The regulations require that employers provide a breakdown of their workforce by gender in to quarters based on their earnings.

For SYPA this shows that:

- In the lowest earning 25% of the workforce 37% are male and 63% are female;
- In the second lowest earning 25% of the workforce 11.5% are male and 88.5% are female;
- In the second highest earning 25% of the workforce 59.3% are male and 40.7% are female;
- In the highest earning 25% of the workforce 46.2% are male and 53.8% are female.

There is a degree of distortion in the results for the highest earning 25% as it includes data for the investment management staff who transferred to the Border to Coast Pensions Partnership in July 2018. Adjusting for these the result in this quartile would be 31.6% male and 68.4% female.

The results above for the lowest and highest quartiles broadly reflect the composition of the workforce as a whole, while in the second lowest quartile women are overrepresented compared to the workforce as a whole while in the second highest quartile they are underrepresented compared to the workforce as a whole. Broadly this would indicate that women are underrepresented in the middle management and senior specialist roles that are included in the second highest quartile but overrepresented amongst practitioner roles which represent the bulk of the second lowest quartile.

The ideal would be that 25% of both male and female employees would appear in each earnings quartile. This is not the case as shown in the table below, which bears out that the representation of men and women in the two middle quartiles is not in line with their representation in the workforce overall.

	% of total number of male employees	% of total number of female employees
Lowest 25% of earners	24.4%	26.2%
Second lowest 25% of earners	7.3%	35.4%
Second highest 25% of earners	39.0%	16.9%
Highest 25% of earners	29.3%	21.5%
Total	100.0%	100.0%

5. How we are working to close the Gender Pay Gap

The Authority is in the process of reviewing all of its Human Resources policies and practices and consequently will be introducing more systematic monitoring of areas such as recruitment and promotion to ensure that unconscious biases amongst managers are not influencing these activities. This review will also focus on making changes to policies and practices which are likely to influence both the Gender Pay Gap and other imbalances which have been identified in the workforce.

The Authority currently pays a “living wage supplement” to lower paid employees whose hourly rate of pay falls below £8.45 to bring them up to this rate. This supplement will be phased out over the next two years as the national pay scale is increased to exceed the Foundation Living Wage.

To help employees to achieve a better balance between their work and home life, and to support women returning to work and progress in their careers, the Authority operates a range of flexible working opportunities:

- Flexi-time scheme - The scheme is available to all staff. Within the rules of the scheme, currently up to two flexi-days per month can be taken subject to approval. The terms of this scheme will be reviewed as part of the overall review of HR policies and practices.
- Part-time working - This can be worked in a variety of patterns including part day, part week.
- Job share - The duties and responsibilities of one full-time job are divided (normally between two people).
- Compressed weeks or fortnights - Contracted hours are worked over 4 days instead of 5 or 9 days instead of 10.
- Occasional home working - This allows employees, where this arrangement is practical, to be more flexible with their workplace providing the opportunity to work from home on an ‘as and when’ basis.

The Authority also provides support for parents and carers that often go beyond the minimum statutory requirements through maternity/adoption leave, paternity leave, maternity support leave and parental leave.

This range of support and flexible working initiatives help women returning to work following maternity or adoption leave and contribute to reducing the gender pay gap.

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