

SOUTH YORKSHIRE PENSIONS AUTHORITY

14 MARCH 2019

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

Trade Unions: D Patterson (UNITE)

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

Apologies for absence were received from Councillor
I Saunders, N Doolan-Hamer and G Warwick

1 APOLOGIES

The Chair welcomed everyone to the meeting.

Members were reminded that the meeting would be webcast; the meeting would be streamed live for the first time since the move to the Town Hall.

Apologies were noted as above.

2 ANNOUNCEMENTS

The Chair announced that this would be Cllr Wraith's last Authority meeting.

Cllr Wraith had been a member of the Authority for 13 years, he attended his first meeting on 7th December 1986, as did Cllr Andrew Sangar.

Cllr Ellis thanked him for his support as her Vice-Chair; his knowledge of the history of the Authority had been very helpful. Cllr Ellis thanked Cllr Wraith all his work for the Authority over the years.

Cllr Stowe seconded the Chair's words adding that Cllr Wraith had been very supportive to him as a Trades Union representative on the Authority and also a Member. He also praised Cllr Wraith's work and commitment to BMBC.

Cllr Sangar remarked that after only 18 months on the Authority, due to the political process, he and Cllr Wraith had been appointed as Chair and Vice-Chair respectively. This was at the time of the financial market crash and the collapse of the Icelandic banks; Cllr Wraith had been very supportive.

Cllr Mounsey wished Cllr Wraith a long and happy retirement.

Cllr Stowe announced that due to the Leaders' decision to rotate the Chair of the Joint Authorities every two years, this would be Cllr Ellis's last meeting as Chair of the Authority.

He thanked her for all her hard work for the Authority especially in relation to the pooling process which led the Authority to joining the Border to Coast Pensions Partnership. She had played a full part in the pooling process and was at the forefront of the development of the pool; her advice to the Authority had been invaluable.

He also thanked her for her support to him as Vice-Chair and hoped that she would be around for some time to come.

3 URGENT ITEMS

The Chair announced there was an urgent item regarding the charring arrangements of the Local Pension Board which would be taken at the end of the open agenda.

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

RESOLVED: That item 15 'Debt Write-Offs' and item 16 'Fund Director Appraisal' be considered in the absence of the public and the press.

5 DECLARATIONS OF INTEREST.

Cllr Ellis commented that as a Non-Executive Director of BCPP Ltd she would be mindful of any potential conflicts.

6 FEEDBACK FROM THE BORDER TO COAST JOINT COMMITTEE

The Chair welcomed Cllr Doug McMurdo, Chair of Bedfordshire Pensions Authority and the Border to Coast Pensions Partnership's (BCPP) Joint Committee.

Cllr McMurdo gave the Authority a brief account of his life in politics and pensions.

He informed Members that Bedfordshire had been heavily involved in the pooling process from the outset and had already seen significant benefits although he recognised that this was not the case in South Yorkshire.

Geographically, the logical pool for Bedfordshire to join was ACCESS but they had no appetite for internally managed funds while Bedfordshire wanted access to these funds and had therefore seen Border to Coast as the best fit for their requirements.

Cllr Stowe informed the Authority that the Border to Coast Joint Committee had met on Monday 11th March 2019 and had welcomed the Scheme Member observer. Nicholas Wirz was a Local Pension Board member from Tyne and Wear and also a member of Unison. Cllr Stowe commented that it was disappointing that the decision had been made by the Committee to appoint just one Scheme Member representative.

The creation of the Border to Coast sub-funds was progressing although Cumbria had challenged the speed of progression as too quick; South Yorkshire and others had disagreed with this.

There had been a discussion on responsible and ethical investment; Jane Firth was leading on this and very strong policies were being produced.

Doug Patterson, Unite's representative on the Authority, commented that he was pleased that a Scheme Member observer had been elected and appointed to the Joint Committee but it was a poor decision to limit the number to just one. The unions would continue to push to have this number increased.

Cllr McMurdo commented that it had been a difficult decision; Bedfordshire had not been supportive of more than one representative and had no Scheme Member representatives on their Pension Committee. The decision had not been unanimous.

Cllr Sangar expressed concern that another Fund wanted to slow down the process. South Yorkshire had already transferred investment staff and half their assets to Border to Coast. It was a complex operation and the greatest risk was in transition.

Cllr Stowe replied that Cumbria had a problem with capacity; Border to Coast had offered to work more closely with Cumbria to alleviate this.

The Chair thanked Cllr McMurdo for attending the meeting.

7 MINUTES OF THE AUTHORITY MEETING HELD ON 17 JANUARY 2019

RESOLVED: That the minutes of the Authority meeting held on 17 January 2019 be agreed and signed by the Chair as a true record.

8 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

The Authority discussed a letter which had been received from Dr Robert Suckling of Doncaster MBC regarding the Authority's investments in tobacco.

The Chair informed the Authority that a draft response was being prepared which would be circulated to members and would be in line with both the Authority's and Border to Coast's Responsible Investment policies whose approach was engagement rather than divestment.

Border to Coast's Responsible Investment policy was in the process of being revised, it was intended to review the policy annually.

Cllr McMurdo could possibly comment as he was involved with LAPFF.

Cllr McMurdo confirmed that LAPFF encouraged engagement rather than divestment.

Barnsley had nothing to report under Section 41.

Cllr Sangar commented that concerns had been raised in Sheffield regarding the changes to the District Offices.

J Bailey commented that over the years the District Offices had evolved into working on behalf of the employers but accountable to the administering authority. These

responsibilities had now been passed back to the four councils and there was now clear dividing lines.

There would continue to be an on-site presence for part of the week for individual appointments and any other assistance the councils may require.

The Chair commented that in Rotherham concerns had been raised about investments in and selling arms to Saudi Arabia, especially since SYPA had been named in the Guardian. She and the Fund Director had responded. The matter had also been discussed at last week's meeting of the Investment Board and a letter was to be sent to Government expressing concerns.

9 PERFORMANCE SNAPSHOT REPORT 2018/19: Q3

The Authority noted that this would be the last Performance report in the current format.

It was noted that the Fund value was down in the quarter but had since improved; the equity protection strategy had added to returns in the quarter.

Performance was moving in the right direction, and overall administration performance for the year to date was considerably improved on the previous year.

RESOLVED: That the report be noted.

10 CORPORATE PLANNING FRAMEWORK

A report was submitted to secure approval of the various documents which made up the Authority's Corporate Planning Framework. These were:

- The Corporate Strategy which set out the Authority's overall objectives and the actions that would be taken over the coming three years to achieve these.
- The Medium Term Financial Strategy which set out a range of financial forecasts and a framework of rules within which the Authority would determine the resources it had available to fulfil its functions.
- The Human Resources Strategy which set out the steps to develop, recruit, retain and develop a workforce to deliver the organisation's overall objectives.
- The ICT Strategy which set out how the Authority would improve the way it utilises technology.
- The Equality and Diversity Scheme which set out the steps that the organisation would take in order to ensure that it meets its responsibilities under equality legislation.

The Fund Director informed Members that going forward an integrated report would be provided which would cover performance, the budget, targets, key objectives and the Risk Register; this would supersede the Performance Snapshot report.

A Member questioned whether there were any particular concerns with the 'red' areas within the Risk Register.

The Fund Director replied that with regards to the oversight of BCPP it was envisaged that this would reduce to amber after the first quarterly review.

With regard to the GMP reconciliation, this was out of the Authority's hands as a response was awaited from HMRC. There was potentially a significant financial impact.

With regard to the workforce, the Human Resources Strategy would address these issues. By this time in the next municipal year the workforce age profile should have reduced.

J Bailey informed Members that two apprentices had recently been recruited to bring the total to three. It was hoped that these apprenticeships would lead to jobs in the existing career grade scheme.

The Monitoring Officer reminded the Members that the Clerk to the Authority, and Chief Executive of BMBC, would be retiring at the end of May. It was hoped that a successor would be appointed by the end of the week. The new Chief Executive would need inducting into his/her responsibilities as Clerk to the Pensions Authority.

The Authority expressed thanks to Diana Terris and wished her all the best for the future.

The Chair expressed personal thanks to the Clerk for her pro-active approach to helping to solve problems over the years. She suggested that the new Chief Executive be invited to an Authority meeting as soon as was practicable.

With regard to the ICT Strategy, Cllr Cox welcomed the plans to improve functionality and for the system to be more user-friendly and accessible but stressed the need for ways for members without internet access to be able to make contact.

The Head of Pensions Administration reassured Members that face-to-face appointments would continue to be available and an enhanced customer service telephone system would be implemented.

RESOLVED: That:

- i) The following documents be approved as constituting the Authority's Corporate Planning Framework:
 - The Corporate Strategy
 - The Medium Term Financial Strategy
 - The Human Resources Strategy
 - The ICT Strategy
 - The Equality and Diversity Scheme (subject to the correction of the typo on the cover page).

- ii) The Authority note that future reporting of corporate performance would reflect progress against the action plans within each of the above documents as well as performance against specific measures and changes in identified risks.

11 KEY SERVICE STANDARDS

A report was considered which updated Members on the results of research conducted with customers, CIFA and other LGPS funds and to propose revisions to certain administration service standards from 1 April 2019 to improve transparency of performance and allow improved focus on priority case work.

Members were informed that SYPA had a set of customer standards that had been in place for many years without review. These targets were set before changes to the Scheme in 2008 and 2014 and before the significant increases in scheme membership and the number of employers in the Fund. There was currently no national case work targets for LGPS funds.

CIPFA had recognised that there was no consistency of reporting on administration performance and this made it difficult to make direct “quality” benchmarking between LGPS funds.

In an attempt to provide greater transparency and to address the lack of comparative data, CIPFA had published draft guidance on a range of administration case work data which it recommended should be included in the Annual Report published by LGPS funds.

To complement the work that CIPFA had carried out, SYPA consulted with scheme members who had recently retired or transferred out their pension rights to another arrangement. Scheme members were asked for their views on appropriate timescales for processing case work around the transfers and retirement process.

The results were included in Appendix A to the report along with CIPFA suggested KPI, legal requirements, current SYPA KPI, proposed SYPA /KPI and other BCPP funds averages.

Given the retirement process is a key part of the administration function it was intended to survey all retiring members on a quarterly basis and to report the outcome as part of the quarterly administration report.

RESOLVED: That the Authority approve the adoption of a revised set of administration standards from 1 April 2019 as detailed in Appendix A to the report.

12 CONSULTATION ON THE FRAMEWORK FOR VALUATION 2019

A report was submitted to provide Members with details of the responses to the consultation with employers on the framework for valuation 2019.

In November 2018 members approved consultation with employers on a number of issues as part of the framework for the 2019 valuation. The document issued to employers was attached as an appendix to the report.

This was the first time the Authority had undertaken such an exercise and the response was low with only four out of nearly 500 employers responding, although other feedback had been received through the regular interaction between officers and the Directors of Finance of the district councils.

Undertaking the exercise in this way was an important part of the Authority's future approach to engaging with employers in terms of being as open as possible with employers at as early a stage as possible. Despite the low response, the approach would continue to be adopted with all employers through the remainder of the valuation process.

The report detailed the issues consulted on in turn, the comments received and any further actions to be taken.

RESOLVED: That the Authority:

- i) Note the responses to the consultation exercise undertaken with employers.
- ii) Approve the specific changes to the proposals set out in the report, and note the areas where further discussion would be undertaken by the Actuary.
- iii) Approve the immediate change to the Funding Strategy Statement in relation to Exit Credits which was consulted on.

13 PAY POLICY STATEMENT 2019/20

A report was considered which requested approval of the Authority's Pay Policy Statement for 2019/20.

Members were informed that the Statement included a new single pay spine incorporating all the Authority's staff and reflecting the new national pay spine agreed by the NJC.

It was noted that the new salary scale allowed the Authority to end the practice of a Living Wage Supplement for the lowest paid as the lowest point of the new national scale was set above the level of the Foundation Living Wage.

RESOLVED: That The Authority approve the Pay Policy Statement for 2019/20 as set out in Appendix A to the report.

14 TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20

A report was submitted to seek Members' approval of the Treasury Management Procedures and Strategy followed by the Authority.

Appendices to the report were the Annual Investment Strategy, the determination of an affordable borrowing limit for 2019/20, the Minimum Revenue Provision Policy Statement 2019/20 and the list of borrowers from April 2018 to February 2019.

RESOLVED: That the Authority:

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

15 URGENT ITEM - LOCAL PENSION BOARD CHAIRING ARRANGEMENTS

A report was submitted to secure approval to the implementation of any changes to the arrangements for chairing the Local Pensions Board agreed by that Board at its forthcoming meeting.

The Authority were informed that the next meeting of the Local Pension Board would be considering a report on future options in relation to its Chair following the resignation of the previous incumbent part way through their term of office.

The options include continuing with a Chair drawn from the Board members or appointing an independent Chair. Constitutionally the latter course of action would be decision for the Authority.

Giving the timing of meetings, should the Board decide it wants to make some form of change to the current arrangements, no change could be put in place prior to the Board's first meeting of the next municipal year.

It was proposed that the Authority authorises the Clerk and Fund Director, in consultation with the Chair and Vice-Chair, to take any action necessary to implement the board's preferred option in relation to its Chairing arrangements.

RESOLVED: That authority is delegated to the Clerk and Fund Director, in consultation with the Chair and Vice-Chair, to make any arrangements necessary to implement the Local Pensions Board's preferred option in terms of a Chair.

Exclusion of the Public and Press

16 DEBT WRITE-OFFS

A report was submitted requesting authorisation to write-off two outstanding rent accounts in relation to the Fund's commercial property portfolio.

RESOLVED: That the Authority authorise the debt write-offs as detailed in the report.

17 FUND DIRECTOR APPRAISAL

Pensions Authority: Thursday 14 March 2019

A report was submitted to inform Members of the outcome of the Fund Director's Annual Appraisal, reflecting on the year 2018/19 and to establish, if required, revised objectives for 2019/20.

RESOLVED: That the Authority agree the objectives for 2019/20 as set out in Appendix A to the report.

CHAIR