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SOUTH YORKSHIRE PENSIONS AUTHORITY

12 DECEMBER 2024

PRESENT:

Councillor Jayne Dunn (Chair)

Councillors: Donna Sutton, Roy Bowser, Simon Clement-Jones, Neil Wright, Alexi Dimond, John Mounsey, David Nevett, Andrew Sangar and James Church

Non-Voting Co-Opted Members: Nicola Doolan-Hamer, Garry Warwick and Phil Boyes

Clerk: Rebecca Asquith (Service Director of Law & Governance, Barnsley Metropolitan Borough Council)

Local Pension Board Members: David Webster

Officers: George Graham (Director), Gillian Taberner (Assistant Director - Resources & Chief Finance Officer), Debbie Sharp (Assistant Director – Pensions), Sharon Smith (Assistant Director – Investment Strategy), William Goddard (Head of Finance and Performance), Jo Stone (Head of Governance and Corporate Services), and Gina Mulderrig (Governance Officer)

Apologies for absence were received from: Councillor Craig Gamble Pugh and Councillor Neil Wright.

1 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting.

2 APOLOGIES

Apologies were noted as above.

3 URGENT ITEMS

None.

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

None.

5 DECLARATIONS OF INTEREST

The Director, George Graham, declared an interest in item 19 and resolved to leave the room for the duration of the item.

6 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

None.

7 MINUTES OF THE MEETING HELD ON 12.09.2024

RESOLVED: That the minutes as presented for the Authority Meeting held on 12 September 2024 are a true and accurate record.

8 QUESTIONS FROM THE PUBLIC

Questions were received from Ms J Cattell, Mr I Pearson, Mr F Cross and Mrs F Callow. The Director replied on behalf of the Authority.

Written copies of the questions and responses were given to the questioners.

The written replies are attached as appendices to these minutes.

9 THE GOVERNMENT'S PENSIONS REVIEW

The Director presented a report to inform members of the Authority about the initial conclusions of and next stages in the Government's Pensions Review and to gain approval for the approach to be taken in framing a response to the consultation exercises launched following the Mansion House Speech.

Members commented on the points raised by the consultation specifically concerning the future of local investment and the impact that pooling all assets would have on current fund specific plans and targets regarding natural capital and net zero goals.

The Director assured members that Border to Coast Pensions Partnership had already stated that they intended to proceed with local investment in a way that would not undermine the local investment already made by SYPA. The Chair added that this issue had been raised in a meeting with the Secretary of State for Housing, Communities and Local Government following the announcement of the Review and pensions funds had been reassured that local investment would remain at a local level. The Chair also added that SYPA was in very good position to make the pooling changes noted in the consultation given its current working relationship with Border to Coast Pensions Partnership and that this was in contrast to other funds who would need to implement more significant changes to meet the new requirements.

The Director explained that the review required all assets to be pooled by March 2026 and that Border to Coast Pensions Partnership would manage these investments but that this would be under an agreement with SYPA which, with intense planning at a detailed level, would give an opportunity for SYPA to be very clear on their investment beliefs including net zero goals and investment targets regarding natural capital and renewable energy.

Members expressed a concern that, when SYPA is only able to invest in pooled products, if its investment beliefs didn't align with those of the wider Partnership then it would be restricted in implementing its beliefs. The Director agreed that this was a concern and stressed the need to constantly monitor the progress of the Review and lead on discussions in order to mitigate this risk.

Members queried whether previous issues with discrepancies concerning Scottish Law and asset pooling would be resolved. The Director assented that this issue needed to be added to the response to the consultation for the Government's consideration.

Members queried whether there would be support from the Government were there a downturn in the market affecting investments following the enforcement of pooling.

The Director explained that the Government would not be responsible for advising on investment or bailing out pools or funds were there any issues. It was explained that instead SYPA and BCPP must continue to set long term investment strategies to weather all markets and limit the potential for losses. SYPA would need to set detailed investment strategy parameters for Border to Coast to implement and then hold them to account. The Independent Investment Adviser added that the goal would always be long term investment and maintaining a good financial buffer to weather any dips in the market.

Councillors expressed concern on the potential conflict of interest that existed in the concept in the consultation of pools providing investment advice on the investment strategies of its partner Administering Authorities. Some members also expressed the belief that pooling fundamentally undermines the democratic accountability of the LGPS and pools are too large to effectively represent members and employers and offer adequate accountability.

The Director accepted the concern regarding the potential conflict of interests but explained that with BCPP the advisory department and the investment department would be kept separate, and the advisory section would not be reporting to the Chief Investment Officer or monitoring performance. The Director agreed that the proposed move to a professional trustee mode would undermine democracy and had been clear on this in the draft response to the consultation and invited further discussion on this with the Government.

Councillors also gave the opinion that there was the potential for impact on equality not mentioned in the draft response notably younger members and members from global majority countries who may be affected by the potential impact of investment by the pools on climate change.

The Director and Chair welcomed ongoing input from all members.

RESOLVED: Members

- a. Noted the Government's proposals in relation to reform of the Local Government Pension Scheme.**
- b. Endorsed the headline response set out in Appendix A and the body of this report as the basis for a formal response to the consultation and further discussion with Border to Coast partners.**
- c. Agreed the process for finalising the formal consultation response set out in paragraph 5.11.**

Councillor Dimond asked the record to reflect that he did not endorse resolution b. and did not agree with further pooling.

10 QUARTER 2 CORPORATE PERFORMANCE REPORT 2024/25

The Assistant Director – Resources introduced the Corporate Performance Report which provided a summary view of overall performance in achieving the Authority's objectives, bringing together information on progress against the corporate strategy, a range of key performance measures, financial monitoring, and an ongoing assessment of the risks to the delivery of the Corporate Strategy. The Head of Finance and Performance presented the quarter 2 forecast expenditure for the year and variance against the budget reporting an underspend of £164,000.

Members asked for further explanation of the status of the 'Progress the Authority's Net Zero Ambition' project and asked for further detail on the risk in the report titled 'Failure to mitigate the impact of climate change'.

The Director explained that the status of 'At risk but achievable' related to the underlying tasks associated with the Corporate Strategy, not the overall goal of achieving Net Zero by 2030. It was explained that decarbonisation of the portfolio was in progress and further understanding and better information on individual investments to achieve the goal was needed. The Director explained that the risk detail in the report comes from modelling that looks at the whole portfolio rather than detail on specific exposure relating to the risk but could assure members that the exposure of the property portfolio to direct climate change impacts was low as this was always considered when purchasing assets.

Members asked if there had been any analysis of the impact of the rise in National Insurance on the budget and the Assistant Director – Resources assured members that this work was ongoing and would be presented to the Authority at the next meeting in February 2025.

RESOLVED: Members noted the report.

11 APPROVAL OF THE LEVY 2025/26

The Head of Finance and Performance presented the report and asked members to approve the Levy for 2025/26 under the Levying Bodies (General) Regulations 1992.

RESOLVED: Members approved a total levy of £286,847.00 for 2025/26 in accordance with The Levying Bodies (General) Regulations 1992, to be allocated to the District Councils in proportion to their approved council tax base shares.

12 ADVISER MARKET COMMENTARY

The Independent Investment Adviser presented the Market Commentary Report for members to consider and note.

Members queried whether SYPA intended to consider investing in digital currency. The Independent Investment adviser explained that the Authority does not currently invest in digital currency but will continue to monitor its performance globally and review the position.

RESOLVED: Members thanked the adviser and noted the report.

13 QUARTER 2 INVESTMENT PERFORMANCE REPORT 2024/25

The Assistant Director – Investment Strategy presented the Q2 Investment Performance Report 2024/25 for members to note.

RESOLVED: Members noted the report.

14 QUARTER 2 RESPONSIBLE INVESTMENT UPDATE 2024/25

The Assistant Director – Investment Strategy presented the Q2 Responsible Investment Update 2024/25.

Members praised the scope of the report and asked for further detail on any effect engagement has had with Shell and BP regarding their actions and asked for clarity on why SYPA invested in foreign government bonds that funded weapons.

The Assistant Director – Investment Strategy reiterated that SYPA believed in engagement over divestment but agreed there were limits to the influence of engagement on large companies and that the strategy needed to be continuously developed. The Director explained that there was a need to invest in foreign government bonds based on whether they would give returns not what the government used the investment for and that the principles of Responsible Investment regarding government bonds was yet to be developed but was in ongoing discussion.

RESOLVED: Members noted the activity undertaken in the quarter.

15 ANNUAL REVIEW OF BORDER TO COAST RESPONSIBLE INVESTMENT POLICIES

The Assistant Director – Investment Strategy presented the report to secure the Authority's endorsement of the revised Border to Coast Responsible Investment policies prior to the next voting season explaining that it was 'light touch' review as the new Head of Responsible Investment at BCPP, Tim Manuel, was new to the post.

The Director and Chair requested that any questions regarding the ongoing conflict in Israel and Palestine be submitted in writing following the meeting for consideration by BCPP.

Members noted that the policy did not reflect that the target regarding global temperature increase as set in The Paris Agreement (2015) had not been met and how this would affect the BCPP target of net zero by 2050.

The Director explained that SYPA would be reviewing its own Responsible Investment policies in March 2025 and that this would be an opportunity to reflect on the BCPP Responsible Investment policies and consider issues to feedback to BCPP for consideration when they next review their Responsible Investment policies once the Head of Responsible Investment has more experience in post.

RESOLVED: Members Endorse the various Border to Coast policies at Appendices A to C in the report.

Councillor Diamond asked that the record reflect that he did not endorse the resolution.

16 UPDATE ON PENSIONS ADMINISTRATION IMPROVEMENT PLAN

The Assistant Director – Pensions presented the update on the Pensions Administration Improvement Plan.

Members queried whether a media campaign would be launched informing the public of the introduction of the Pensions Dashboards.

The Director explained that there would be a media campaign when the Pensions Dashboards become available to the public and that SYPA intends to examine ways the campaign can be used to promote the use of the SYPA member portal.

Members asked for clarity on overtime and work being undertaken on a weekend and whether this need has reduced or will continue.

The Assistant Director – Pensions explained that an assessment of need, staff and budget for overtime was currently underway and would consider workload and staff welfare.

RESOLVED: Members noted and commented on the 2024/2025 plans for Administration improvement that are in place.

Councillor Sanger left the meeting and did not return.

17 GOVERNANCE, REGULATORY AND POLICY UPDATE

The Head of Governance and Corporate Services presented the report to provide Authority members with an update on current governance related activity and regulatory matters.

Members asked whether there was capacity for optional knowledge briefings prior to meetings.

The Head of Governance and Corporate Services agreed to consider the request and added that there had also been a request from the Audit and Governance Committee to provide summaries of training sessions which was being developed as a process.

RESOLVED: Members noted the updates included in this report.

18 INDEPENDENT GOVERNANCE REVIEW - ACTION PLAN FOR APPROVAL

The Assistant Director – Resources presented for approval the proposed action plan developed by the working group to address findings arising from the independent governance review undertaken by Aon.

The Chair thanked members of the working group for their contribution to the action plan.

RESOLVED: Members approved the Independent Governance Review Action Plan attached at Appendix A.

19 CLERK ARRANGEMENTS

The Director, George Graham, left the room.

The Assistant Director – Resources presented the report to consider the change of Clerk to South Yorkshire Pensions Authority. Barnsley Metropolitan Borough Council had previously acted as Monitoring Officer and Chief Finance Officer but these roles had since been brought in house. Members were asked to consider whether the role of Clerk to the Authority should also be brought in house.

Members queried whether there was any advantage to having an external Clerk.

The Assistant Director - Resources explained that there would be an increase in duties for the Director but that overall workload would be only minimally impacted.

RESOLVED: Members

a. Approved the changes to the arrangements for the position of Clerk to South Yorkshire Pensions Authority set out in the body of the report.

b. Agreed to absorb the role of Clerk within the duties of the Director with effect from 1 April 2025.

The Director, George Graham, returned to the room.

20 GOVERNMENT CONSULTATION ON REMOTE ATTENDANCE AT LOCAL AUTHORITY MEETINGS

The Assistant Director – Resources presented the report to seek Authority Members' views and approval for a response to the Government's consultation "Enabling remote attendance and proxy voting at local authority meetings" as set out at Appendix A.

Members commented to show support for the response and expressed the view that they would welcome the possibility of remote meeting attendance as this would facilitate a broader range of people joining the Authority encouraging diversity and aiding inclusivity. Members also noted the value of in-person meetings and that remote attendance should be reserved only for certain circumstances.

The Assistant Director – Resources explained that detailed attendance rules and ongoing monitoring would be necessary to ensure any agreed changes did not negatively impact meetings of the Authority.

Members requested that training and briefings outside of official Authority meetings be made accessible remotely to give members flexibility around other commitments.

The Head of Governance and Corporate Services agreed to ensure all training be remotely accessible where possible to ensure maximum attendance.

RESOLVED: Members

a. Considered the consultation questions and provide views on any changes to be made or additional comments to add to the response drafted at Appendix A; and

b. Approved the submission of the response, incorporating any changes agreed at this meeting, on behalf of the Authority.

21 DATA PROTECTION POLICY STATEMENT

The Head of Governance and Corporate Services presented the Data Protection Policy Statement for approval.

RESOLVED: Members

a. Approved the Data Protection Policy Statement attached at Appendix A; and

b. Delegated authority to the Director to approve the detailed policies and procedures that form the rest of the information governance framework.

22 ANTI-FRAUD POLICY AND WHISTLEBLOWING POLICY

The Head of Governance and Corporate Services presented the Anti-Fraud, Bribery and Corruption Policy and Whistleblowing Policy for approval.

RESOLVED: Members approved the Anti-Fraud, Bribery and Corruption Policy and the Whistleblowing Policy.

23 GOVERNANCE MEETINGS CALENDAR 2025/26

The Head of Governance and Corporate Services presented Members with the proposed 2025-26 Governance Meetings Calendar for review and approval.

RESOLVED: Members approved the 2025/26 Governance Meetings calendar and outline work programme attached at Appendix A.

CHAIR