

SOUTH YORKSHIRE PENSIONS AUTHORITY**21 NOVEMBER 2013**

PRESENT: Councillor K Goulty (Chair)
 Councillor R Wraith (Vice-Chair)
 Councillors: D Baker, E Butler, J Campbell, M Lawton,
 K Richardson, K Rodgers, A Sangar and P Wootton

Trade Unions: G Boyington (Unison)

Officers: S Pick (Clerk and Treasurer), G Chapman (Head of Pensions Administration), J Hattersley (Fund Director), M McCoolle (Senior Democratic Services Officer), R Bywater (Principal Policy and External Relations Officer) and B Clarkson (Head of Finance)

Apologies for absence were received from Councillor B Ford, Councillor L Rooney, G Warwick and F Tyas

1 **APOLOGIES**

Apologies for absence were noted as above.

2 **ANNOUNCEMENTS**

Members noted arrangements were being made for a training and development session, around mergers and collaboration, at the conclusion of the Authority meeting on 16 January 2014.

3 **URGENT ITEMS**

RESOLVED – That the report entitled ‘Overall Customer Satisfaction Performance Targets’ would be taken as an urgent item at Item 23a on the agenda.

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

RESOLVED – That agenda Item 24 ‘Requesting Approval to Purchase a New Pensions Administration System’ would be considered in the absence of the public and press.

5 **DECLARATIONS OF INTEREST**

None.

6 **MINUTES OF THE AUTHORITY MEETING HELD ON 10 OCTOBER 2013**

The Head of Pensions Administration informed Members that he had been told that a decision on the Councillors’ Pension Scheme was imminent.

RESOLVED – That the minutes of the Authority meeting held on 10 October 2013 be signed by the Chair as a correct record.

7 MINUTES OF THE CORPORATE PLANNING AND GOVERNANCE BOARD HELD ON 27 JUNE 2013

RESOLVED – That the minutes of the Corporate Planning and Governance Board held on 27 June 2013 be noted.

8 MINUTES OF THE CORPORATE PLANNING AND GOVERNANCE BOARD HELD ON 29 JULY 2013

Councillor Wootton referred to the Co-operative Bank PLC, and the downgrade of its credit rating in April 2013.

The Clerk and Treasurer remarked that Co-operative Bank PLC had announced that it was gradually withdrawing from local authority business. This would, of course, affect the Authority. Although the Co-op would support current contracts it was thought that new banking arrangements would need to be in place before the end of 2014/15 and probably sooner. He explained that the Authority's contract was bound in with those of the Joint Secretariat and Police and Crime Commissioner.

Members requested the matter be dealt with urgently, and to be provided with regular update reports.

RESOLVED – That the minutes of the Corporate Planning and Governance Board held on 29 July 2013 be noted.

9 MINUTES OF THE INVESTMENT BOARD HELD ON 19 SEPTEMBER 2013

RESOLVED – That the minutes of the Investment Board held on 19 September 2013 be noted.

10 MINUTES OF THE PENSIONS ADVISORY PANEL HELD ON 1 OCTOBER 2013

RESOLVED – That the minutes of the Pensions Advisory Panel held on 1 October 2013 be noted.

11 WORK PROGRAMME

The Authority considered its Work Programme to 20 March 2014.

Members noted that regular updates regarding the Co-operative Bank PLC would be included onto the Work Programme.

RESOLVED – That the contents of the Work Programme be noted.

12 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

Councillor Wraith referred to a recent Governance Board meeting, where Barnsley MBC's Service Level Agreement performance had been disappointing. Councillor Wraith had met with the Treasury Spokesperson, and a forward plan had been agreed; it was hoped that the plan would be in place, when they next met in January 2014.

13 REVENUE ESTIMATES - ADMINISTRATION AND INVESTMENT MANAGEMENT EXPENSES

A report of the Clerk and Treasurer was submitted to consider the Authority's draft revenue estimates for 2014/15 and to approve the levy under the Levying Bodies (General) Regulations 1992.

The Authority had consistently achieved an underspend over the last few years, and had strived to manage the Fund within budgetary constraints. It had been agreed in 2013/14, in order to maintain expenditure at a cash standstill on the net controllable budget, that reserves would be used where necessary.

Councillor Lawton suggested in the future budgetary reports ought to include estimated costs per Fund member so that comparison with other LGPS funds could be made more easily. He was concerned that by concentrating too much on keeping absolute costs very low, it could damage the level of service provided to contributors and pensioners. The Clerk and Treasurer commented that the current climate had led the Authority into a position of being cautious of putting more money into anything. A further discussion would be held around the issue.

RESOLVED – That Members:-

- i) Approved the revised estimates for 2013/14 in the sum of £5,381,200 including the use of reserves of £23,500.
- ii) Approved a levy of £543,000 for 2014/15 in accordance with The Levying Bodies (General) Regulations 1992.
- iii) Noted the preliminary forecasts for 2014/15, and referred the estimates to the District Councils for comment.

14 PERFORMANCE SNAPSHOT REPORT 2013/14: Q2

A performance snapshot report for 2013/14: Q2 was submitted for Members' information.

During the quarter one member of staff had left, and recruitment was underway; staff training continued to be up to date. Sickness absence was up 0.2% on the previous quarter, due to a couple of longer term absences.

Seven Members had attended training on Governance Arrangements, 75% of Members had attended Days 1, 2 and 3 of the Fundamentals Training, and 58% of Members had attended the Fundamentals Refresher Training.

RESOLVED – That the report be noted.

15 ACTUARIAL VALUATION UPDATE

The Head of Pensions Administration updated Members on the Actuarial Valuation. District Councils were currently considering the latest results; it was expected that the other employers' results would be received tomorrow, and would be delivered onto them over the upcoming weeks. The revised funding strategy would then be developed, and a report would be brought to the January 2014 Authority meeting for Members to approve.

RESOLVED – That the update be received.

16 BOARD CHAIRS' REPORTS

Councillors Goulty, Wraith and J Hattersley visited the Fund's investment property at Warrington on 15 October 2013. One of the two buildings was currently vacant and was subject to a dilapidations claim. The visit had helped to ascertain the work required, and a comparison of other premises in the vicinity had been made.

RESOLVED – A full report would be brought to the next Investment Board meeting.

17 LGPS 2014: UPDATE

The Head of Pensions Administration commented that work was underway on implementing the Regulations, together with preparing staff and employers, who had been informed of the changes at the recent Employers' Forum.

Transitional Regulations were awaited, which would indicate how to deal with people already in the current scheme, moving into the new scheme, together with governance issues arising from consultation and councillors.

CLG had received a good response to the consultation in relation to merged funds attracting an above average number of replies from administering authorities.

The Government had employed the actuarial consultancy firm, Hymans Robertson, to provide a report on various options relating to LGPS fund mergers. The report was expected by the end of this month.

A consultation or proposals paper was expected to be available early in the New Year, and would be sent onto Members once available.

RESOLVED – That the update be received.

18 PENSIONS ADVISORY PANEL FEEDBACK

Members noted that all points raised had been answered at the Pensions Advisory Panel meeting held on 1 October 2013.

19 SCHEME MEMBERS' ANNUAL FUND MEETING

A report of the Communications Manager was submitted, which reported on the Scheme Members' Annual Fund Meeting held at The Source, Sheffield on the evening of 10 October 2013.

The meeting was only attended by 56 members:-

- 40 Pensioners
- 6 Contributors
- 3 Deferred Members
- 2 Representatives from employing bodies
- 5 Councillors

The number of attendees was disappointing especially for a Sheffield venue. It was suggested this could have resulted from the invitation being issued too late. Next year the newsletter and invitation would be sent out with the Annual Statement in August 2014. The meeting would be held in Rotherham next year.

Councillor Wraith commented that the number of attendees was disappointing, and if numbers continued to fall, the cost of venues would need to be reviewed.

The Head of Pensions Administration commented that Greater Manchester traditionally had 300/400 attendees at similar meetings, which were held throughout the day and included guest speakers and a hot lunch; West Yorkshire had a similar experience. Our Meeting had been changed from lunchtime to early evening in response to feedback; many members had said they were unable to attend during the day due to work commitments. A report regarding attendance and meeting format would be brought to a future meeting.

RESOLVED – That Members:-

- i) Noted the contents of the report.
- ii) Agreed a report would be brought to a future Authority meeting on suggestions on how to improve member attendance.

20 ADVISORY AND INVESTMENT MANAGEMENT AGREEMENTS WITH SOUTH YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

A report of the Clerk and Treasurer was submitted, to remind Members of the Authority's advisory and investment agreements with the South Yorkshire Integrated Transport Authority.

Members were aware of Government's consultations over the potential abolition of SYITA, to be replaced with a Combined Authority; it was unclear where the South Yorkshire Passenger Transport Pension Fund Committee's present responsibilities would transfer to.

RESOLVED – That the report be noted.

21 LOCAL GOVERNMENT PENSION SCHEME FUNDS DATA ENGLAND 2012-13

A report of the Fund Director was submitted to bring to Members' attention the publication by Communities and Local Government of data relating to the LGPS in England.

Members noted the LGPS expenditure on benefits in 2012/13 was £7.5bn which was unchanged from the previous year; employees' contributions were £1.8bn, which was a 2.9% decrease from 2011/12 of £54m.

RESOLVED – That the report be noted.

22 MEMBER LEARNING AND DEVELOPMENT - SUB-REGIONAL COLLABORATION

A report of the Clerk and Treasurer was submitted which provided Members with an update on the increased collaboration in respect of learning and development across the four South Yorkshire District Councils, and the three Joint Authorities.

Members noted the following upcoming events:-

- i) Treasury Management, on 27 November 2013 – There had been a good sign up from Authority Members and Pensions Advisory Panel Members.
- ii) Effective Audit Committees, on 5 December 2013 (p.m. after ITA)

Members were advised to contact R Bywater if they wanted to book a place on the above events.

RESOLVED – That Members:-

- i) Noted the contents of the report.
- ii) Supported the continued collaboration on Member Learning and Development across the three Joint Authorities and four District Councils, and Police and Crime Panel where appropriate.

23 POOLING ARRANGEMENTS FOR ACADEMIES WITHIN THE LOCAL GOVERNMENT PENSION SCHEME

A report of the Head of Pensions Administration was submitted, to inform Members of the Authority's response to recent consultation on Academies.

The DCLG had launched its consultation 'Pooling arrangements for Academies within the LGPS' in October 2013, and the consultation period had been brought forward from the original date of 25 November to 15 November 2013.

Members noted the wide disparity between categories of academies and discussed the possibility of the liabilities of any "failed" employers falling upon other employers or being transferred back to local education authorities.

RESOLVED – That the report be noted.

23A OVERALL CUSTOMER SATISFACTION PERFORMANCE TARGETS

A report of the Communications Manager was submitted to inform Members of the results of the overall customer satisfaction ratings from surveys carried out amongst scheme members and employers over the period 1 July 2012 to 30 June 2013.

RESOLVED – That Members:-

- i) Noted the contents of the report
- ii) Agreed to set revised targets for the period 1 July 2013 to 30 June 2014 as follows:-
 - Employers 'Very Satisfied' to be increased to 60%
 - Overall 'Satisfied' to be increased to 60%.

24 EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED – That, under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item 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.

25 REQUESTING APPROVAL TO PURCHASE A NEW PENSIONS ADMINISTRATION SYSTEM

A report of the Clerk and Treasurer was submitted to seek Authority permission to purchase a new LGPS Pensions Administration System, to replace the current system which would be decommissioned on 31 December 2014.

RESOLVED – That Members:-

- i) Approved the purchase of a new system from Supplier B as described in the report.
- ii) Agreed a report would be brought back to the Authority regarding funding.

The meeting was re-opened to the public and press.

26 LAPFF PRESENTATION

The Authority received a presentation from Keith Bray, Forum Officer of LAPFF, regarding the role of the LAPFF.

The aim of LAPFF was to protect the shareholder value.

The Forum:-

- Optimised local authority pension funds' influence as shareholders to promote Corporate Social Responsibility, and high standards of Corporate Governance.
- Facilitated commissioning of research and policy analysis of issues, relating to areas of concern more effectively than individual members.
- Provided a forum for consultation on shareholder initiatives, information exchange and discussion about investment issues.
- Provided a forum to consider any issues of common interest to all pension fund administrators and trustees.

LAPFF membership currently consisted of 58 Local Authority pension funds, with a value of £120 billion; membership was open to all LGPS pension funds.

Public support for the Forum was growing, with cross party political support and constant media interest.

LAPFF provided a customised, cost effective vehicle for local authority pension funds, to improve both their effectiveness as responsible investors and their compliance with Myners Principle 5 – responsible ownership.

Councillor Lawton queried whether LAPFF's publicity on climate change included investing in fossil fuels. K Bray commented that LAPFF's main contract was with PIRC, and he would forward the latest information onto the Fund Director.

RESOLVED – That Members:-

- i) Thanked K Bray for an informative presentation.
- ii) Noted the contents of the presentation.

CHAIR