

**SOUTH YORKSHIRE PENSIONS AUTHORITY****13 FEBRUARY 2014**

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

Trade Unions: G Warwick (GMB) and F Tyas (UCATT)

Officers: S Pick (Clerk and Treasurer), G Chapman (Head of Pensions Administration), J Hattersley (Fund Director) and M McCoole (Senior Democratic Services Officer)

F Foster (Barnsley MBC)

P Middleman (Mercer Ltd)

Apologies for absence were received from Councillor E Butler, Councillor J Campbell, Councillor B Ford, Councillor L Rooney and G Boyington

1 **APOLOGIES**

Apologies for absence were noted as above.

2 **ANNOUNCEMENTS**

None.

3 **URGENT ITEMS**

None.

4 **DECLARATIONS OF INTEREST**

None.

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

RESOLVED – That agenda item 6 entitled ‘Actuarial Valuation: Update’ be considered in the absence of the public and press.

6 **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.

7 ACTUARIAL VALUATION: UPDATE

A report of the Fund Director was submitted to bring Members up to date regarding the progress of the actuarial valuation due at the end of March 2013. Details of the funding position and variants were shown in the accompanying presentation.

The key points and conclusions from the presentation were as follows:-

- the actuary advised that the framework proposed was reasonable in the context of overall risk management for the Fund given the huge diversity and number of employers now in the Fund;
- it was designed to cover all employers whilst recognising the affordability pressures;
- key changes to aid stability were the allowance for lower short-term pay growth and a proportion of employees to elect for the 50:50 scheme option;
- there had been extensive dialogue with the district councils on affordability and a compromise had been agreed by adopting the updated funding position for them at 31 December 2013 given the material change in yields since the valuation date;
- for other employers the position at 31 August 2013 was used as a baseline for discussions;
- in addition, phasing in of any increases would be allowed where necessary over a period of 3 years;
- nevertheless, the district councils face an increase in contributions although a substantial part of this is due to the agreed underpayment of contributions over 2011/14 plus the reinstatement of indexation which was agreed by all parties at the 2010 valuation.

There was a subsequent discussion and the Actuary confirmed that he had considered representation from the district councils and their advisors on a number of issues. One of the key things that needed to be understood was the reasonable affordability of contributions. In itself this was crucial to whether the Actuary could sign off the contributions based on the resultant risk profile. When questioned by the Chair, the Actuary confirmed that this was what had influenced his view towards some of the concessions he was allowing rather than being swayed by the advice received by the councils from third parties. This was partly because some of the arguments put forward were flawed technically and also because the Actuary felt the outcomes had been delivered more simply by updating the position to 31 December; he felt this was a reasonably stable position going forward based on the latest analysis.

It was agreed that going forward there ought to be more frequent dialogue with the councils and Members about how the obligations to the Fund could be managed over the period leading up to the 2016 valuation. This included exploring some alternative financing options. The officers would liaise with the Actuary on how best this could be achieved.

**RESOLVED** – That Members considered the actuary’s presentation and approved the preparation of a Funding Strategy Statement on the basis set out in the report.

CHAIR