

SOUTH YORKSHIRE PENSIONS AUTHORITY**19 JUNE 2014**

PRESENT: Councillor P Wootton (Chair)
 Councillor R Wraith (Vice-Chair)
 Councillors: E Butler, B Lodge, K Rodgers, A Sangar,
 M Stowe, B Webster and J Wood

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

Officers: S Barker (Head of HR & Business Support),
 R Bywater (Principal Policy and External Relations Officer),
 G Chapman (Head of Pensions Administration), A Frosdick
 (Monitoring Officer), M McCarthy (Deputy Clerk), I Rooth
 (Head of Technical Services), S Smith (Head of Investments)
 and C Tyler (Principal Policy and Communications Officer)

Apologies for absence were received from Councillors
 J Campbell, S Ellis and L Rooney

1 **APOLOGIES**

Apologies for absence were noted as above.

2 **ANNOUNCEMENTS**

None.

3 **URGENT ITEMS**

No urgent items noted.

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

RESOLVED - That item 23 'Staff Establishment: Additional Post' be considered in the absence of the public and press.

5 **DECLARATIONS OF INTEREST.**

None.

6 **PRESENTATION OF LOYALTY AWARDS**

The Chair presented loyalty long service awards to Ian Hepworth, Ged Potts and Anne Reed. The officers present, together with John Hensby and Sue Warren who were on annual leave, were congratulated on their awards by the Members of the Authority.

7 MINUTES OF THE AUTHORITY MEETING HELD ON 20 MARCH 2014

RESOLVED - That the minutes of the meeting of the Authority held on 20th March be signed by the Chair as a correct record.

8 WORK PROGRAMME

Members were presented with a copy of the cycle of future meetings' work programme to November 2014.

It was noted that the meeting dates have been set to avoid significant district council meetings dates.

RESOLVED - That the report be noted.

9 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

Cllr Rodgers informed the Authority Members that Doncaster MBC is continuing with a 3 year budget setting cycle and Doncaster's Section 151 Officer is working closely with Pensions Authority officers regarding the reduction of the deficit.

10 PERFORMANCE SNAPSHOT REPORT 2013/14: QUARTER 4

Members were presented with a copy of the Business Planning and Performance Framework's Snapshot Report for 2013/14 quarter 4.

Regarding employee activity, Cllr Rodgers welcomed the notification that 12 academies had joined the fund as employers.

RESOLVED - That the contents of the report be noted.

11 BOARD CHAIRS' REPORTS

It was suggested that it is too early in the cycle for reports to be produced.

12 LGPS REFORM PROPOSALS UPDATE

Members were informed that officers are getting to grips with the various changes that the new scheme has presented since its introduction on the 1st April.

It was noted that the draft governance regulations are still to be received. These are expected 'any day'.

RESOLVED - That the verbal report be noted.

13 DISCRETIONARY PENSION POLICIES

Members were reminded that the new scheme requires employers to make and publish discretionary policies and were presented with the policies pertaining to the new scheme.

It was noted that whilst South Yorkshire Pensions is an administering Authority, undertaking duties on behalf of the employers, it is also an employer in its own right and the policies presented are those therefore which apply to the Authority's own staff. All employers have to devise their own, similar policies.

It was noted that the area under policy are; the funding of additional pension, flexible retirement. The waiving of the actuarial reduction in those cases where a member voluntarily retires early, switching on the 85 year rule for members voluntarily drawing benefits on or after age 55 and before age 60 and the awarding of additional pension to a member.

It was suggested that the policies are typically not open to mass usage but need to be in place nevertheless for when circumstances dictate. It was noted that the model for these policies has been offered to other employers to assist as requested.

Cllr Rodgers asked whether the flexible retirement policy would be used more as people work longer and whether any comments on this possibility have been received from the employers. It was noted that the statistics indicate this may be becoming the case and more work may be needed at some stage to consider this in more detail given the changing demographic of the workforce.

Cllr Wraith requested that a follow up report be presented in 12 months to comment on any changes in flexible retirement policy usage. It was noted that as flexible retirement ordinarily draws a cost to the Authority it will be necessary to report this to Members.

G Boyington suggested that the policies have been well written as they enable an employee to see what is likely to be the outcome of a request whilst still allowing officers to apply some discretion.

RESOLVED - That the report is received and the updated policies are adopted.

14 LGPS CONSULTATION: OPPORTUNITIES FOR COLLABORATION, COST SAVINGS AND EFFICIENCIES

A report was received advising Members that the government has launched a consultation in response to the call for evidence into the future structure of the Local Government Pension Scheme (LGPS).

Members were advised that there are currently 89 funds in the LGPS, some of which are very small. It was noted that the main thrust of the consultation is to improve returns, reduce deficits and cut overall costs.

It was noted that 'costs' are generally very high for a lot of funds due to usage of external management. However, the South Yorkshire fund is one of the few that is internally managed and relatively low-cost compared with the benchmark.

Cllr Stowe suggested that the option to progress a 'joint vehicle' would be detrimental to the South Yorkshire scheme and require higher expenditure if we couldn't 'opt out'.

S Smith informed Members that whilst the government has moved away from the idea of complete scheme mergers and towards collective investment vehicles, there may be scope to opt out under what has been referred to as 'comply or explain' clauses, but this is currently unknown. Cllr Stowe suggested that there was therefore a danger that the well performing pension funds will get dragged along with the bad ones and joint vehicles will take away the integrity of individual boards. It was suggested that the response to the consultation should highlight that it is good governance that cuts cost, not fund size.

Cllr Rodgers asked whether 'not considering mergers at this time' was necessarily future proof. It was also suggested that joint vehicles would potentially introduce an additional layer of extra cost and that if this was pursued, the fund size which would actually present the South Yorkshire scheme with some benefits would need to be determined.

Cllr Sangar noted the recognition that merging funds is not an easy process due to inherent differences and welcomed the acceptance that quick mergers do not equate to quick wins.

Noting that a response needs to be submitted by 11th July, it was agreed to call an extraordinary meeting of the Authority to agree the response.

RESOLVED - That the Members note the report and agree to convene an extraordinary meeting to consider and determine the Authority's response to the consultation.

15 COMPLIANCE WITH MYNERS' PRINCIPLES: SELF ASSESSMENT

A report was presented to inform Members of the outcome of the self-assessment against the Myners Principles.

RESOLVED- That:

- a) The Authority notes the contents of the report.
- b) The Authority agrees to review this process when the new governance arrangements under the Public Service Pensions Act 2013 are known
- c) The Authority agrees to undertake any development needs arising from the results.

16 TRANSFORMING REHABILITATION PROGRAMME AND THE LGPS

A report was received to update Members on progress surrounding the proposal to transfer the assets and liabilities of those currently members of the Probation Service in the LGPS from the present 34 administering authorities to the Greater Manchester Pension Fund.

It was reported that the transfer is progressing fine to date. Scheme members have been written to advising them of the changes.

Cllr Wraith requested clarity regarding 'other costs'. It was confirmed that these relate to the officer time required to administer the changes and sundry costs such as postage. This is all be being recharged to the Greater Manchester Pension Fund.

It was also confirmed that the quoted figure of £101m is the value of the liabilities for all probation members and the approximate amount that will be lifted and transferred to Greater Manchester.

RESOLVED - That the content of the report are noted.

17 WEBCASTING

A report was received seeking Members' approval of a renewal of the contract to webcast the meetings of the Authority.

Members were reminded that webcasting is an excellent way to ensure transparency of decision making and good governance and enables engagement to be made with stakeholders through associated social media. Pensions Authority meetings over the last year have been viewed by an average of 334 people.

It was noted the renewal is subject to the agreement (and proportionate funding) of all webcasting partners (Pensions Authority, Police and Crime Commissioner, Fire Authority and SCR Combined Authority (Transport Committee)). It was further noted that the option to devise a combined webcasting contract with BMBC is being explored.

RESOLVED - That the Authority will contribute towards the annual cost of the webcasting contract for countywide bodies; subject to the similar agreement of those bodies.

18 CO-OP BANK UPDATE

Members were advised that the Co-operative Bank, with which the Authority banks has stated its intention to withdraw from the local authority banking market. Early discussions with alternate providers are underway and a formal tender for services will be launched shortly.

Cllr Sangar noted that Sheffield CC is currently going through a similar process.

I Rooth noted that district treasurers are currently discussing future banking arrangements for the Fire Authority and Police and Crime Commissioner.

RESOLVED - That the matter under consideration and work being undertaken by officers are noted.

19 REFERENDUM ON SCOTTISH INDEPENDENCE

A report was received to advise Members of the some of the issues that might arise from, and affect, the Fund policies should the outcome of the Scottish Referendum on Independence be in the favour of secession.

It was noted that some of the potential risks may be hypothetical at this stage as some Scotland based institutions may relate their HQs to England.

Members noted their appreciation that officers are fully attuned to, and monitoring, risks.

RESOLVED - That the contents of the report are noted.

20 SOUTH YORKSHIRE PENSION FUND ANNUAL GENERAL MEETING 2014

Members were advised that the 2014 AGM will be held at New York Stadium, Rotherham, at 5.30pm on Thursday 9th October. Consideration is being given to the merits of booking a guest speaker for the event.

RESOLVED - That Members note the details for the AGM.

21 MEMBER DEVELOPMENT ANNUAL UPDATE

A report was presented to provide an update on the learning and development arrangements for Members of the Authority.

It was noted that the arrangements are devised to assist Members with carrying out their role as trustees of the fund and cover a number of specialist modules.

It was noted that personal development reviews will be arranged with individual Members.

Members were asked to consider the appointment of a learning and development Member champion.

Cllr Rodgers noted his recommendation for new Members to undertake the 3 day LGA course.

RESOLVED - That Members:

- a) Approve the revised Learning and Development Strategy and request updates at future meetings
- b) Nominate Cllr Sangar as Lead Member for Learning and Development
- c) Commit to a round of personal development reviews to be arranged with individual Members.

22 EXCLUSION OF PUBLIC AND PRESS

23 STAFF ESTABLISHMENT: ADDITIONAL POST

A report was received asking Members to approve the addition of an extra post to the Authority's establishment to accommodate a TUPE transfer following the integration of South Yorkshire Joint Secretariat with Barnsley Metropolitan Borough Council.

RESOLVED - That the Authority Members agree to the increase in establishment numbers and costs from 1 October 2014.

CHAIR