

SOUTH YORKSHIRE PENSIONS AUTHORITY**2 OCTOBER 2014**

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

Trade Unions: G Boyington (Unison) and G Warwick (GMB)

Officers: J Hattersley (Fund Director), G Chapman (Head of Pensions Administration), M McCarthy (Deputy Clerk/Policy), A Frosdick (Monitoring Officer), J Bell (Director of Human Resources, Performance and Communications, BMBC), F Foster (Treasurer), R Bywater (Principal Policy and External Relations Officer) and M McCoole (Senior Democratic Services Officer)

1 **APOLOGIES**

None.

2 **ANNOUNCEMENTS**

None.

3 **URGENT ITEMS**

RESOLVED – That Members noted an item would be discussed in private, at the conclusion of the meeting.

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

As detailed above.

5 **DECLARATIONS OF INTEREST**

None.

6 **MINUTES OF THE ANNUAL AUTHORITY MEETING HELD ON 19 JUNE 2014**

RESOLVED – That the minutes of the Annual Authority meeting held on 19 June 2014 be signed by the Chair as a correct record.

7 **MINUTES OF THE ORDINARY AUTHORITY MEETING HELD ON 19 JUNE 2014**

Councillor Rodgers asked if any feedback on the consultations had been received.

J Hattersley commented that feedback was still awaited. The initial impression had been that the response to the consultation on collaboration and reducing costs was relatively negative; further consultation on governance was expected.

RESOLVED – That the minutes of the meeting of the ordinary Authority meeting held on 19 June 2014 be signed by the Chair as a correct record.

8 MINUTES OF THE AUTHORITY MEETING HELD ON 8 JULY 2014

RESOLVED – That the minutes of the meeting of the Authority held on 8 July 2014 be signed by the Chair as a correct record.

9 MINUTES OF THE AUTHORITY MEETING HELD ON 24 JULY 2014

RESOLVED – That the minutes of the meeting of the Authority held on 24 July 2014 be signed by the Chair as a correct record.

10 MINUTES OF THE CORPORATE PLANNING AND GOVERNANCE BOARD HELD ON 19 JUNE 2014

Councillor Wraith welcomed the improvement in BMBC's performance and hoped it would continue.

RESOLVED – That the minutes of the meeting of the Corporate Planning and Governance Board held on 19 June 2014 be noted.

11 MINUTES OF THE CORPORATE PLANNING AND GOVERNANCE BOARD HELD ON 24 JULY 2014

RESOLVED – That the minutes of the meeting of the Corporate Planning and Governance Board held on 24 July 2014 be noted.

12 MINUTES OF THE INVESTMENT BOARD HELD ON 26 JUNE 2014

Members referred to the Schroder's Trustee Training Seminar held on 19 September 2014 in Leeds. Members commented that a loop system had not been in place in the building and the acoustics had been of poor quality. Members agreed that the seminar although informative, had been targeted to private sector investment. Members agreed that it would be essential for loop systems to be available in future venues.

RESOLVED – That the minutes of the meeting of the Investment Board held on 26 June 2014 be noted.

13 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

Councillor Rodgers reported that the Independent Children's Trust in Doncaster had now been established and had involved a fairly substantial transfer of staff.

Councillor Lodge referred to a number of questions raised by members of the public to SCC, in relation to ethical investment and investment around air quality and green

energy. A meeting would be held between Sheffield councillors and the members of the public concerned; Councillor Lodge would report back to the Authority in due course.

Councillor Wootton had submitted the Section 41 Report to RMBC, which had been well received.

Councillor Wootton urged Members to attend the forthcoming Fund Annual Meeting on 9 October 2014 at the New York Stadium, Rotherham.

14 WORK PROGRAMME

Members were presented with a copy of the cycle of future meetings work programme to 19 March 2015.

RESOLVED – That the report be noted.

15 QUARTER 1 PERFORMANCE SNAPSHOT REPORT

Members were presented with a copy of the Business Planning and Performance Framework's Snapshot Report for 2014/15 quarter 1.

RESOLVED – That the contents of the report be noted.

16 ANNUAL REVIEW OF RISK MANAGEMENT POLICY AND CORPORATE RISK REGISTER

A report of the Clerk was submitted to review the Authority's Risk Management Policy and the Corporate Risk Register.

Members would continue to receive updates in relation to Risk No. 6 'Future Changes to the Local Government Pension Scheme (LGPS)', which continued to be the only risk identified on the Register with a High residual risk rating; M McCarthy referred to the outstanding information on the risk; once matters became clearer the risk would be downgraded.

G Chapman commented that the draft Regulations and draft Statutory Guidance were expected to be received within the next few weeks, together with a six week consultation period. It was likely, therefore, that a special meeting of the Authority would need to be held either at the conclusion of a Corporate Planning and Governance Board Meeting, or arranged separately if it did not fit within the current meeting cycle.

RESOLVED – That Members:-

- i) Approved the Risk Management Policy attached at Appendix A to the report.
- ii) Considered the Corporate Risk Register attached at Appendix B to the report.
- iii) Agreed the removal of Risk 4, Global Economic Problems from future registers.

17 AUDIT COMMITTEE FUNCTION ANNUAL REPORT 2013/14

A report of the Clerk was submitted for Members to consider the Annual Report of the Corporate Planning and Governance Board's audit work during 2013/14.

RESOLVED – That Members:-

- i) Considered the Annual Audit Report for 2013/14.
- ii) Noted that it would be published on the Authority's website.

18 FREEDOM OF INFORMATION ACT 2000: ANNUAL REPORT

A report of the Clerk and Treasurer was submitted which provided Members with an update on Freedom of Information requests (FOI).

Members noted that all requests had been responded to within the 20 day limit required by the Act; one response was currently pending.

G Boyington referred to the eight FOI requests received from the USA and Canada, and queried due to the officer time and cost involved, whether the Authority was obliged to answer such requests.

A Frosdick commented that even though FOI requests from the USA and Canada were outside of the jurisdiction, the legislation still applied. J Hattersley added that clarification was being sought on one of the FOI requests from the United States, due to the amount of potential work involved.

RESOLVED – That Members noted the contents of the report.

19 SOUTH YORKSHIRE JOINT SECRETARIAT - INTEGRATION

A report of the Clerk was submitted to inform Members of the progress made to date in integrating the support arrangements to the South Yorkshire Joint Authorities with Barnsley MBC acting as lead authority on behalf of South Yorkshire partners.

Members noted that the Joint Secretariat Management Board had given approval at its meeting on 26 September 2014, to the proposed arrangements whereby the 1987 Agreement between the SY Joint Authorities and district councils be amended so as Barnsley Council be nominated to act as lead authority with effect from 1 April 2015 instead of a discrete department of BMBC. As a result, a review of the future role of the Joint Secretariat Management Board would be undertaken, and the South Yorkshire Joint Secretariat would formally cease as a "Brand".

It was acknowledged that any withdrawal from the agreement would require 12 months' notice.

Members reiterated their view that as an independent statutory body this Authority had the ability to procure services from any appropriate supplier notwithstanding the 1987

Agreement and that this position continued. Members also noted that BMBC was in the throes of reorganising itself into business units and that a similar report to this one would be considered by the other Joint Authorities through this meeting cycle.

Councillor Ellis requested that the South Yorkshire Leaders and BMBC officers should monitor the integration process and ensure that Joint Authority Members were kept fully informed.

RESOLVED – That Members:-

- i) Agreed in principle to the proposed arrangements to establish Barnsley as Lead Authority to provide relevant support services as required to the Authority with effect from April 2015 and that the relevant formal agreement between the Council and the Authority be amended.
- ii) That once the accounts and related reports of the Joint Secretariat Management Board be received by that Board for the financial year 2014/15, the Chairs of the Joint Authorities and their senior officers should give consideration to the future of the Joint Secretariat Management Board in conjunction with BMBC officers.
- iii) Requested that the South Yorkshire Leaders and BMBC officers monitored the integration process and ensured that Joint Authority Members be kept fully informed.

20 ILL HEALTH RETIREMENT 'CAPTIVE' INSURANCE

A report of the Head of Pensions Administration was submitted to introduce a new method of funding the cost of ill health retirement for selected employers.

Within the LGPS, ill health retirement was a guaranteed benefit, whereby all Scheme employers had an open-ended risk that one of their employees may fall ill in circumstances which required the immediate payment of retirement benefits. A funding shortfall would be created when retirement benefits were paid earlier than expected, and the employer would have to make up the difference.

Members were informed of the proposal to create a 'captive' group of employers, who would share the risk by paying a premium included with their contribution rate. Some employers would see no immediate change as they already had an allowance built in but others would see an increase in contributions of 1.1% from April 2015. The position would be reviewed at the next valuation. Over the past 6 years there had been a total of 387 ill health retirements, and only 21 of those ill health retirements would have come out of the 'captive'. G Chapman commented that Legal and General had provided quotations for ill health insurance as an alternative but was more expensive, was financed outside the Fund and required employers to sign up individually.

Councillor Ellis queried how many members of staff were none 'captured'. G Chapman would provide Councillor Ellis with the information.

Members noted the following main points of the proposal:-

- Preferable to third party insurance as premiums kept in the fund and would avoid voluntary buy-in.
- Captive employers no longer susceptible to uncontrollable costs.
- 70% of employers covered representing 10.7% of total payroll.
- Initial underwriting by larger employers a possibility.
- No change to contribution rates during this valuation for 64 employers already pre-funding ill health retirement.
- Premiums applied to 132 employers with no current pre-funding from 1 April 2015.
- Premiums adjusted at the next valuation in light of experience.

RESOLVED – That Members:-

- i) Approved the proposal.
- ii) Received the report.

21 LGPS REFORM UPDATE

G Chapman reported that further draft Regulations were expected on the proposals for cost sharing within the Scheme. A mechanism would be put in place in the future, should employer costs increase, to determine whether benefits would change or employee contributions would rise, and this would be brought to Members' attention.

Members noted that the Regulations would be received in mid-October 2014 and would correct areas which were currently incorrect within LGPS 2014.

An announcement was expected that the freedom of choice in pensions would apply to LGPS, where Scheme Members could transfer their benefits to another provider and then take it all as cash. Initially the new rules are expected to require members to transfer out to a personal pension but, ultimately the rules could change to allow Members to withdraw direct from the Scheme; Scheme Members would have to receive independent financial advice prior to this being authorised, and scheme measures would also be put in place. This will be reported in full at a later meeting once full details are known.

RESOLVED – That the update was received.

CHAIR