

SOUTH YORKSHIRE PENSIONS AUTHORITY

14 JANUARY 2016

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

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

Officers: J Hattersley (Fund Director),
G Chapman (Head of Pensions Administration), and
I Baker (Pensions Manager) SYPA

A Frosdick (Monitoring Officer), F Foster (Treasurer),
M McCarthy (Deputy Clerk), J Bell (Director of Human
Resources, Performance and Communications) and
M McCoolle (Senior Democratic Services Officer) BMBC

Apologies for absence were received from
Councillor H Mirfin-Boukouris, Councillor J Scott,
Councillor B Webster, R Askwith and B Clarkson

1 **APOLOGIES**

Apologies for absence were noted as above.

2 **ANNOUNCEMENTS**

None.

3 **URGENT ITEMS**

None.

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

RESOLVED – That agenda item 11 entitled ‘Government Consultation on LGPS Pooling’ be considered in the absence of the public and press.

5 **DECLARATIONS OF INTEREST**

None.

6 MINUTES OF THE AUTHORITY MEETING HELD ON 3 DECEMBER 2015

Councillor Ellis informed Members that the Authority had provided a response to the petition received from the Sheffield Climate Alliance.

RESOLVED – That the minutes of the Authority meeting held on 3 December 2015 be signed by the Chair as a correct record.

7 MINUTES OF THE EXTRAORDINARY MEETING OF THE AUTHORITY HELD ON 10 DECEMBER 2015

RESOLVED – That the minutes of the Extraordinary Meeting of the Authority held on 10 December 2015 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 9 June 2016.

RESOLVED – That Members noted the contents of the report.

9 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

Councillor Lodge referred to a number of concerns he had raised with a Sheffield CC Cabinet Member in relation to the performance on returns etc.; it was hoped that there would be an improvement in the reporting and processing of figures.

Councillor Rodgers commented that Doncaster MBC had now received the settlement from the Government. Councillor Rodgers added that the Authority and its organisation had been favourably mentioned in the Draft Budget.

Councillor Ellis reported that Rotherham MBC appreciated the ongoing meetings in relation to the investment pooling consultation and actuarial valuation.

10 CIVICA PRESENTATION

The Authority was provided with a presentation by I Taylor and A Smith from CIVICA, on the implementation review of the UPM system.

Councillor Ellis commented that the Authority had recently entered into its second year of a five year contract with CIVICA. Members noted how badly the implementation of the UPM system had affected the Authority's reputation, which took pride in providing a high level of service to its members. UPM had failed to deliver the agreements made within the contract, which had resulted in the Authority's standards having to be dropped and a total cost of £50,000 in overtime payments; staff morale had been affected and sickness levels had risen.

Members expressed disappointment in the system which had affected the Authority's overall performance and Risk Register, and Members requested that a more senior representative from CIVICA attend the next Authority meeting, to provide an overarching view on the overall cost incurred to the Authority.

G Chapman referred to the tight timescale agreed by the User Group to provide CIVICA with an opportunity for improvements to be met; it was important that the Authority did not find itself in a similar position to last year. The Authority had previously requested CIVICA to dramatically improve timescales, although no evidence had been seen. As part of the User Group, the Authority was testing the valuation software together with keeping a close check on matters.

I Taylor, on behalf of CIVICA, sincerely apologised for the problems encountered with the system. A number of internal changes had been made at CIVICA to provide a more transparent development process and to include regular communication with users to provide updates and to address issues. A road map had been created to improve performance to increase automation and to improve both the reporting and website aspects of the product. The Authority and other users had signed up to an action plan which included delivered by dates to rectify problems. In February, work would be released for testing on the changes to the annual returns to improve the year end process which was due for sign off in March. CIVICA was addressing the problems raised with the system, and officers would be available to resolve any further issues with the system. CIVICA's priority was to improve the experience, confidence and working relationship with every local authority customer.

RESOLVED – That Members:-

- i) Noted the presentation.
- ii) Agreed to keep a close check on matters.
- iii) Requested that the Managing Director of the CIVICA Pensions Unit be invited to the next meeting.

11 ACTUARIAL VALUATION 2016: UPDATE

Members were provided with an update on the Actuarial Valuation 2016.

G Chapman referred to the software testing underway which due to performance issues could only be run on a small number of employers. The year-end template had been revised and would be despatched to employers today along with an amended guidance note. Letters had been sent to those employers identified for not returning their annual returns in time previously to establish whether assistance was required in order for them to provide data by 31 May 2016. This is essential in order to enable the Authority to produce the valuation and annual statements by 31 August 2016 and satisfy the Pensions Regulators deadlines. The employers would be chased and financial penalties would be imposed.

Members noted that the overtime for the backlog had ceased on 31 December 2015, and that overtime had now commenced to address data issues resulting from the migration to UPM until 31 March 2016.

RESOLVED – That Members noted the update.

12 BOARD CHAIRS' REPORTS

Councillor Ellis commented that she had now received J Hattersley's formal notification of retirement; it was hoped that recruitment would recommence in February, at which point the pooling arrangements should have become clearer. Members noted that the outstanding job evaluations had now been completed.

Councillor Wraith thanked J Hattersley, on behalf of Members, for his understanding and flexibility over the recruitment of his successor.

13 REVENUE ESTIMATES 2016/17

A report of the Treasurer was submitted to request Members to formally confirm the draft budget proposals considered by the Authority on 3 December 2015. The key elements of the proposals had subsequently been the subject of consultations with various interested parties, and no changes had been suggested.

Councillor Ellis referred to a previous request from Members for the accommodation costs to be reviewed, and she requested that this be provided to the Authority in due course.

F Foster commented that the accommodation costs would be provided within the Service Level Agreement, to be presented to the Authority in due course.

RESOLVED – That the Authority formally confirmed the budget proposals and approved the budget of £6,286,800 for 2016/17.

14 PENSIONS ADMINISTRATION STRATEGY

A report of the Head of Pensions Administration was presented to introduce the first draft of the Pensions Administration Strategy document.

Members noted that the LGPS regulations provided the framework to allow Administering Authorities that so wished to prepare and maintain a Pensions Administration Strategy which was considered best practice to do so. In 2008, the option to create an administration strategy was first introduced and the Authority already had in place Service Level Agreements with all of its employers so there was no immediate requirement to develop a strategy at that time. For a number of reasons this position has now changed and the time is now right to introduce the Administration Strategy which will replace the Service Level Agreements.

G Chapman commented that the first draft of the Pensions Administration Strategy document was currently out for consultation with employers, staff and now with Members with the aim for implementation on 1 April 2016.

Councillor Rodgers suggested that the wording of the Town and Parish Councils section should be revised, as the majority of which did not have such a level of administration.

Councillor Ellis gave thanks for the comprehensive piece of work.

RESOLVED – That Members:-

- i) Considered the content and style of the document.
- ii) Made suggestions for additions/amendments.
- iii) Commented on the proposal for financial penalties for non-compliance both in relation to the type and the amount.
- iv) Agreed that the wording be revised for the Town and Parish Councils.

15 UNITED NATIONS CLIMATE CHANGE CONFERENCE 2015

A report of the Fund Director was presented to draw Members' attention to the negotiation of an agreement on climate change at the United Nations Climate Change Conference held in Paris from 30 November to 12 December 2015. The conference was the 21st yearly session of the Conference of the Parties (COP) to the 1992 United Nations Framework Convention on Climate Change and the 11th session of the Meeting of the Parties to the 1997 Kyoto Protocol.

J Hattersley referred to the published Agreement which was a consensus of the 195 parties who had attended the conference, and would become legally binding if at least 55 countries joined, which would represent at least 55% of global greenhouse emissions. Members noted that a further report would be presented to the Authority once the situation became clearer.

Councillor Sangar requested that the further report should be accompanied by the carbon audit report: The latter will be presented to the next Investment Board meeting.

RESOLVED – That Members:-

- i) Noted the report.
- ii) Agreed that a further report be presented to the Authority together with the carbon audit report.

16 TRADE UNION BILL 2015-16

A report of the Fund Director was submitted to make Members aware that the Government had introduced the Trade Union Bill 2015-16 in the House of Commons on 15 July 2015. It had had its second reading in the House of Lords on 11 January 2016. Trades unions had indicated that they would organise campaigns to oppose the Bill during February 2016.

RESOLVED – That Members noted the report.

17 ANNUAL FUND MEETING

A report of the Communications Manager was presented to report on the Annual Fund Meeting held on 22 October 2015 at Doncaster Racecourse.

It was noted that 5 Councillors had been in attendance, together with:-

- 50 Pensioners
- 8 Contributors
- 7 Deferred members

Members noted that pre-submitted questions and responses had been built into the presentations given by the Fund Director and the Head of Pensions Administration, and an open forum had been held at the conclusion of the meeting.

RESOLVED – That Members noted the contents of the report.

18 COMPLIANCE WITH THE PRINCIPLES FOR INVESTMENT GOVERNANCE: SELF-ASSESSMENT

A report of the Clerk was submitted to update Members on the CIPFA Code of Practice on public sector pensions finance knowledge and skills and the requirements for the self-assessment against the Principles for Investment Governance (formerly Myners' Principles).

In October 2011 Members had adopted a system of self-assessment and had agreed to use a template to gauge compliance. Upon Members' confirmation to the self-assessment process, assessment forms would be despatched to Members, to be completed and returned before the end of March 2016.

RESOLVED – That:-

- i) The Authority noted the contents of the report.
- ii) Members confirmed their commitment to the self-assessment process until the new Regulations for the Scheme come in to place and to review and update the process at this time.
- iii) Members agreed to any development needs arising from the results.

19 PIRC PRESENTATION

The Authority received a presentation from J Hayward and A MacDougall of PIRC.

PIRC were the Authority's voting service contractor and provided research on governance, environmental and social issues as well as proxy execution services.

A MacDougall referred to the Government's proposal for a living wage, and the work currently being undertaken by PIRC. A MacDougall also touched upon the research work PIRC were conducting on behalf of the Local Authority Pension Fund Forum.

Councillor Ellis gave thanks for an interesting and informative presentation.

RESOLVED – That Members noted the contents of the presentation.

20 EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED – That under Section 100(A) 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.

21 GOVERNMENT CONSULTATION ON LGPS POOLING

J Hattersley provided Members with a verbal update on the Government Consultation on LGPS Pooling.

Members noted that the Investment Board had given approval for the Fund Director to explore the research being undertaken by Hymans Robertson, and had given approval for the Board to enter into this providing the costing was circa £10,000.

Members considered the various pooling options open to the Authority in the light of the information currently available. It was noted that a number of details remained outstanding from Government; in particular, it was not clear how Government hoped that the LGPS would access investment in infrastructure. After a full discussion a preferred “pooling” partner was agreed.

RESOLVED – That Members:-

- i) Noted the verbal report.
- ii) Agreed that the Authority would announce its’ agreed pooling preference, subject to the agreement of the South Yorkshire Passenger Transport Pension Fund Committee, in due course.
- iii) Agreed that a special Authority meeting be held to address the response to be provided to the CLG by 18 February 2016.

CHAIR