

SOUTH YORKSHIRE PENSIONS AUTHORITY

6 OCTOBER 2016

PRESENT: Councillor S Ellis (Chair)
Councillor M Stowe (Vice-Chair)
Councillors: R Wraith, E Butler, J McHale, A Sangar, P Wood
and J Wood

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

Officers: S Barrett (Interim Fund Director),
G Chapman (Head of Pensions Administration) and
S Smith (Head of Investments)(SYPA)

F Foster (Treasurer), M McCarthy (Deputy Clerk) and
M McCoole (Senior Democratic Services Officer) (BMBC)

Apologies for absence were received from
Councillor H Mirfin-Boukouris, Councillor M Iqbal,
Councillor Z Sykes, Councillor K Wyatt, A Frosdick and J Bell

1 APOLOGIES

Apologies for absence were noted as above.

2 ANNOUNCEMENTS

Councillor Ellis introduced S Barrett, Interim Fund Director to the Authority. Members noted that J Hattersley had recently retired as Fund Manager; formal presentation would be made to him at the conclusion of the meeting.

Councillor Ellis expressed her gratitude, on behalf of Members to J Hattersley for all of his work provided to the Authority, which had helped to ensure that the Authority was in a good financial state and entered into an uncertain future in the best shape possible.

Councillor Wraith commented that it had been a great pleasure to work with J Hattersley, who had been a fine ambassador for Barnsley and South Yorkshire Pensions Authority.

3 URGENT ITEMS

None.

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

RESOLVED – That agenda item 19 entitled ‘LGPS Pooling: Update on Proposals for BCPP’ be considered in the absence of the public and press.

5 DECLARATIONS OF INTEREST

None.

6 ACTUARIAL VALUATION 2016 - MERCER

Members were provided with a presentation from P Middleman and J Perera at Mercer on the Actuarial Valuation 2016. Members noted the following provisional results in terms of the contributions required from employers:-

- An initial meeting had been held with the district councils on 19 September 2016, in relation to affordability.
- The Fund objectives were to achieve a 100% solvency level within a reasonable timeframe, to maintain sufficient assets to pay all benefits as they arose and to have a sufficiently prudent funding plan to protect against downside outcomes.
- The Fund was maintaining a direct link with inflation.
- The allowance for future 50/50 scheme membership would be removed.
- Mercer would continue to work with the Fund to ensure that any refinement of data from the small funds was undertaken.
- Life expectancy analysis had indicated a reduction from last time of approximately 0.2 years for current pensioners in South Yorkshire. Across the board, male life expectancy was improving quicker than female life expectancy.
- South Yorkshire continued to have a lower rate of ill-health retirement compared with other LGPS areas.
- The short term pay figure assumed that it was incorporated for all employers at 1% for 4 years, which was unlikely to be the case in practice.
- Thought was required on how to develop the contribution plans, to ensure the financial health of the Fund was kept on an even keel moving forward.
- A funding strategy statement would be brought as part of the consultation.
- A formal consultation process would commence between now and the employer meeting at the end of November 2016. This would be extended to all employers as part of the overall governance arrangements, with a view to signing off the valuation at the end of March 2017.

Councillor Sangar referred to the valuation data and in particular the 2,350 active members with a missing CARE salary. He queried how this valuation compared with previous valuations.

G Chapman commented that as a result of the CARE Scheme there was a greater emphasis on ensuring that the contributions and pay data was accurate with only a short period of time. In recognition of this the new administration strategy penalised employers who submitted their annual return after the deadline employers and this has brought about an immediate improvement with 93% of returns at the end of May 2016.

Councillor Sangar queried Mercer's position in terms of communication with the four district authorities.

P Middleman referred to a number of meetings held over the summer period in relation to budgeting and other pressures faced by the district councils. Mercer had last met with the district treasurers on 19 September, and would meet with them today

in order to reach a sensible position for all parties. Members would be provided with an update in due course.

Councillor McHale referred to the budgetary pressures faced. He anticipated that the main authorities would be looking for a tapering down of recovery periods and percentage contributions.

P Middleman commented that the assumptions on pay growth were still incomplete. Mercer was talking to treasurers about the individual budgets; a key aspect would be to modify some of the contribution patterns, together with keeping watch on what could happen in the next 3 years.

Councillor Wraith congratulated G Chapman, F Foster and the other three district treasurers, on behalf of the Authority, for all of the work provided.

Councillor Ellis thanked Mercer for an informative presentation.

RESOLVED – That Members noted the presentation.

7 VERBAL UPDATE ON MATTERS ARISING SINCE THE LAST MEETING

None.

8 MINUTES OF THE ANNUAL AUTHORITY MEETING HELD ON 9 JUNE 2016

M McCarthy informed Members that Councillor M Iqbal had become the new Sheffield CC representative.

RESOLVED – That the minutes of the Annual Authority meeting held on 9 June 2016 be signed by the Chair as a correct record.

9 MINUTES OF THE ORDINARY AUTHORITY MEETING HELD ON 9 JUNE 2016

RESOLVED – That the minutes of the Ordinary Authority meeting held on 9 June 2016 be signed by the Chair as a correct record.

10 MINUTES OF THE EXTRAORDINARY AUTHORITY MEETING HELD ON 30 JUNE 2016

RESOLVED – That the minutes of the extraordinary Authority meeting held on 30 June 2016 were noted.

11 MINUTES OF THE CORPORATE PLANNING & GOVERNANCE BOARD HELD ON 2 JUNE 2016

RESOLVED – That the minutes of the Corporate Planning and Governance Board held on 2 June 2016 were noted.

12 MINUTES OF THE CORPORATE PLANNING & GOVERNANCE BOARD HELD ON 20 JULY 2016

RESOLVED – That the minutes of the Corporate Planning and Governance Board held on 20 July 2016 were noted.

13 MINUTES OF THE INVESTMENT BOARD HELD ON 30 JUNE 2016

RESOLVED – That the minutes of the Investment Board held on 30 June 2016 were noted.

14 MINUTES OF THE INVESTMENT BOARD HELD ON 15 SEPTEMBER 2016

RESOLVED – That the minutes of the Investment Board held on 15 September 2016 were noted.

15 WORK PROGRAMME

Members were presented with a copy of the cycle of future meetings work programme to 16 March 2017.

RESOLVED – That Members noted the contents of the report.

16 BOARD CHAIRS' REPORT

Councillor Ellis informed Members that J Hattersley would act as a temporary property investment manager for the Fund for the foreseeable future.

17 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

Members noted that actuarial valuation discussions were underway at the districts.

18 LGPS CURRENT ISSUES SEPTEMBER 2016

Members were presented with the LGPS Current Issues paper dated September 2016, which included a number of items for consideration including the 2016 Actuarial Valuation.

RESOLVED – That Members noted the contents of the report.

19 QUARTER 1 PERFORMANCE SNAPSHOT REPORT

Members were presented with a copy of the Business Planning and Performance Framework's Snapshot Report for 2016/17 Quarter 1.

RESOLVED – That the contents of the report be noted.

20 REVIEW OF PENSIONS ADMINISTRATION SINCE THE IMPLEMENTATION OF THE UPM SYSTEM

A report of the Head of Pensions Administration was submitted to provide Members with a comprehensive review of the experience of the Pensions' Administration Division of the Authority since the last report of this nature in October 2015.

Members noted that following the launch of the UPM Pensions Administration System in November 2014, a report had been submitted to the October 2015 Authority meeting. The Authority continued to encounter extremely problematic issues with the system and its development company Civica.

G Chapman reported that prior to the implementation of the new system, the Pensions Administration Division had met the 99% target performance target for scheme member transactions. This had declined to 56% following the introduction of the new system. Following overtime and a great deal of effort to improve the performance level, the level of all casework completed from 15 September 2015 to 14 September 2016 had increased to 83%. Over 44,000 statements had been issued to members by the 31 August 2016 deadline. One of the few areas which the UPM system had shown a marked improvement over a short period was the Pensions Payroll process, which had dramatically improved over the last two months. The UPM system had impacted upon the Authority's Information Technology (IT) Department, who had been inundated with user queries and helpdesk calls. Staff continued to express high levels of frustration with the system, and staff morale continued to be low.

Councillor Wraith expressed concern at the continued overtime payments. He enquired when the workload would resume to normal levels, and he queried whether senior representatives from Civica should be invited to attend a future Authority meeting.

G Chapman commented that the new scheme had placed many new demands upon the Pensions Administration Division to ensure that the CARE pension delivered into scheme members' pension accounts was correct. The statutory deadline for production of annual statements allows little time to complete the work required without compromising other areas of work. G Chapman said we were pushing the system in the right direction to achieve efficiencies, although staff manpower was required to achieve this. He hoped to meet shortly with the new Civica leadership, following which he would arrange for them to attend a future Authority meeting if required.

Councillor McHale enquired whether plans were in place to review the procedures and processes. He queried whether resources could be deployed more effectively.

G Chapman clarified his earlier comment by saying that bringing new staff at a fixed level for a specific task would bring immediate benefits to the team which would not happen if we went down the usual route of appointing career grade staff. A considerable amount of time had been spent by the UPM team to ensure the work processes were obtaining maximum efficiency and further to this the intention of the online employer system was to undertake straight through-processing, which would help the Pensions Administration Division to meet the statutory deadline and drive efficiencies to deal with Members and customers to provide the service. The Pensions Administration Division had previously achieved and continued to maintain

the Customer Service Excellence Award. It was essential to continue the link with scheme members, which had recently been compromised.

Members noted that a staffing issues report would be presented to the next Authority meeting, with a view to having a revised structure in place by 1 April 2017. The staffing levels had not increased since 1997, but the workload had grown immensely.

RESOLVED – That Members:-

- i) Considered the contents of the report and commented on any areas where there were new or continued concerns.
- ii) Agreed that a staffing review report would be presented to the next Authority meeting.
- iii) Agreed that Civica would be invited to attend an Authority meeting, at an appropriate time in the future.

21 SYPF ANNUAL FUND MEETING

A report of the Head of Pensions Administration was presented to advise Members of the 2016 Annual Fund Meeting which would be held on Thursday 20 October at the Holiday Inn, Dodworth, Barnsley, commencing at 5.30 pm. All Members were welcome to attend.

The meeting would follow the same style and format as last year's event, with additional time allocated for questions. The meeting would be available to view in near real time as at last year's meeting, which would enable scheme members with internet access to watch the event.

RESOLVED – That Members noted the forthcoming 2016 Annual Fund Meeting.

22 CP&GB AUDIT COMMITTEE FUNCTIONS ANNUAL REPORT

A report of the Clerk was submitted to present the Annual Report of the Corporate Planning and Governance Board's work during 2015/16 for Members consideration. The report provided evidence of the arrangements the Authority had in place to monitor, challenge and hold to account those responsible for managing its governance arrangements and the production and approval of its Annual Governance Statement.

Members noted that the draft Annual Report had been considered at the Corporate Planning and Governance Board meeting held on 2 June 2016.

RESOLVED – That Members:-

- i) Considered the Annual Report for 2015/16.
- ii) Noted that it would be published on the Authority's website.

23 WEBCASTING

A report of the Clerk was presented to provide Members with an update in respect of the Authority's webcasting contract.

Members had agreed at the last Authority meeting, to enter into a 3 year webcasting contract for the live transmission and archived viewing facility of Pensions Authority meetings. The Authority's cost to the webcasting contract was calculated against a percentage of the total broadcasting hours by the webcasting partners i.e. the Authority, Fire Authority and Sheffield City Region Combined Authority; both of which had approved their portion of the contract. Members had agreed to delegate final responsibility to the Chair and Vice Chair to agree to enter into the contract. The 3 year contract had been entered into on 26 September.

RESOLVED – That Members noted the cost of £2,511 (ex VAT) for webcasting meetings of the South Yorkshire Pensions Authority per annum, for the next 3 years as part of the Joint Authorities webcasting contract.

24 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 items 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 LGPS POOLING: UPDATE ON PROPOSALS FOR BCPP

A report of the Interim Fund Director was presented to advise Members on the latest proposals for the BCPP and actions arising thereon.

RESOLVED – That Members agreed the recommendations outlined in the report.

CHAIR