

SOUTH YORKSHIRE PENSIONS AUTHORITY

16 MARCH 2017

PRESENT: Councillor S Ellis (Chair)
Councillor M Stowe (Vice-Chair)
Councillors: B Curran, E Butler, J McHale, H Mirfin-Boukouris,
A Sangar, P Wood, K Wyatt and R Wraith

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

Officers: S Barrett (Interim Fund Director), G Chapman (Head
of Pensions Administration), S Smith (Head of Investments
SYPA), B Clarkson (Head of Finance), A Frosdick (Monitoring
Officer), F Foster (Treasurer), M McCarthy (Deputy Clerk) and
G Richards (Democratic Services Officer)

Observers: G Boyington, S Carnell, S Ross and J Thompson
(South Yorkshire Joint Local Pension Board)

Apologies for absence were received from Councillor Z Sykes

1 APOLOGIES

Apologies were noted as above.

2 ANNOUNCEMENTS

The Chair announced that this would be the last meeting for Councillor Butler and the Treasurer Frances Foster and asked Members to stay behind after the meeting for a presentation.

3 URGENT ITEMS

There were no urgent items.

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

None.

5 DECLARATIONS OF INTEREST.

None.

6 MINUTES OF THE AUTHORITY MEETING HELD ON 12 JANUARY 2017

RESOLVED – That the minutes of the Authority meeting held on 12 January 2017 be signed by the Chair as a true record.

7 MINUTES OF THE EXTRAORDINARY MEETING HELD ON 16 FEBRUARY 2017

Councillor Wyatt requested that the minutes be amended to reflect his apologies for the meeting.

RESOLVED – That, subject to the above amendment, the minutes of the Extraordinary meeting held on 16 February 2017 be signed by the Chair as a true record.

8 WORK PROGRAMME

The Authority considered its Work Programme.

RESOLVED – That the Work Programme be noted.

9 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

Cllr J McHale reported that DMBC future service contributions were going up and deficit payments going down, the net effect was that payments remain the same in 2017/18 as they were in 2016/17.

Cllr P Wood commented that Sheffield CC would like to thank the Authority for taking up the issues with regard to Trade Union representation within the governance arrangements for the Border to Coast Pension Partnership.

There was still an issue with the share equity arrangement within the pool which would be raised at the relevant agenda item.

10 UPDATE ON MATTERS THAT HAVE ARISEN SINCE THE LAST MEETING

The Chair requested that the item be removed from future agendas as matter could be covered under 'Announcements' or elsewhere on the agenda.

RESOLVED – That the item 'Update on matters that have arisen since the last meeting' be removed from future Authority agendas.

11 2016 TRIENNIAL VALUATION UPDATE

The Authority considered a report which advised Members of the final outcome of the 2016 Triennial Valuation exercise.

The Actuary's assessment, which Members had received at the October meeting, had revealed a notional deficit of £1,083m representing a funding level of 85% (this was an improvement of 9% from the previous valuation) and an average employer's future accrual contribution rate of 14.8% (an average increase of 2% from the last valuation).

The Actuary had now completed his calculations; the overall final result was unchanged from that previously notified.

A copy of the valuation report would be issued to all Members when it became available and would be forwarded to the Secretary of State as required by the Pensions Regulations.

RESOLVED – That the report be noted.

12 REVISED FUNDING STRATEGY STATEMENT

A report was presented that informed the Authority of changes to the Funding Strategy Statement.

Members were reminded that the Pensions Regulations required the Authority to prepare, maintain and publish a written statement setting out their funding strategy having regard to the Authority's Investment Strategy Statement (ISS). The Funding Strategy Statement must be revised in accordance with any change in policy and any material changes to the ISS, and in particular so that the Actuary can take account of it when preparing his report on the Triennial Valuation.

The Regulations require the Authority to consult with interested parties before adopting a revised strategy. Employers had been issued with the revised Strategy along with their preliminary results and invited to comment on several matters.

The majority of employers that responded were supportive of the revised strategy; a few minor changes had been made to improve clarity. The strategy would be reviewed annually.

RESOLVED – That the revised Funding Strategy Statement be approved.

13 LGPS - REQUIREMENTS FOR ASSET POOLING

The Authority considered an amended report seeking authority for South Yorkshire Pensions Authority to pool its LGPS assets with 12 other Funds in the Border to Coast Pensions Partnership.

At the Extraordinary meeting of the Authority on 16 February 2017, Members had expressed serious concerns regarding the lack of information on the role of Trade Union representatives or Local Pension Boards within the Pool and had asked the Chair to contact the Chairs of the other members of the proposed Pool to ascertain their position on the matter.

There had also been concerns regarding infrastructure investment at the Extraordinary Authority meeting and the meeting of the Investment Board the previous week.

The Authority agreed to the Chair's suggestion to invite Fiona Miller, Chair of a Pool-wide Infrastructure Working Group, to a future meeting.

The Chair informed Members that she had spoken to all but one of the other Chairs. The vast majority valued Trade Union input at Authority level and would not want to see this decreased.

Various ideas had been put forward for involving Trade Unions and Local Pension Boards in the governance of the Pool. These would be discussed at the next BCP Governance sub-group, of which the Chair was a member.

Members were informed that at a meeting between the Chair, Vice-Chair, the Trade Union representatives and the Chair of the Local Pension Board an explicit SYPA policy had been agreed; this was detailed at paragraph 4.17 of the report.

It had also been decided that the Chair and Vice-Chair would meet with the Chair of the Local Pension Board and the Trade Union representatives ahead of BCPP Joint Committee meetings to consult on the agenda.

Members thanked the Chair for her work in this area, her time and efforts were appreciated.

Cllr P Wood expressed concerns about equal voting rights and the fact that the Authority would be contributing more assets than most other Authorities.

S Barrett and A Frosdick commented that this also had its advantages; set-up and ongoing costs would be the same for everyone – if SYPA had more than one share these costs would be significantly higher. It was noted that equal voting rights were the norm in this type of arrangement.

RESOLVED: That the Authority meets the regulatory requirements to pool Pension fund assets by:

1. Agreeing to be a member of the Border to Coast Pensions Partnership (BCPP) and to adopt its arrangements, by authorising the Clerk and the S151 officer in consultation with the Interim Fund Director to finalise the approval and execution, where required, of all legal documents necessary to give effect to the decision below:
 - i. entering into the Inter-Authority Agreement between the Authority and the administering authorities of the other Pool funds
 - ii. entering into the Shareholders' Agreement between the Authority and the administering authorities of the other Pool funds and Border to Coast Pensions Partnership Limited
 - iii. agreeing the Articles of Association to be adopted by the Border to Coast Pensions Partnership Ltd.
2. Approving the establishment of the Border to Coast Pensions Partnership Joint Committee as a formal Joint Committee under section 102 of the Local Government Act 1972 in accordance with and to carry out the functions as set out in the Inter-Authority Agreement.
3. Approving the subscription by the South Yorkshire Pension Fund of one Class A voting share in the asset management company, Border to Coast Pensions Partnership Limited.
4. Appointing the Chair of the Authority as the shareholder for BCPP Ltd.
5. Approving the subscription by the South Yorkshire Pension Fund for such number of Calls B non-voting shares in the Border to Coats Pensions Partnership Limited as shall be necessary to ensure that the Authority contributes by way of equity one twelfth of the minimum regulatory capital requirements of the Financial Conduct Authority.

6. Appointing the Chair to represent the Authority on behalf of the Fund at the Border to Coast Pensions Partnership Joint Committee meetings.
7. Authorising the Clerk to make the consequential changes required to the Constitution to reflect these new arrangements; and

14 TREASURY MANAGEMENT STRATEGY STATEMENT 2017/2018

A report was submitted to seek Members' approval of the treasury management procedures and strategy followed by the Authority.

Members noted the statutory requirements for the Authority to set out a Strategy Statement for the forthcoming financial year. It was also noted that not all of the legislation which governed councils' treasury functions was applicable to the Authority.

The Authority had delegated management of the policy to the Corporate Planning and Governance Board which received regular updates on implementation and monitoring.

The Affordable Borrowing Limit and Capital Expenditure Policy were attached as appendices to the report.

RESOLVED: That the Authority:

- i) Adopted the Annual Investment Strategy and recommendations set out in Appendix I.
- ii) In accordance with Section 3(1) of the Local Government Act 2003 approved an Affordable Borrowing Limit, on a rolling basis for the forthcoming year and two successive years as outlined in Appendix II, of £250,000 being the maximum amount the Authority can afford to borrow.
- iii) In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 approved the Minimum Revenue Provision Policy Statement outlined in Appendix III.
- iv) Noted the list of counterparties used in Appendix IV.
- v) Agreed to keep the above under review.

15 LGPS CURRENT ISSUES - FEBRUARY 2017

Members considered a LGPS Current Issues briefing from Mercer.

RESOLVED – That the report be noted.

16 SECTION 73 LOCAL GOVERNMENT ACT 1985 APPOINTMENT OF STATUTORY OFFICER (CHIEF FINANCE OFFICER)

A report was submitted to advise the Authority of the requirement to appoint a statutory officer to be responsible for the proper administration of the financial affairs of the Authority as required by Section 73 of the Local Government Act 1985 to reflect

revised arrangements for the organisation of core functions within Barnsley MBC with effect from 1st April 2017.

RESOLVED – That the Authority approve the appointment of Mr Neil Copley, Service Director for Finance from Barnsley MBC, as its Statutory Finance Officer with effect from 1st April 2017.

17 CHANGE OF AUTHORITY MEMBERSHIP

A report was submitted to inform the Authority of a change of membership.

RESOLVED: That the Authority:

- i) Note that Councillor Iqbal's membership of the Authority had ceased.
- ii) Note the appointment of Councillor Curran to the Authority by Sheffield City Council on 1st February 2017.
- iii) Appoint Councillor Curran to the Investment Board.

18 MEETINGS OF THE AUTHORITY AND BOARDS 2017/18

A report was submitted which detailed the proposed schedule of Authority and Board meetings during 2017/18.

Members were informed that the schedule had been set avoiding meetings of the District Councils; it was acknowledged that the schedule may have to be adjusted if Council meeting dates changed.

RESOLVED – That the Authority approve the schedule of meetings set out in the Appendix to the report.

CHAIR