

SOUTH YORKSHIRE PENSIONS AUTHORITY

18 JANUARY 2018

PRESENT: Councillor S Ellis (Chair)
Councillor R Wraith (Vice-Chair)
Councillors: S Cox, S Durant, K Harpham, T Hussain,
K Richardson, A Sangar, I Saunders, Z Sykes and K Wyatt

Trade Unions: N Doolan-Hamer (Unison) and D Patterson
(UNITE)

Officers: S Barrett (Interim Fund Director), G Chapman (Head
of Pensions Administration), B Clarkson (Head of Finance),
M McCarthy (Deputy Clerk), I Rooth (Head of Financial
Services, BMBC) and A Shirt (Senior Democratic Services
Officer)

Observer: G Graham

Apologies for absence were received from Councillor
J Mounsey, G Warwick, A Frosdick, N Copley and G Richards

1 APOLOGIES

Apologies for absence were noted as above.

2 ANNOUNCEMENTS

Councillor Ellis welcomed the Authority's newly appointed Fund Director, George Graham to the meeting as an observer.

3 URGENT ITEMS

None.

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

Councillor Ellis commented that several pooling reports of the BCPP Joint Committee included on today's agenda had been excluded from the public and press at their recent meeting.

It had been deemed appropriate for Members to consider the exempt pooling reports at today's meeting in the private session of the meeting. Advice would be obtained to address whether or not, future reports of the BCPP Joint Committee should be considered by the Authority in private or otherwise.

RESOLVED – That item 18 'Confidential Pooling Update' be considered in the absence of the public and press.

5 DECLARATIONS OF INTEREST.

None.

6 MINUTES OF THE AUTHORITY MEETING HELD ON 30 NOVEMBER 2017

RESOLVED – That the minutes of the Authority meeting held on 30 November 2017 be agreed and signed by the Chair as a correct record.

7 WORK PROGRAMME

The Authority considered its Work Programme.

RESOLVED – That the Work Programme be noted.

8 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

Councillor Ellis reported that there had been recent communications with the District Councils in relation to pooling in the Border to Coast Pension Partnership (BCPP Ltd) and other related matters.

9 TREASURY MANAGEMENT STRATEGY REVISION: COUNTERPARTY LIMITS

A report was submitted to seek Members' approval of the changes to the Treasury Management Strategy followed by the Authority. The changes were limited to the levels of cash that the Authority can deposit with counterparties, including Money Market Funds and Local Authorities. It was noted that the need to hold higher levels of cash than previously, arises from changes in the benchmark allocation i.e. reducing exposure to equities pending reinvestment in alternative investments and real assets.

RESOLVED – That the Authority:-

- i) Agreed the changes to the Annual Investment Strategy: The current limit for counterparties with a short term credit rating of F1 or better, the Money Market Funds and Local Authorities be changed to £40m. This £40m limit should also apply to HSBC and Lloyds (the Authority's principal bankers) but with the ability to increase this to £50m in exceptional circumstances. This level at which use of the DMO facility be reported to the Board be increased to £50m.
- ii) Keeps the above under review.

10 REVENUE ESTIMATES 2018/19

A report of the Treasurer was submitted, following various consultations to formally confirm the draft budget proposals that had been considered by the Authority on 30 November 2017. The report had been revised to take account of the National Employers pay offer made on 5 December 2017, which had not yet been agreed.

Members noted that the provisional pay offer for 2018/19 had been built into the figures presented at the November meeting and had resulted in an increase of £46,200 (£8,981,300 against £8,935,100).

B Clarkson informed Members that external costs incurred by the Authority in respect of pooling would be presented to Members in further detail at the March Authority meeting.

RESOLVED – That the Authority formally confirmed the budget proposals and approved the budget of £8,981,300 for 2018/19.

11 THE GENERAL DATA PROTECTION REGULATION (GDPR)

A report was presented to update Members on the work being undertaken by the Authority to prepare for the implementation of the General Data Protection Regulation (GDPR) on 25th May 2018.

A table within the report provided Members with a summary of the work undertaken to date by the Authority, noting that a GDPR Project Group had been created and was being led by the IT Manager. The use of Egress secure email was now being rolled out by the Authority to enhance the security of data received and shared.

Members requested that their congratulations be conveyed to the IT Manager and Assistant IT Manager, who had successfully passed their exams to become certified General Data Protection Regulation Practitioners.

Members noted that a further progress update report would be presented at the March 2018 Authority meeting.

M McCarthy reported that Local Pension Board Members' had requested at their last meeting for arrangements to be made for a GDPR training session.

After discussion, it was agreed that, if Authority Members felt there was a specific need for GDPR training in their role as a Pensions Authority Member, arrangements could be made to tailor a training session for Members and Trade Union representatives at a later date.

RESOLVED – That Members:-

- i) Noted the report.
- ii) Requested that their congratulations be conveyed to the IT Manager and Assistant IT Manager for their recent examination successes.

12 REVIEW OF THE AUTHORITY'S ADMINISTRATION STRATEGY

A report of the Head of Pensions Administration was presented to provide Members with an opportunity to comment on the proposed amendments to the Pensions Administration Strategy document.

Members noted that there had been a number of factors behind the review of the Strategy Document, the main one being the need to introduce into the Strategy the concept of monthly posting and data file submissions along with the administration requirements for the new process. An opportunity had also been taken to review the document as a whole and introduce some new items whilst revising others.

Financial penalties had been increased to further incentivise employers to meet the requirements of the Strategy.

A six week consultation period on the revised Strategy had commenced on 1st January 2018 to allow Employers to offer comments and suggestions for inclusion. Following the closure of the Employer consultation period on 12th February 2018, the final document would be presented for ratification at the March meeting of the Authority.

RESOLVED – That Members approve the proposed amendments to the Pensions Administration Strategy document as detailed by the highlighted text in the draft document attached to the report.

13 SCHEME MEMBERS' ANNUAL FUND MEETING

A report of the Communications Manager was presented to report on the Scheme Members' Annual Fund Meeting held on 19 October 2017 at The Source Academy, Meadowhall, Sheffield. A total of 77 members had attended the meeting consisting of:-

- Pensioners – 56
- Contributors – 11
- Deferred Members – 4
- Councillors – 6

Members noted that a full recording of the meeting was available to view at:
<http://www.youtube.com/SYPensions>

Councillor Sanger requested that a brief summary of the key presentations be included in future reports.

RESOLVED – That Members noted the contents of the report and requested that a brief summary of the key presentations be included in future reports.

14 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 2018.

RESOLVED – That:-

- i) The Authority noted the content of the report.
- ii) Members confirmed their commitment to the self-assessment process.

iii) Members agreed to any development needs arising from the results.

15 PARTNER FUND DIRECTOR PROPOSALS

A report of the Clerk was submitted requesting Members to consider a report and proposal by the Governance Sub Group of BCPP, to be presented to the Joint Committee on 16 January 2018. The report of the Governance Sub Group recommended appointing two remunerated directors to the Board from the partner fund elected Members that comprise the membership of the Joint Committee. Any elected Members selected from the Joint Committee would stand down from that Committee and be replaced by their 'alternative' Fund representative.

S Barrett and Councillor Ellis reported upon the outcome of deliberations on this matter at the BCPP Joint Committee held on 16 January 2018.

Members were informed that all the recommendations set out in report had been agreed, albeit that a ballot should take place later in the year to allow potential candidates time to consider their position.

Councillor Ellis thanked Section 41 Members' and Trade Union Representatives for their advice on this matter, prior to the BCPP Joint Committee held on 16 January 2018.

RESOLVED – That Members noted the report.

16 POOLING UPDATE

A report of the Interim Fund Director was submitted to update Members on the progress of pooling in the Border to Coast Pension Partnership (BCPP Ltd) and related matters.

Members noted the updates provided within the report and were asked to consider two additional budgetary requests from BCPP.

The first request related to an increase of £75k per partner Authority for BCPP set up costs. The second request related to a proposal to create a budget for the Joint Committee to cover expected costs including secretarial services and external advice which may be required from time to time. £30,000 had been proposed for the period from July 2018 to March 2019. It was proposed that this be met from partner funds equally at £2,500 each.

RESOLVED – That Members noted the report and considered the additional budgetary requests referred to in the report:-

1. A one off increase of £75k requested for implementation set up costs, per partner Authority; and
2. An ongoing share of the £30k budget proposed for the Joint Committee amounting to £2,500 per partner Authority.

17 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.

18 CONFIDENTIAL POOLING UPDATE

A report of the Interim Fund Director was submitted to update Members on some of the confidential papers considered by the BCPP Joint Committee held on 16 January 2018. Members were also reminded that SYPA had agreed to act as the Administering Authority for BCPP Ltd. The latter being an admitted body for their staff with access to the LGPS. This was subject to all partner funds signing a 'guarantee' acceptable to SYPA to share any subsequent deficit arising; should that be needed. The 'guarantee' document had been drafted and would be circulated shortly to partner funds.

RESOLVED – That Members:-

- i) Noted the report; and
- ii) Noted that shareholder approval would be sought by BCPP Ltd for agreement of the operating budget and pension scheme arrangements for BCPP Ltd.

CHAIR