

Public Document Pack

Date: 11 January 2018

To: MEMBERS OF THE SOUTH YORKSHIRE
LOCAL PENSION BOARD



**SOUTH YORKSHIRE
LOCAL PENSION BOARD**

18 Regent Street
Barnsley
South Yorkshire
S70 2HG

www.southyorks.gov.uk

This matter is being dealt with by: Gill Richards

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Dear Member

SOUTH YORKSHIRE LOCAL PENSION BOARD
Thursday 18 January 2018

A meeting of the South Yorkshire Local Pension Board will be held at 12.00 pm on Thursday 18th January, 2018 at the offices of the South Yorkshire Pensions Authority, 18 Regent Street, Barnsley, S70 2HG.

Car parking will be available at the rear of the building.

The agenda is attached.

Yours sincerely

D Terris
Clerk

Encs

Distribution: Glyn Boyington (Chair), Geoff Berrett, Nicola Doolan, Nicola Gregory, Cllr Phillip Lofts, Kevin Morgan, Susan Ross, Nicola Simpson Jill Thompson (Vice-Chair) and Garry Warwick.

Terms of Reference

1. Administration

- 1.1 Monitor and review the performance of Scheme administration including suggesting any changes to the Pensions Administration Strategy.
- 1.2 Monitor, review and report on the receipt of contributions.
- 1.3 Monitor investment manager reports.
- 1.4 Review the format, timing and source of management information presented to the Board.

2. Auditors

- 2.1 Monitor and review the appointment and performance of the auditors.
- 2.2 Monitor and review the Annual Report and accounts.
- 2.3 Review the recommendations produced by audit and give consideration to what action should be taken and make recommendations to the Scheme Manager as appropriate.
- 2.4 Monitor and Review the Work Programmes for the Pensions Authority and its Boards and the South Yorkshire Passenger Transport Pension Fund Committee.

3. Internal Controls and Risk Register

- 3.1 Monitor and review the Authority's Risk Register.
- 3.2 Monitor internal controls and procedures of the Pensions Authority.

4. Communications

- 4.1 Monitor and make recommendations as appropriate on:-
 - The information available on the SYPA internet site
 - The information provided to Scheme members on leaving, retirement etc.
- 4.2 Produce an Annual Report upon its activities to be submitted to the Pensions Authority.
- 4.3 Produce reports and make recommendations to the Pensions Authority that relate to the work of the LPB. Any reports must be provided at least ten working days in advance of the next Pensions Authority meeting.

5. Budgets

- 5.1 Agree a yearly budget for the operation of the Local Pension Board and submit to the Authority for approval.
- 5.2 Monitor the level of fees against the annual budget set for the Pensions Board.

SOUTH YORKSHIRE LOCAL PENSION BOARD

THURSDAY 18 JANUARY 2018 AT 12.00 PM

AGENDA

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SHEFFIELD CITY REGION COMBINED AUTHORITY/SOUTH YORKSHIRE PENSIONS AUTHORITY

JOINT LOCAL PENSION BOARD

5 OCTOBER 2017

PRESENT: G Boyington (Scheme Member) (Chair)

G Berrett (Employer, SYP), N Doolan-Hamer (Unison), P Lofts (Employer BMBC), S Ross (Scheme Member), J Thompson (Employer, Action Housing) and G Warwick (GMB)

Officers: S Barrett (Interim Fund Director), G Chapman (Head of Pensions Administration), M McCarthy (Deputy Clerk) and G Richards (Democratic Services Officer)

Apologies for absence were received from S Carnell and K Morgan

1 WELCOME AND APOLOGIES

The Chair welcomed Cllr Lofts to his first Board meeting. Apologies were noted as above.

The Board noted that as the Passenger Transport Pension Fund would transfer to the Greater Manchester Pension Fund on 1 November 2017, Steve Carnell would not be attending another meeting of the Board. The Board requested that a letter of thanks be sent to Steve to thank him for all his input into the work of the Board.

2 DECLARATIONS OF INTEREST

None.

3 ANNOUNCEMENTS

None.

4 MINUTES OF THE MEETING HELD ON 20 JULY 2017

With regard to the implementation of the General Data Protection Regulation in May 2018, G Chapman confirmed that training had been secured for IT staff. The online training system would be updated and staff would be required to take a compulsory course. Progress would be reported to the Corporate Planning and Governance Board in the New Year and the Local Pension Board would be kept informed.

It was confirmed that the Authority's insurance covered the Board with regard to public indemnity but with an excess of £500,000; this could be reduced to zero subject to an annual premium of £2,000.

The Board requested that this be arranged as soon as possible to ensure they were fully covered.

M McCarthy reported that work was ongoing to fill the vacancies on the Board.

RESOLVED:

- i) That officers arrange for the above mentioned insurance policy to be secured.
- ii) That the minutes of the last meeting be agreed as a correct record.

5 WORK PROGRAMME

The Board's Work programme was noted.

6 RISK MANAGEMENT - DRAFT RISK REGISTER

The Board considered that Authority's Risk Register, noting the amendments and the new risk that had been added which reflected the risk around the implementation of the General Data Protection Regulation.

For the risk scores, it was suggested that it would be useful to add arrows to indicate if the score had gone up, down or had remained the same.

G Berrett questioned whether the scoring was subjective or based on a quantified assessment of probability.

M McCarthy reported that there was a risk matrix which would be made available to the Board.

7 REPORT OF BREACH TO PENSIONS REGULATOR

G Chapman reminded the Board that last year every effort had been made to get all Annual Benefits Statements despatched by the deadline but this had led to a large backlog of work. This year the decision had been made not to do this and therefore he had informed the Pensions Regulator in May that the Authority would only be able to issue approximately 75% of annual benefit statements by the 31 August deadline. The letter explained the reasons for this and also the plans and actions to ensure that all statements would meet the deadline next year.

The Board noted that the Pensions Regulator did not respond until August and their response included a number of questions which were duly responded to.

Following this the Head of Pensions Administration had a conference call with senior staff at the Regulators' office; they indicated that they understood the reasons behind the decision and they were unlikely to take any further action. The Head of Pensions Administration had promised to update the Regulator on progress and had confirmed that over 90% had been sent out to date.

RESOLVED – That the report be noted.

8 LOCAL PENSION BOARD BUDGET

The Board noted its current budgetary position.

9 UPDATE TO CONSTITUTION AND TERMS OF REFERENCE

The Board were reminded that the South Yorkshire Passenger Transport Pension Fund would transfer to the Greater Manchester Pension Fund on 1 November 2017. Consequently the Board would become 'South Yorkshire Local Pension Board' and all mention of SYTPF removed from the Constitution and Terms of Reference.

RESOLVED – That the amended Constitution and Terms of Reference be submitted to the meeting of the Pensions Authority in November for approval.

10 INVESTMENT UPDATE

S Barrett informed the Board that the Annual Performance report had been considered by the Investment Board in September.

Overall, for the year end to March 2017 returns had been strong compared to previous years; approximately 22% against the benchmark.

For the first quarter of this financial year performance had been just above the benchmark and the second quarter had been around the same.

An equity protection scheme was being considered to protect the strong gains achieved.

The property strategy had worked well and there were plans in place for the property in Warrington which had been causing concern.

11 AUTHORITY AND BOARD WORK PROGRAMMES

The Board considered the Work Programmes of the Authority and its Boards.

Timings of Local Pension Board meetings were again discussed to enable the Board to comment on reports before they were finalised. Stand-alone meetings would be considered to facilitate this, especially for the Annual Governance Statement.

RESOLVED – That the Work Programmes be noted.

12 SYPA ANNUAL FUND MEETING

A report was submitted to inform the Board of the 2017 Annual Fund Meeting.

The meeting was to be held at the Source Skills Academy, Meadowhall on Thursday 19 October at 5.30pm. All Board members were urged to attend if possible.

The style and format of the meeting would follow last year's event; questions would be invited from the floor after each presentation. The meeting would again be available to view in near real time, this had been publicised in newsletters and on the website.

RESOLVED – That the report be noted.

13 DRAFT REPORTING BREACHES PROCEDURE

A report was submitted to enable the Board to review the draft Reporting Breaches Procedure before submission to the Authority for approval.

The Head of Pensions Administration informed the Board that although there was already a procedure in place for reporting breaches of the Pensions Regulators Code of Practice No. 14 the reporting Breaches Procedure, attached as an appendix to the report, formalised this procedure.

Work was currently being undertaken to put in place the mechanism for identifying, reporting and logging breaches; a register for all breaches would be kept and published as appropriate.

Although no breaches were anticipated, further training and guidance would be provided to all staff to ensure they were aware of the circumstances in which breaches could occur and the appropriate mechanism for reporting them.

RESOLVED – That the Board recommend that the Reporting Breaches Procedure be submitted to the next meeting of the Pensions Authority for approval.

14 ANY OTHER BUSINESS

S Ross requested that officers consult Scheme Advisory Board guidance with regard to reporting breaches to ensure the Board's Terms of Reference were consistent with the guidance.

M McCarthy reported that a post-pooling staffing structure for the Authority had recently been approved; this would be circulated to the Board once staff had been informed. BCPP press releases regarding recruitment would also be shared with Board members.

CHAIR

Agenda Item 5

South Yorkshire Joint Local Pension Board Work Programme

Terms of Reference Area	Jan	March	July	Oct	Author
<u>Board Arrangements</u>					
Board Work Programme	x	x	x	x	GR
Cycle of Board Meetings		x			GR
Board's Annual Report			x		MM/GR
LPB Budget Monitoring	x	x	x	x	BC
Minutes of Previous Meeting/Matters Arising	x	x	x	x	GR
Annual Review of Constitution & ToR			x		MM/GR
Learning & Development					MM/GR
<u>Administration</u>					
Employers Performance			x		GC
Pensions Administration Performance			x		GC
Review of Administration Strategy	x		x		GC
Pooling Update	x	x	x	x	Various
Authority and Board Work Programmes				x	FB
SYP Annual Fund Meeting	x			x	GC
Employers Forum Survey		x			GC
Review of Annual Report & Accounts			x		GR
Treasury Management					TBC
Budget Monitoring			x		TBC
GDPR Update	x				GC
Breach Reporting	x				GC
Complaints and Compliments				x	
<u>Auditors</u>					
Internal Audit Update (incl. recommendations)					RW
Internal Audit Annual Report			x		RW
External Audit Annual Governance Report			x		
External Audit Annual Audit Letter					
<u>Risk Management</u>					
Annual Review of Risk Management			x		AH
Risk Register	x	x	x	x	AH
<u>Communications</u>					
Information of the SYPA Website			x		GR
Information provided on retirement, leaving etc.		x			GR

Topical issues & requests from LPB members will be added where necessary.

Updated 21.03.17

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**SOUTH YORKSHIRE PENSIONS AUTHORITY
LOCAL PENSION BOARD EXPENDITURE TO Q/E 31/12/17**

Agenda Item 6

	ORIGINAL OUTTURN	REVISED OUTTURN	ACTUAL OUTTURN	2017-18 VARIANCE	Note
LOCAL PENSION BOARD					
Travel, Accommodation and Subsistence	3,500	2,500	498	2,002	1
Training	8,000	5,000	913	4,087	1
Professional Advice	3,500	2,500	2,240	260	2
	15,000	10,000	3,651	6,349	

1. Expenditure has been minimal against this budget as the Local Pension Board has only incurred travel expense claims, subsistence and training expenses at the end of Qtr3

2. Professional Indemnity Insurance expenditure for LPB

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Agenda Item 7

Local Pension Board – 18th January 2018

Review of Pensions Administration Strategy

1. Background Information

The Authority launched a consultation with Employers in November 2015 on the introduction of the Authority's first Pensions Administration Strategy.

The Strategy is provided for under the Pensions Regulations and was designed to help improve Employer Performance in all areas, but specifically in the matter of the submission of Annual Contribution Returns to better facilitate the timely publication of more accurate member Annual Benefit Statements which is a statutory obligation on the Fund.

The Authority approved the Strategy in March 2016 and it went live on the 1 April 2016.

One of the more important aspects of the Strategy was the introduction of financial penalties for Employers submitting late Annual Returns for the 2015/16 year and subsequent years. The Strategy was an immediate success with 95% of Employers submitting a usable balanced return in 2016 by the deadline of 31 May.

2. The amendments

A number of factors were 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. The opportunity was also taken to review the document as a whole and introduce some new items whilst revising others.

- Financial penalties have been increased to further incentivise employers to meet the requirements of the Strategy
- some new penalties have been introduced to cater for the late submission of monthly files and the failure to clear Year End queries arising from the 2017 Returns.
- References to Regulation by the FCA have been removed following the transfer of the Transport Fund
- New sections on the Authority's Advisory Services, Tax Allowance Breaches and the service the Authority intends to provide as an annual exercise for affected members.

Some changes are more cosmetic where the opportunity has been taken to revise and improve grammar or improve the information provided. All amended text has been highlighted in blue within the attached draft document for ease of identifying the areas that have been changed.

3. Consultation

A six week consultation period with Employers commenced on the 1st January 2018 although the revised document has been available to them since mid-December. Notice of this consultation period was given at the Employers Forum and on EPIC together with a special e-mail address to which comments should be sent. No comments have as yet been received.

A consultation draft is being issued to the authority at its meeting on 18th January and to LPB members via this report. Following the closure of the Employer consultation period on 12th February We would then intend to present the final document for ratification at the March meeting of the Authority.

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Administration Strategy

2017/2018



SOUTH YORKSHIRE
PENSIONS AUTHORITY



SOUTH YORKSHIRE PENSIONS AUTHORITY
STRATEGY FOR THE ADMINISTRATION OF
THE LOCAL GOVERNMENT PENSION SCHEME IN SOUTH YORKSHIRE

Incorporating:

- Employer Service Level Agreements with the Fund Administrator
- Fund Administrator Service Level Agreement with Employers
- Communication Policy and Strategy (Elements of)
- Consultation Policy and Strategy (Elements of)
- IDR Procedure (Charging Policy)
- Actuarial Services (Charging for certain elements)
- Interest (Policy & Rates)
- Funding and Debt Recovery Strategies (Elements of and Policy)

The following, revised, document details the strategy to be adopted in the administration of the Local Government Pension Scheme by South Yorkshire Pensions Authority and participating Fund Employers with effect from **19 March 2018**. For the South Yorkshire Passenger Transport Pension Fund, (the administration of which is carried out by South Yorkshire Pensions Authority on an agency basis), and its one participating employer, First South Yorkshire Ltd, the effective date of this strategy will be 1 May 2016.

It has been developed and adopted in consultation and agreement with the participating Fund Employers and is provided for through statute by Regulation 59 of the Local Government Pension Scheme Regulations 2013 (as amended).

It sets out, amongst other things, how the Administering Authority, SYPA, will administer the Pension Scheme and Fund on behalf of Employing Organisations, and their Scheme Members, participating in the South Yorkshire Pension Fund, its requirements for employers in terms of the timely and accurate provision of information pertinent to the administration of the Scheme and Fund, and the penalties to be applied to those employing organisations failing to meet their duties, responsibilities and obligations as detailed within [this](#) strategy document.

The strategy has been developed and adopted in consultation to improve the overall standard of administration of the Scheme and the Fund [in the South Yorkshire Fund area](#) and is intended to apply in a spirit of partnership working and co-operation where [every assistance, tool, facility, system, support, training and guidance](#) will be provided where possible to enable employers to improve administrative performance and meet the requirements of the strategy.

Any penalties and censures carried within the strategy are not intended to apply as a first resort but [rather as a last resort following a period of grace during which time any organisation struggling to meet its obligations will be given the opportunity to make the necessary improvements to their performance.](#)

Gary Chapman

Head of Pensions Administration
South Yorkshire Pensions Authority

Review Date(s)	6	Potential New Employers	23
The Regulations	6	<ul style="list-style-type: none"> • Academies • Transferee Admission Bodies • Community Admission Bodies • Town & Parish Councils 	
Service Level Agreements	7	New Employer Requirements	25
Scope	7	Fees for the provision of information and additional non-standard work	26
Statement of Administering Authority objectives and aims	8	Internal Dispute Resolution Procedure	27
Equality Statement	9	Actuarial Services	27
Member Services	9	Payroll Services and Providers	28
Reporting Policy	10	Service Standards	29
Data Handling and Sharing	11	<ul style="list-style-type: none"> • Service Level Standards • Customer Charter Standards 	
Administering Authority Duties and Obligations	12	Financial Penalties for Non-Compliance	31
Administering Authority Discretions	12	Interest	32
Employing Organisation Duties and Obligations	13	Debt Recovery - Policy & Procedure	33
Employing Organisation Discretions	14	Special Requirements for Educational Establishments	34
Provision of Information by the Administering Authority to:	14	Administration Guide for Employing Organisations	35
<ul style="list-style-type: none"> • Members/Member Representation • Independent Financial Advisors • Participating Employing Organisations • Other Administrating Authorities • Fund Actuary • Government and other Public Sector Agents 		Appendix A- Financial Penalty Details	36

REVIEW DATE

This Administration Strategy will be reviewed as follows:

- Every 5 years as a matter of routine
- Whenever impacted by Regulatory Changes
- Whenever impacted by other legislative changes
- Whenever impacted by major changes to other policies, statements and strategies used by the Administering Authority
- As required by operational changes and demands

Where changes are planned or thought to be necessary outside of the routine review period then consultation will begin on those proposals for change as soon as possible after the potential requirement(s) for change has been identified, or at the beginning of year five if the review is as a result of the routine review policy.

REGULATIONS AND OTHER LEGISLATION GOVERNING THE STRATEGY

- The Local Government Pension Scheme 1995, 1997 and 2008 Regulations as they still have effect in part
- The Local Government Pension Scheme (Transitional Protection) Regulations 2014
- The Local Government Pension Scheme Regulations 2013 in force now or as amended and in force at any future date
- [The Public Sector Pensions Act 2013](#)
- The Pensions Act 1993
- The Pensions Act 1995
- [The Pensions Act 2014](#)
- The 2004, 2006 and 2014 Finance Acts
- The Occupational & Personal Pension Schemes (Disclosure of Information) Regulations in force and as amended
- The Occupational Pension Schemes (Transfer Values) Regulations in force and as amended

[This list is not exhaustive and other Legislation and Regulations may and will apply in certain specific circumstances](#)

SERVICE LEVEL AGREEMENTS

South Yorkshire Pensions Authority is using its powers under Regulation 59 of the Local Government Pension Scheme Regulations 2013, Pension Administration Strategy, to consolidate its former Service Level Agreement documents, (which were signed by [Employing Organisations on a voluntary basis when they were first introduced and only made compulsory for new organisations joining the Fund later](#)), into, and make them, an integral part of, this formal Administration Strategy document

The original publication of, and any subsequent revisions and amendments to, this Strategy follows consultation with Employers and means that there will no longer be a requirement for Employers to have a separate SLA with SYPA. It is implicit that this strategy, and therefore the Service Level Standards contained within it, applies to ALL Employing Organisations participating in the South Yorkshire Pension Fund.

Where either necessary, relevant or appropriate those standards are detailed in the following pages so that all parties are aware of the requirements of this element of the Strategy as the administration of the Scheme in South Yorkshire moves forward under this document.

SCOPE

These are the tasks and issues falling within the scope of the Administration Strategy:

- The requirements and obligations of New Employers joining the Fund
- The routine notification and provision of information by employers about individual scheme members
- The annual provision of information by employers about their scheme members ([it is anticipated that 2018 will be the last year that annual information will be required, see next bullet point](#))
- [The monthly provision of information and data of sufficient quality and quantity such as to enable the Administering Authority to post member contributions, create records for new entrants to the Scheme, amend records to reflect personal and contractual changes and to create the leaver process for those members leaving the Scheme for whatever reason](#)
- The non-routine bulk notification and provision of information by employers about their scheme members where event driven
- The payment [to the Fund](#) of employee and employer contributions including any additional contributions paid by scheme members
- [The payment to the Fund's appropriate third party AVC providers of employee Additional Voluntary Contributions, AVCs](#)
- The payment by employers of deficit contributions in accordance with the Funding Strategy Statement

- The payment by employers of any costs associated with the early termination of employment of scheme members or policy decisions requiring additional funding
- The development and publication of Employer Discretionary Policies
- The IDR Procedure and/or Formal Member Complaints about Employing Organisations
- Actuarial Services
- [The Provision of Scheme compliant Payroll Services by employing organisations](#)
- Accounting Standard Exercises for Employers
- Fund Valuation Exercises
- TUPE Transfers, Admission and/or Bond Agreements, School Conversions
- The provision of information to employers in relation to their scheme members for the purposes of:
 - Individual member retirement benefit estimates
 - Bulk member retirement benefit estimates
 - Bulk costings for employer led early retirement exercises
- The Communication Strategy
- The Consultation Strategy
- Reporting to the Regulator
- Debt Collection Procedure
- The National Fraud Initiative Exercise
- Service Standards to Employers
- Service Standards to Scheme Members
- Funding Strategy Requirements where appropriate and inter-related
- The provision of information to third parties in relation to transfer values and deferred benefits for individual scheme members
- Reporting to the Authority and its Boards

STATEMENT OF ADMINISTERING AUTHORITY OBJECTIVES AND AIMS

The following is SYPA's statement of its objectives and aims in relation to how it intends to deliver its administration service to all of its stakeholders:

“The Authority wishes and intends to provide a high quality pensions’ service to employing organisations and members of the Fund by:

- **Supporting member organisations in their planning, promotion and use of pension provision for their employment needs**
- **Administering pension provision for member organisations in accordance with statutory requirements**
- **Being recognised as a continually improving provider of cost effective, efficient and high quality pension administration**
- **Providing a first class, accurate and timely service to its members, their dependants and representatives for the entire lifetime of their relationship with the Authority”**

EQUALITY STATEMENT

The Authority is committed to equal opportunities for our members and will take all necessary steps to ensure that it complies with the specific duties that have been placed upon it.

It is the Authority's intention, in addition to the specific promises made in its Customer Charters, to strive at all times to attain the aims of that commitment.

Additionally, the Authority recognises that some of its members may have special personal needs that may differ from the majority of its members and as such it aims to tailor some of its services to meet those needs.

Examples of where a bespoke service can be provided are:

- Large print documents
- Audio CD recordings of Customer Charter Service Standards
- Home visits where a member is unable to visit any of the Authority's premises
- Signing facilities for visiting members who are hard of hearing
- [Limited Interpreter Services for any visiting members and/or their representatives who may have difficulties with spoken English](#)

[Some services will necessarily require advance notification of their requirement in order to help the Authority make the necessary arrangements and may not always be available even where notice is provided.](#)

MEMBER SERVICES

PENSION INFORMATION SURGERIES

SYPA currently runs an on-line booking service for appointments by members at any one of its five locations. More detail can be found on the website at: www.sypensions.org.uk

SYPA is committed to continuing these services for as long as it has access to premises at the four District Councils and has the facilities at the location of its HQ premises wherever that might be now or in the future.

PENSION SAVINGS TAX ISSUES

Whilst tax is a personal issue, some tax liabilities can arise as a result of pension savings growth for an individual exceeding that allowed by HMRC in any given tax year. As a result SYPA will notify members of any tax implications arising from their pension's savings in the LGPS:

- By an initial notification on their Annual benefit Statement
- By a follow up letter confirming the excess savings amount and the implications for tax if any
- By providing further information on the options available through the Scheme for discharging any tax liability arising

In addition SYPA will run a tax seminar each year aimed at those members whose level of earnings might demand more information on these tax issues for the people concerned. Such seminars will be presented by Independent Advisors licensed to provide information and advice. SYPA reserves the right to levy a charge if necessary.

Additionally, to assist SYPA in providing as timely and accurate a service as possible in relation to Annual Allowance issues it will, at the end of March each year, write to every participating organisation having any members deemed to be at risk of breaching the Allowance to request additional details of those members' pay for the period 6 April to 5 April for the year in question. This information will have to be provided to SYPA by the 21 April. This is in advance of the deadline for the 2018 Annual Return and covers a slightly different but critical period to that covered by the return.

REPORTING POLICY

The Pensions Regulator

The Pensions Regulator is the UK regulator of work-based pension schemes. It works with trustees, employers, pension specialists and business advisors, giving guidance on what is expected of them.

It also has functions under legislation passed in 2008 and a statutory objective to maximise compliance with the employer duties under that legislation relating to automatic enrolment.

Its principal aim is to prevent problems from developing. It uses its powers flexibly, reasonably and appropriately, with the aim of putting things right and keeping schemes, and employers on the right track for the long-term.

The Pensions Regulator has published a Code of Practice for Public Sector Pension Schemes that in itself is not law but which is designed to help Scheme Administrators comply with the law. SYPA intends to comply fully with this code of practice at all times and to self-report instances where it fails to do so.

It also has a policy of reporting "material" employer breaches that it becomes aware of where such a breach is deemed to be detrimental to the Fund's position or reputation or where member benefits could be in jeopardy, for example where an employer deducts pension contributions from members' pay but either fails consistently to remit those contributions to the Fund by the statutory deadline or fails to remit them at all.

The Pensions Regulator will decide on any appropriate course of action or censure deemed appropriate.

More information about the role and responsibility of the Pensions Regulator can be found at: www.thepensionsregulator.gov.uk

South Yorkshire Pensions Authority Annual Report

The Authority will, as a matter of Policy, include the names of those organisations incurring financial penalties in any year for poor performance or non-compliance with the Administration Strategy, in its Annual report.

Office of the Information Commissioner

SYPA has a policy of self-reporting "material" data protection breaches to the Office of the Information Commissioner. This policy will continue under both current and future legislation such as GDPR which is effective from May 2018.

DATA HANDLING AND SHARING

General

The business of the Authority requires it to transmit and receive personal data to a number of individuals and organisations, often electronically.

Where it transmits data electronically it will do so using a secure method and in accordance with any other Policies the Authority has in place, for instance, its E-Mail Usage Policy.

Where it receives data from individuals or organisations within the Fund it will require that data to be sent to it in a secure manner and may require the sender to adopt and use the Authority's own secure electronic transmission facility.

It will only collect, store and use Data for the purposes for which it was collected and for the purposes of administering the Pension Scheme.

It will delete data in accordance with its Document Retention Policy.

General Data Provisions Regulations 2018

The General Data Protection Regulations 2018 are due to come into force in May 2018. Although of European Genesis the UK Government has confirmed it will enshrine the principles of the Regulations in UK Law and the Regulations will therefore apply.

SYPA, who for the purposes of the Regulations are classified as a "Data Controller", will comply with this legislation wholly and fully and will:

- Requisition the services of an independent and qualified Data protection officer
- Enter into all necessary agreements with those parties with whom it obtains and shares data
- Ensure data sharing partners are themselves fully compliant with the requirements of the Regulations
- Obtain the appropriate consent from individuals to hold their data on any of its systems
- Only use their data for the purposes for which it was collected

- Only hold that data for as long as is necessary to administer the Scheme for the members concerned
- Ensure members are able to have their data deleted from the Authority's systems in accordance with the Regulations

ADMINISTERING AUTHORITY DUTIES, RESPONSIBILITIES AND OBLIGATIONS

The main duties, responsibilities and obligations of an Administering Authority are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major compliance tasks are as follows:

- To prepare and publish the Pension Fund Annual Report
- To prepare, publish and maintain its Funding Strategy Statement
- To prepare, publish and maintain its Communications' Policy
- To commission and obtain a valuation of Fund assets and liabilities as at the 31 March in every third year commencing on 31 March 2016 and to obtain a report and a rates and adjustments certificate prepared by an Actuary in respect of that valuation
- To decide any question concerning a person's previous service or employment, the crediting of additional pension and the amount of benefit to which any person has or will become entitled out of the Fund
- To publish a statement concerning its policy on the use of its discretions
- To issue annual benefits statements in respect of its active, deferred, deferred pensioner and pension credit members
- To appoint an adjudicator to consider applications from members affected by first instances decisions or any acts or omissions of the Administering Authority and to make a decision on such applications

The above list is not exhaustive nor is it as detailed as the Regulations which should be referred to in the event of any doubt.

ADMINISTERING AUTHORITY DISCRETIONS

The main discretions afforded to an Administering Authority are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major discretions are concerned with and relate to the following:

- The waiving of reductions in any benefits of members where there is no longer a scheme employer to fulfil that function
- The person(s) or bodies to whom it will pay any death grant arising from the death of a member

In addition, the Administering Authority is also required to exercise its discretion, together with the Employing Organisation concerned, in the matter of extending the time frame in which a member can request an inwards transfer of pension rights from a previous arrangement.

Because of the Regulatory requirement for both employing and administering authority to agree on the use of this discretion it will be a requirement placed on all employers within the Fund to notify SYPA of any decision to allow an extension of time for requesting such a transfer. That notification must be submitted on the Late Transfer Form which is available on EPIC. Where appropriate it must be accompanied by any supporting minute from the Board, Panel or Committee ratifying the decision.

In addition **Absolute Discretion** is afforded under the Statutory Regulations to Administering Authorities to determine to whom any Death Grant is payable, even where an expression of wish exists for the deceased member. For operational expediency, SYPA have delegated this discretionary decision making power to the Officer occupying the post of Pensions Manager, this avoids any conflict with the IDRPA Adjudicator who may need to look at any decisions made under this discretion and subsequently appealed against and make a determination about the correctness of that decision. Currently the role of Adjudicator is delegated to the Post of Head of Pensions Administration. It is not practical for the Authority to have to make these decisions given the frequency of cases occurring balanced against the additional report writing required and the infrequency of Authority meetings which could delay payment of these benefits to the detriment of the estate and any dependants.

EMPLOYING ORGANISATION DUTIES AND OBLIGATIONS

The main duties, responsibilities and obligations of a Scheme Employer are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major compliance tasks are as follows:

- To contribute to the Fund in each year covered by the rates and adjustment certificate the amount determined by reference to that certificate
- To pay over all amounts received from employees by way of their contributions to the Fund
- To deduct from a person's pay any contributions payable by the member under the Regulations
- To decide any question relating to a person's rights or liabilities under the Scheme not falling to the Administering Authority to determine
- To appoint an adjudicator to consider applications from members affected by first instances decisions or any acts or omissions of the employer and to make a decision on such applications
- To provide the Administering Authority, within 41 days of the end of the Scheme Year, with a statement of details of every employee that has been an active member during

the scheme year. Whilst Regulation requires provision within three months, SYPA is using its statutory powers to shorten this deadline because of the pressures placed upon it to meet other work deadlines resulting from the Year End Exercise and from the commencement of Monthly Posting from April 2018

The above list is not exhaustive nor is it as detailed as the Regulations which should be referred to in the event of any doubt.

EMPLOYING ORGANISATION DISCRETIONS

The main discretions afforded to a Scheme Employer are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major discretions are concerned with and relate to the following:

- The Funding of additional pension
- Flexible Retirement
- Waiving of actuarial reductions
- Award of additional pension

PROVISION OF INFORMATION BY THE ADMINISTERING AUTHORITY TO:

Members and Member Representatives

The Authority is required to provide members and/or their representatives with a wide range of information under Regulation and other legislation which may also prescribe timeframes in which the information must be provided. SYPA has published Customer Charters detailing its own service standards. [These are invariably much tighter and more stringent than those allowed for in law and are the standards SYPA always aims to achieve. However, the fall-back position at particularly busy or demanding times, and SYPA reserves the right to move to that fall-back position without notice, will be the legislative requirements governing the type of case\(s\) concerned.](#)

[Therefore, as a minimum, SYPA will always](#) administer the Scheme in relation to the provision of information to members and/or their representatives in line with the Regulations in force at any time and in line with any other [appropriate legislation](#).

The major requirements in this respect are as follows:

- The notification to individual members and/or their representatives of the type of benefit and amount of benefit to which the member and/or their representatives or dependants have become entitled as a result of an actual event, such as retirement or death, will be issued in line with the standards detailed in the Authority's Customer Charters. Any payments due from the Fund as a result will also be dealt with in line with the same service standards. The detailed content of such information will, as a minimum, meet the requirements of any Regulations or legislation in force at the time.

- The issuing of Annual Benefits Statements to Active, Deferred, Deferred Pensioner and Pension Credit members. Regulation states that these must be issued by 31 August and, although the Authority relies heavily on its Employing Organisation Partners for data upon which to base these statements it is the Authority's intention and objective to comply with Regulation in this respect and to issues Annual Benefit Statements by the 31 August each year or by whatever date subsequent changes in the Regulations dictate.
- The provision of information for matrimonial proceedings is a statutory duty under both Regulation and over-riding Divorce legislation. The Authority will administer the provision of this information in accordance with both sets of legal requirements both in terms of timeframes and the persons to whom the information is to be released. The service standards for this are also contained with the Authority's Customer Charters. Where matrimonial proceedings result in an actual Pension Sharing order then the SYPA's Policy is to make a charge of £350 plus VAT for the implementation and maintenance of such an order. Costs will usually be charged to the ex-spouse of the member but may be allocated or apportioned by the Court in which case the Authority will comply with such direction and invoice the parties [according to the Court's direction](#).
- The provision of Preserved Benefit and Transfer Value information is also prescribed for in Regulation and specific legislation. The Authority will provide such information in accordance with its legal obligations to members and/or their representatives. In this context a member's representative may be any financial advisor appointed by the member, any third party administrator authorised by the member to obtain such information or the administrators of any occupational scheme acting for the member in a new or subsequent employment. [Where transfer value information is requested by an advisor or pensions' administration company for an active member of the pension scheme, then a statement of entitlement will only be provided as a result of a direct request by the member concerned. This is to ensure, so far as possible, that the member is fully aware of the implications associated with the requirements of the Scheme for the member to opt-out in order to transfer out. The information will then be sent directly to the member concerned and not any third party.](#)

The Authority's Policy on the provision of this information is to only provide it to the member and or their representative once in any twelve month rolling period. The Authority reserves the right to make a charge for the provision of this information prior to the commencement of a new 12 month period and the right to introduce such a charging policy at any time without notice. Any such charge so levied will only ever seek to cover the actual cost to the Authority of the work undertaken in producing the information again.

Independent Financial Advisors or other advisors acting for or on behalf of the member

The Authority will provide information to Independent Financial or other Advisors appointed or authorised by the member in accordance with any Regulatory or legislative obligations and, where Preserved Benefit and/or Transfer Value information is concerned, in accordance with the Policy described in the preceding paragraph.

The Authority:

- Will provide all member specific information it is obligated to provide in the timeframes required of it in law
- Will provide all generic Scheme information it is able to provide in order to assist the enquirers to advise their client(s)
- Will not respond to additional questions it deems not relevant to the enquiry
- Will not engage in follow up discussions by telephone, or communications by e-mail or letter until such time as the member has made a decision in relation to any transfer out of the Scheme, but
- Will provide all information required by the member or their representatives to enable members to take advantage of the Freedoms of Choice as [announced](#) by the Government in the 2015 Spring Budget and [enabled in subsequent legislation](#)

Participating Employer Organisations

Information will be provided to participating employers as a matter of routine in some instances and upon request in others.

Where information is provided as a matter of routine it will be provided in timeframes and schedules as follows:

- Employer performance, as measured against the agreed service standards, will be reported quarterly in retrospect for the periods:
 - 1 January to 31 March
 - 1 April to 30 June
 - 1 July to 30 September
 - 1 October to 31 December

in each calendar year. Employer performance will also be reported to the Authority.

- Electronic Employer Newsletters will be issued as and when circumstances dictate that Regulatory or legislative change needs to be communicated
- Employer specific alerts of outstanding tasks will be communicated [through the EPIC System or any subsequent replacement system developed and introduced by the Authority](#)
- The Authority will hold an Employers' Forum at least once a year, usually in the Autumn, to disseminate other important and relevant information
- The Authority will, either pro-actively or upon request, where appropriate and/or necessary, disseminate information by the use of roadshows, presentations, advisory surgeries, training seminars, on-line tutorials, and other electronic media. There would usually be no charge for these services

Where information is provided following a request from the employer then the following service standards will apply:

- Retirement Estimate requests for individual employees will be provided [within 5 working days](#) of the Authority being in possession of all information necessary to ensure the accuracy of the estimate
- Bulk Retirement Estimate requests [involving 20 or more employees](#) will be provided [within 10 working](#) days of receipt of the bulk request template assuming this is populated correctly and accurate estimates can be provided as a result
- Early Retirement Strain on the Fund Costs as part of a bulk estimate request will also be provided [within 10 working](#) days of receipt of the bulk request template

None of the information detailed above or the services used to provide this information will incur any fee or charge to employing organisations.

Other Administering Authorities:

The working relationship between SYPA and other LGPS Administering Authorities is usually one based on member administration except where the Authority undertakes an element of collaborative working with another Administering Authority or the Administering Authority has become a software/systems client of SYPA.

Member administration would usually involve:

- Supplying information to Fund Actuaries and the other Administering Authority where a bulk transfer of staff was taking place between employers of the respective Funds and either receiving and investing or paying out a subsequent bulk transfer payment, or
- Administering the Scheme in respect of individual voluntary member movement between funds and receiving and investing or paying out individual transfer payments

The Authority will conduct the administration of member business in respect of either of these scenarios in accordance with the requirements of any Regulations in force at the time and the service standard targets set by SYPA for individual member administration.

The Fund Actuary:

Typically, the routine business of the Authority with its Fund Actuary will fall into one of the following categories:

- Triennial Fund Valuation
- Accounting Standards exercises for participating employers
- Individual contribution rate assessments for new employers
- Risk assessments for new outsourced contract employers and bond assessments for the outsourcing employer
- Employer covenant assessments
- Liability assessments for employers leaving the Fund
- Re-assessment of Employer's Contribution Rate where any allowance is exceeded

Fund Valuation

The Fund Valuation is a Statutory Duty of the Administering Authority and SYPA will carry out this duty in accordance with the Regulations in force at the time.

The Authority will, as a partner and under Regulation, consult and work closely with employing organisations to ensure that member data and financial data relating to employer cash flow is accurate and up to date at all times and that year end data, or as the case may be, monthly data, submissions, are accurate, timely and usable. The objective being that immediately following the 31 March in any given valuation year the Authority will be in a position to provide the Fund Actuary with data of sufficient quality and timeliness to allow for accurate calculations of the Fund's assets and liabilities to be performed using agreed methodology and assumptions.

The target schedule in any valuation year will be as follows:

Year End work completed by SYPA and Valuation Data Extract to Fund Actuary	July
Interim Results	September/October
Individual Employer Results Consultation	October/November
Formal Report	March

There are no employer charges or fees related to the Valuation [unless additional bespoke work is requested](#).

[Before the commencement of each financial year the Authority will publish each employing organisation's contribution statement for the next financial year. The statement will be placed on SYPA's EPIC System. Organisations must ensure that they read, check and comply with it by deducting and paying over the correct contribution amounts. This is an Audit requirement.](#)

Accounting Standards Exercises

Although not required to do so under Regulation the Authority does offer to obtain [and provide](#) the appropriate accounting standards requisite information as a voluntary service to employers.

By making use of the readily available expertise and Fund profile familiarity of the Actuary the Authority feels it is able to offer a structured and efficient method of providing this information to participating employers whilst also using efficiency of scale to save employers money compared to the potential cost involved in individual approaches for actuarial assessments.

There are three scheduled exercises each year [as follows](#):

- [Organisations with a Year End of 31 March](#)
- [Educational Establishments with a Year End of 31 July](#)
- [Academies with a Year End of 31 August](#).

The procedure and schedule for all organisations is driven and set by the Fund Actuary following consultation and agreement on the assumptions to be used in the exercises.

The typical target schedule for organisations with a 31 March Year End would be:

End of January prior to Year End - SYPA writes to employers inviting participation and collection of data begins

Mid-February prior to Year End - Data issued to Actuary

Mid-April following Year End - Results issued to participating employers

The typical target schedule for organisations with a 31 July Year End would be:

End of May prior to Year End - SYPA writes to employers inviting participation and collection of data begins.

By 3rd week in July - Data issued to Actuary

End of August following Year End - Results issued to participating employers

The typical target schedule for organisations with a 31 August Year End would be:

Mid-July prior to Year End - SYPA writes to employers inviting participation and collection of data begins

By Mid-August - Data issued to Actuary

End of September following Year End - Results issued to participating employers

There is a cost for this service as the Authority has to commission and pay the Actuary for the work performed.

SYPA will negotiate an overall cost with the Actuary each year based on the numbers participating in the exercises. This cost will then be notified to those employers when known as part of the communication process.

In addition the Authority makes an administrative charge to cover its own costs of the additional work involved. Currently this charge is £100.00 per employing organisation but the Authority reserves the right to increase this in future should its own costs of administering the exercise(s) increase.

Employers will be invoiced by the Authority for their individual charge.

Individual contribution rate assessments for new employers

As part of the process of setting up a new employer when it joins the Fund, member data will be collected and submitted to the Actuary for an assessment of the indicative contribution rate payable for the remainder of the valuation period by the employer in question.

Typically, such assessments take about six weeks to complete. There is a schedule of charges for such work which is set by the Actuary and not the Authority. This is updated by the Actuary at regular intervals. The latest schedule is available upon request.

The new employer or the outsourcing employer is expected to pay any charges incurred in this respect.

Risk assessments for new outsourced contract employers and bond assessments for the outsourcing employer

Where a participating scheme employer outsources a service to a private contractor and that contractor enters into an admission agreement to admit transferred employees to the Scheme then, as a matter of routine, or at the instigation of the outsourcing employer, SYPA will, through the Fund Actuary, commission a risk and bond assessment as provided for by Regulation, in order to protect the outsourcing employer and the Fund from incurring unfunded liabilities in the event of early termination of the contract and the possible redundancy of employees upon re-absorption of the service.

The cost of the actuarial work will be recharged to the outsourcing employer.

Employer covenant assessments

Covenant assessment may form part of the routine work associated with the admission of a new employer, in which case the cost of such work will be included in the overall cost of the risk/bond assessment and recharged accordingly.

However, where the Fund undertakes covenant assessment work at its own initiative as part of long-term risk management strategy then no charge will be passed on to employing organisations as a result.

Liability assessments for employers leaving the Fund

These assessments are commissioned by the Authority when an employer exits the Fund. An exit from the Fund may be triggered by:

- The natural end of a set period outsourced service contract
- The early termination of an outsourced service contract by the outsourcing employer or by the contractor
- The forced termination of an organisation as a result of financial issues
- The natural effluxion of active members leaving no contributors to the Fund

The Authority's Policy, as set out in its Funding Strategy Statement, (FSS), is that termination assessments, where required, will be calculated on a "least risk" basis to ensure that residual liabilities are fully funded and that, subject to prudent investment, sufficient money is recovered from the exiting employer to fund those liabilities for the remaining lifetime of its members and their dependants. However, its Termination Funding Policy under Regulation, set out within the FSS allows certain flexibilities in how, when and over how long it will recover those costs. In addition, employers within the scheme whose active membership has reduced to nil for some reason, will not automatically be required to exit the Scheme, thereby triggering an exit cost calculation. Instead they will be allowed a period of grace to allow for recruitment strategies to bring in new active members.

Where the exiting employer is solvent and able to discharge its liabilities in respect of the Fund the cost of the actuarial work will be added to the total to be recovered in respect of those liabilities.

Where the exiting employer is insolvent the cost of the actuarial work will be added to any claim made by the Authority, as a creditor, to the appointed administrator(s).

Where the exiting employer is a contractor and the exit is triggered by the natural expiry of the contract then SYPA will normally have endeavoured to manage the contributions required over the period leading to the exit to avoid any deficit or surplus arising.

Government and other Public Sector Agents

The Authority has signed up to be included in the National Audit Office's (NAO) bi-annual National Fraud Initiative (NFI) in which Public Sector Bodies and Organisations share Pensions and Payroll information in an effort to combat benefit fraud and reduce overpayments in both areas to individuals no longer entitled to receive them.

As a participant in this exercise SYPA will share information about its Fund Members with:

- The National Audit Office
- Its own Internal and External Auditors where appropriate
- The Auditors of other Local Authorities and other Local Government Organisations
- Other Local Authority Benefit Departments
- The Department for Work and Pensions
- The Police where appropriate and/or necessary

The Data Protection Act, [and the General Data Protection Regulations, \(effective May 2018\)](#), permit the sharing of data without the express consent of the individuals concerned where the object of such sharing is the prevention or investigation of fraud and other crimes.

Prior to the release of the reports SYPA will notify its members of its participation in the forthcoming exercise and confirm the intent to share data with other agencies.

Upon the release and receipt of the NFI Reports at the commencement point of each bi-annual exercise the Authority will nominate a senior officer to manage the project.

It will then prioritise and address the workload arising as follows:

- Apparent un-notified pensioner member deaths will be investigated within two months. Pensions in payment from the South Yorkshire Fund will be immediately suspended
- Apparent un-notified preserved pensioner deaths will be investigated within three months
- Apparent un-notified re-employment of South Yorkshire Pensioners will be investigated within 6 months according to the recommended priority matches received from the NAO

As a matter of Policy, SYPA will in all cases:

- Report instances of suspected Fraud to the NAO, its Internal Audit Office and the Police
- Pursue the recovery of all overpayment of pensions resulting from the non-notification of pensioner deaths whether fraud is suspected or not*

*See later section on Debt recovery

As part of its management and administration of casework relating to the payment of Death Grants from the Fund the Authority will also share some data with other Administering Authorities through the Local Government Association's (LGA) National Database. It will also participate in the National "Tell us Once" initiative.

As part of its Communication Strategy the Authority will also share and/or provide member data to its printer Agents, for the provision of information to members, and its Tracing Agents for the purposes of paying benefits.

General

It should be noted that where information is required by any member, member representative, dependant or advisor, whether legal or financial, in order to pursue a claim through the courts for financial loss, damages or compensation for any event not connected to the Authority's actions or inactions or omissions, then the Authority will always make a charge to cover the cost of the work done in connection with the provision of the information requested. Any such charge will not be negotiable and will always need to be settled prior to the release of the information required.

POTENTIAL NEW EMPLOYERS

Potential new employers will have certain obligations to enable their admittance to participate in the LGPS in South Yorkshire to be completed in a timely and accurate manner and ensure that there is no subsequent detriment to members. Admission Agreements cannot be backdated.

The LGPS can be an expensive commitment and any potential new employers having a choice of pension provision, either through legislation or constitution, should satisfy themselves as to the appropriateness and suitability of the Scheme for their staff, organisation, budget and business plan.

Schools converting to Academy Status

Academies have no choice and are required to offer their non-teaching staff membership of the LGPS upon conversion. Schools considering conversion to Academy Status should:

- Liaise with their LEA well in advance of any proposed conversion date in relation to the current funding of the Pension Scheme and any potential financial deficit to be inherited
- Assess whether their budget will allow for the payment of employer contributions based on the pensionable payroll of their non-teaching staff being transferred to the new organisation, any deficit payments necessary and any business development plans under consideration following conversion
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Provide SYPA with at least six months' notice of their intent to convert together with a proposed conversion date
- Be able to provide a full and detailed personal and payroll data set of the non-teaching staff being taken on by the new organisation from the old school at least three months in advance of the proposed conversion date
- Have a Payroll System (or agent) and staff, together with HR staff, ready and able to take over the management of the employer's pensions' administration function in relation to the LGPS from day one following the conversion
- Familiarise themselves with the requirements of the Fund, Regulations and other legislation associated with the administration of the Scheme and with this Administration Strategy
- Have other systems and staff in place to ensure continuity of the pensions administration function upon conversion

Transferee Admission Bodies

Potential Transferee Admission Bodies considering pensions implications of bidding for a Local Authority or other public sector service contract where transferring staff would normally be eligible for the LGPS should:

- Liaise with the letting body well in advance of any proposed contract date in relation to the pension costs and liabilities involved in the running the contract
- Be aware of, and committed to meeting, the requirements of the Regulations in respect of Admission Bodies

- Ensure the lead-time is sufficient for the Actuarial work to be completed prior to the transfer date
- Be in a position to provide a bond or such guarantee as might be required by the letting body
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Be aware of, or, where the appropriate, the Parent Company should be aware of, the financial implications for early termination of the contract, and also be aware of the Authority's Policy on the pursuit and recovery of debt, including Closure Costs, as detailed elsewhere in this document
- Have a Payroll System (or agent) and staff, together with HR staff, ready to take over the management of the employer's pensions' administration function in relation to the LGPS [from day one of the contract](#)
- Have other systems and staff in place to ensure continuity of the pensions administration function [from day one of the contract](#)

Community Admission Bodies

Community Bodies have absolute discretion in deciding whether to apply for admission to the Fund. Any organisation meeting the criteria for admission to the Fund as a Community Admission Body and considering applying should:

- Make their formal application at least six months prior to any proposed admission date
- Be aware of, and committed to meeting, the requirements of the Regulations in respect of Admission Bodies
- Ensure the lead-time is sufficient for the Actuarial work to be completed prior to the transfer date
- Be able to provide financial and personal data about the employees to be admitted under the terms of the Admission Agreement at least three months prior to any proposed admission date
- Be able to demonstrate strength of covenant
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Be aware of the Authority's Policy on the pursuit and recovery of debt, including Closure Costs, as detailed elsewhere in this document
- Have a Payroll System (or agent) and staff, together with HR staff, ready to take over the management of the employer's pensions' administration function in relation to the LGPS from day one following the conversion
- Have other systems and staff in place to ensure continuity of the pensions administration function upon conversion
- Ensure they can provide a third party financial guarantor in line with the Authority's policy on the admission of Community Bodies

Town & Parish Councils

Town and Parish Councils are precepting, resolution bodies. There is no compulsion upon them to offer employees membership of the LGPS. Town and Parish Councils considering using the LGPS in South Yorkshire should:

- Assess whether their budget will allow for the payment of employer contributions based on the pensionable payroll of the employees they wish to give access to Scheme to
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Provide SYPA with at least six months' notice of their intent to implement a Resolution to use the LGPS for their staff
- Ensure an appropriate resolution is passed at least one month prior to the proposed implementation date detailing the staff or posts to be designated as pensionable and to provide SYPA with copies of the Council Approved Resolution(s)
- Be able to provide a full and detailed personal and payroll data set of the employees joining the Scheme at least three months in advance of the proposed admission date
- Ensure that where they operate their own payroll, the Payroll System, or where the Payroll Function is provided by a third party that the third party system, can provide the range of information required by the Scheme [in the format required](#)
- Familiarise themselves with the requirements of the Fund, Regulations and other legislation associated with the administration of the Scheme and with this Administration Strategy

NEW EMPLOYER REQUIREMENTS

All new employers to the Fund will be required to:

- Attend a scheme administration meeting with officers of the Authority to ensure they understand the administration requirements of the Scheme in relation to their role as a scheme employer
- Ensure that the appropriate people attend such a meeting so that where responsibilities and duties in relation to the Pension Scheme are split across different posts all responsible people are aware of their obligations in this respect
- Undergo training where training needs are identified by either the Administering Authority or the Employer. Such training may be held either on site at the Employer's premises or at SYPA HQ where access to systems may be more easily facilitated if necessary
- [Submit electronic documentation in relation to the formal notification of new joiners to the Scheme and any subsequent contractual changes affecting their employee members' pensionable circumstances, through the Authority's Employer Web System or any replacement system introduced in the future. Paper documentation will not be accepted](#)

- Nominate specific contacts with whom the Authority can work on the various aspects of Scheme Administration requiring specialist knowledge or authority

FEES FOR THE PROVISION OF INFORMATION AND ADDITIONAL NON-STANDARD WORK

The Authority recognises that Employers already contribute to the administration of the Scheme through an actuarial allowance built into their contribution rates by the Fund Actuary as part of the triennial valuation exercise and, as such, it will carry out all of its statutory and routine duties and obligations under the Regulations and any other legislation affecting it without further charge.

However, the Authority reserves the right to charge for non-standard work requested by an Employer that would require SYPA to undertake work over, above and beyond that which it would normally undertake or to provide a requested service that it would not normally provide.

The Authority also reserves the right to make a charge for bulk routine work that is required as a matter of urgency in exceptional circumstances that would lead the Authority to incur additional costs to complete the work, for example by the use of overtime, or where the work is required, exceptionally, well within the agreed service standards for that work **which could then** compel the Authority to resource the work at a cost to other work, members or employers.

Any such charge or fee would always be made clear and agreed at the outset before any such work was commenced or service provided.

Possible examples of instances where the Authority may deem it appropriate to make such a charge are:

- **A bulk redundancy exercise where an employer may require benefit estimates and employer costs more quickly than the agreed service standard time for providing such information**
- Non-routine or bespoke actuarial work, (see later Section on Actuarial Services)
- Officer attendance at special meetings outside normal working hours

The above list is not exhaustive.

INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)

Under the Local Government Pension Scheme Regulations 2013, both Administering Authority and Employing Organisations are required to appoint an Adjudicator to review First Instance Decisions upon receipt of an application by the member or member's representatives. This is generally referred to as Stage 1 of the IDRP.

Where a Scheme Employer reviews a First Instance Decision under Regulation 74 and makes a consequential decision under Regulation 75 that results in the member making a referral to the Administering Authority for reconsideration of that decision, generally referred to as Stage 2 of the IDRP, then the Administering Authority Adjudicator will reconsider the First Instance decision and notify the employer and the member accordingly.

Where the Administering Authority makes a decision to uphold the member's appeal against the First Instance Decision and to refer the matter back to the employer for re-consideration then the Administering Authority may take the view that there has been a failing by the Employing organisation in the original decision making review process. **Possibly as a result of the Employer concerned:**

- Not taking into account all relevant evidence, or
- Taking into account non-relevant evidence, or
- Disregarding the relevant evidence and making a decision that would be perverse or contrary to Regulation

SYPA's Adjudicator will always be happy to discuss these referrals and to provide any assistance, advice and guidance where appropriate or requested in the interests of ensuring that correct decisions are reached for right reasons and the member receives fair and equitable treatment through the process.

ACTUARIAL SERVICES

Actuarial services are provided by the Fund Actuary.

This service is subject to periodic tender and the appointed Fund Actuary may change.

The Fund Actuary is independent.

The retention of the Fund Actuary is a Regulatory requirement for the Authority and a number of the services commissioned from him are also required by Regulation.

Where a service or exercise is provided to the Administering Authority or Fund as a result of a statutory requirement then the Authority will fund this work from its administration budget.

Where a non-statutory service, task, exercise or **some** bespoke work is offered by the Authority to employing organisations then it is on the understanding that the Actuarial fees or charges will be passed through either proportionately or as previously agreed to those employing organisations on a non-profit basis for the Authority and/or Fund.

Where a service, task, exercise or bespoke work is requested specifically by an employing organisation to be commissioned by the Authority then it is on the understanding that the

Actuarial fees or charges will be passed through to the employing organisation(s) concerned on a non-profit basis for the Authority and/or Fund.

Where an employing organisation chooses to approach the Fund Actuary independently, whether for advice, guidance, consultancy work or anything else then it on the understanding that no charges will be incurred on behalf of the Authority or Fund and the employer concerned will be solely responsible for the settlement of any fees or charges arising.

It should be noted that the Fund Actuary will rarely invoice an employing organisation directly but will submit their bill for any work carried out to SYPA who will then recharge the amount invoiced to the employer concerned.

Where the Fund Actuary provides a schedule of standard charges for certain categories of work then SYPA will provide this to Employing organisations on request.

PAYROLL SERVICES AND PROVIDERS

All employing organisations must ensure that they procure payroll services and systems that:

- Store the personal and financial data of its scheme member employees that is required by SYPA in order to maintain its business and meet its duties and obligations as an Administering Authority
- Are able to provide data extracts that meet the reporting requirements of the Administering Authority and the Scheme and are in the appropriate format to interface with the Authority's Computerised Pensions Administration System

Where an employing organisation takes its Payroll Services from a third party or from a payroll located in another part of the organisation or parent company then responsibility for providing timely, quality data from the Payroll remains with the employing organisation concerned that is a participating in the South Yorkshire Fund

Where an employing organisation changes payroll providers in the financial year then that organisation must ensure that The new service provider's payroll must be able to:

- Store the personal and financial data of its scheme member employees that is required by SYPA in order to maintain its business and meet its duties and obligations as an Administering Authority
- Provide data extracts that meet the reporting requirements of the Administering Authority and the Scheme and are in the appropriate format to interface with the Authority's Computerised Pensions Administration System

The employing organisation concerned must also ensure that the new service provider has advance knowledge of the requirements of the Pension Scheme in terms of data supply and reporting, has a system in place that is able to meet those requirements and has sufficient notice of its duties and responsibilities to enable

it to seamlessly take over the supply of data to ensure that the monthly posting of member contributions is maintained from the first month of the new provider's contract. Failure to ensure this will result in a financial penalty being applied to the employing organisation responsible as outlined in Appendix A of this document.

Additionally, for scheme management, accounting and data control and quality purposes and to ensure continuity of the pensions administration side of the business for members, data on the previous payroll up to the date of termination and change must remain available for extraction and provision to SYPA as appropriate and necessary.

SERVICE STANDARDS – SERVICE LEVEL AGREEMENTS

All service standards for SLA purposes are measured by reference to the time taken by the Authority from the first day when it has all of the necessary information to hand to enable it to perform the task and exclude the day of receipt of the information or final part of the information required.

Administering Authority to Employing Organisations

- | | |
|---|------------------------|
| • Respond to employer queries | 5 working days |
| • Individual retirement benefit estimates | 5 working days |
| • Individual early retirement employer costs | 5 working days |
| • Bulk retirement benefits estimates (20 or more) | 10 working days |
| • Bulk early retirement employer costs | 10 working days |

All service standards for SLA purposes are measured by reference to the time taken by the Authority from the "event date" to the date of receipt by SYPA in its HQ Office at 18 Regent St, Barnsley, S70 2HG.

Employing Organisation to Administering Authority

- | | |
|--|----------------|
| • Notification of a new scheme joiner | 8 weeks |
| • Notification of a member's contractual change | 4 weeks |
| • Notification of a member leaving the Scheme with a right to immediate payment of benefits | 4 weeks |
| • Notification of a member leaving the Scheme without a right to immediate payment of benefits | 8 weeks |
| • Notification of the death of an active member | 2 weeks |
| • Provide a written response to any query | 1 week |

SERVICE STANDARDS - CUSTOMER CHARTER

All service standards in the Customer Charters are measured by reference to the time taken by the Authority from the first day when it has all of the necessary information to hand to enable it to perform the task and exclude the day of receipt of the information or final part of the information required.

All Members

- Complaints **3 working days**
- General Enquiries **5 working days**
- Provision of information for Divorce Proceedings **5 working days**
- Notification of death benefit entitlements to Dependants and/or representatives **4 working days**

Active Members

- Setting up a new joiner record **5 working days**
- Making changes to records **5 working days**
- Providing information about Additional Benefits **12 working days**
- Provision of Retirement Benefit Estimates* **5 working days**
- Providing transfer value quotations **5 working days**

Preserved Pensioner Members

- Notification of Entitlement **20 working days**
- Provide an updated benefit statement **5 working days**

Pensioner Members

- Information on re-employment **7 working days**

*Subject to the Authority's policy in force at the date of the request.

FINANCIAL PENALTIES FOR NON-COMPLIANCE BY EMPLOYING ORGANISATIONS

The Authority has determined that there will be a range of financial penalties for non-compliance with the requirements of this Administration Strategy under Regulation 70 of the Local Government Pension Scheme Regulations 2013, "Additional Costs arising from Scheme Employers' level of performance".

In addition it has determined a Policy to apply under the umbrella of this strategy document whereby penalties imposed on the Administering Authority by third party agencies as a result of, whether directly or indirectly, the poor administrative performance or decision making process of a scheme employer, will be recovered from the Employing organisation concerned.

Penalties imposed on the Administering Authority by other Agencies

The penalties that will be recovered are as follows:

- Financial penalties imposed on the Administering Authority by Agencies such as the Pensions' Regulator for a breach of its statutory duties, such as the issuing of Annual Benefit Statements, but where the breach was occasioned by the poor performance of an employing organisation by reason of non-provision of member and/or financial data, provision of data not fit for purpose or the late provision of data or a combination of all these factors.
The penalty will be paid by the Authority but will be recovered from the Employing Organisation concerned.
- Financial Penalties imposed on the Administering Authority by HMRC, for instance Scheme Sanction Charges that arise as a result of the decision of a Scheme Employer, (for example, by allowing a member to claim benefits that will entail the Authority making an unauthorised payment).
The penalty will be paid by the Authority but will be recovered from the Employing Organisation concerned.
- Any penalties imposed by the Office of the Information Commissioner following a data breach where the breach was occasioned by the actions of a scheme employer.
The penalty will be paid by the Authority but will be recovered from the Employing Organisation concerned.

The list is not exhaustive and the Authority reserves the right to utilise the same principles and policy for other penalties imposed on it by outside agencies not detailed here.

Financial penalties for non-compliance by employing organisations

Financial penalties as detailed here may be applied by SYPA where failure of an employing organisation to:

- Meet the requirements of the Administration Strategy
- Meet the requirements of the Regulations
- Meet the requirements of other legislation

Results in:

- Additional work for the Authority or its Agent(s)
- Additional cost(s) for the Authority or its Agent(s)
- Failure of the Authority to meet its own obligations under Regulation, other legislation or guidance
- Complaints by organisations or Members
- Appeals by members or their representatives

Then the Authority will impose either a fixed penalty or a charge based on the cost of the work occasioned.

The table in **Appendix A** provides details of the fixed penalty.

Any such penalties imposed will be recovered from the Employing Organisation concerned through additions to any existing deficit or deductions from any existing surplus with effect from the next contribution year (1st April).

INTEREST

It is the Authority's Policy, supported by Regulation in a number of areas, to charge interest for late payment on the following items and at the following rates. Late is defined as being a month or more after the due date:

- Payment of Employees' Pension Contributions, including any additional contributions paid by the employee, remitted to the Fund
- Payment of lump sum employer contributions arising from an employer decision to backdate membership for an individual or group of individuals (but cannot apply to Admission Agreements)
- Payment of Employer's Pension Contributions remitted to the Fund

Employee and Employer Contributions have to be with the Fund by the 19th of the month following the month of deduction. (Pensions Act 1993).

- Payment of any Lump Sum Deficit Contributions owed to the Fund

Deficit payments are calculated as an annual amount due by the Fund Actuary. That annual figure is then sub-divided into 12 equal payments for remittance on a monthly basis by Employers. To allow for the spread of payments over a 12 month period and to compensate the Fund for lost investment return an element of interest is already included in the monthly amounts to be paid. Late payment of these amounts will however incur additional interest.

- Any rechargeable payments due in respect of Injury Allowances, Gratuities and Added Compensatory years
- Any costs arising from initial and annual invoices in respect of strain on the Fund costs arising from the early release of retirement benefits
- Lump sum payments arising from the granting of additional pension

- Any fees or charges arising from the use of additional or bespoke Actuarial Services or Employer initiatives
- Any fees or charges arising from the voluntary participation in Accounting Standards Exercises
- Any costs arising from the termination or exit from the Fund of a solvent employing organisation
- Any liability settlement charge arising from a claim on a Bond Agreement or similar charge that would have arisen from such a claim but where no Bond was required by the outsourcing employer. In these latter circumstances the liability falls to the employer concerned

Annual Invoices carry an element of interest in their costs already at the point of issue to allow for the spread of the cost over three years (or less). However, further interest will be incurred if annual invoices are settled late.

The rate of interest charged on all of the above items is 1% above the Bank of England Base Rate compounded with quarterly rests.

DEBT RECOVERY POLICY AND PROCEDURE

The Authority has a Debt Recovery Policy and Strategy in place.

It is the Authority's Policy to attempt recovery of ALL debts whether invoiced or not.

The Policy applies to individual Scheme Members, their dependants, their representatives, employing organisations, third party or outside agencies, purchasers of goods or services from the Authority and any other person or persons upon whom the Authority has a reasonable claim for payment.

The debt recovery procedure is as follows:

- Once the amount of the debt and the debtor is identified the Authority will issue an account
- If no response is received within one month of the date of issue of the account the Authority will issue one reminder
- No further reminders will be issued
- If no response is received within one month of the date of issue of the reminder the debt will be passed to the Authority's Debt Recovery Agents who will pursue the debt using the full force of the law if necessary
- Any additional costs incurred as a result of the debt recovery process, including interest for late payment, agent's fees and legal fees will be added to the total amount to be recovered
- Any party receiving an account from the Authority should immediately contact the number provided with a view to settling the debt in full or arranging a payment plan

No debt will be written off unless there is no prospect of recovery for any reason, for example there are no assets of value belonging to the debtor, (organisation insolvency), or the debtor's estate or where there is no estate and no surviving family.

Where the debt is in respect of overpaid pension and the pensioner has died recovery proceedings will be commenced against the estate through the pensioners surviving family, dependants or personal representatives.

SPECIAL REQUIREMENTS FOR EDUCATIONAL ESTABLISHMENTS

For business continuity purposes and for ensuring that scheme members of Educational Establishments are able to be provided with, and have access to, the same level of service as scheme members in other organisations during educational holiday breaks such as end of term and half term holidays as well as the extended summer break holiday, Educational Establishments must:

- Provide contact details of Payroll, HR, Finance and Business officers who are able to continue to conduct the pensions administration side of the employers business during any closedown or holiday period including third party service providers where appropriate
- Ensure officers are available to deal with routine pensions administration tasks and queries during any closedown or holiday period
- Ensure specialist personnel are available to maintain the Accounting Standards Exercises during any closedown or holiday period, especially given that these exercises affect other employers and are Actuary driven

If at any point in the future SYPA experiences difficulties in business continuity with any Educational Establishment during a holiday break because the organisation has failed to ensure that contacts are available then it reserves the right to introduce and impose financial penalties on the organisation(s) concerned.

Member complaints submitted as a result of the above failure will be forwarded to the organisation concerned for a response to the member concerned.

The Authority will not be responsible for the effects of any failure of Educational Establishments to have arrangements in place during closedown or holiday periods that will enable an establishment to:

- respond to invitations,
- respond to data collection requests
- respond to queries on such information
- provide member information and documentation as normal to ensure member benefits are not delayed
- enable records to be kept up to date and
- ensure that the normal daily business of pensions administration is able to be continued for that establishment

ADMINISTRATION GUIDE FOR EMPLOYERS

To assist all participating employing organisations with the task of administering the employers' functions in relation to the Local Government Pension Scheme, the Authority has produced an online administration guide.

The guide can currently be found on EPIC and should be referred to whenever an employer is in any doubt about what is required of them in terms of their pension scheme administrative duties and obligations.

In addition, help, advice and guidance will always be available from Member Services Management Teams for employers falling within their purview.

Contact can be made by e-mail, telephone or letter.

APPENDIX A

Tables of charges and financial penalties

Charges

Implementation of a Pension Splitting order	£350 + VAT
Provision of information in relation to Accounting Standards Exercises	Currently £100 + VAT but being reviewed
Provision of additional transfer value within 12 months should the Authority introduce a charging policy. The current policy reserves the right to charge.	£350 + VAT
Bespoke Pensions Administration work	At the appropriate hourly rate to recover the actual cost of the work only
Rechargeable Actuarial work	At the appropriate hourly rate to recover the actual cost of the work only

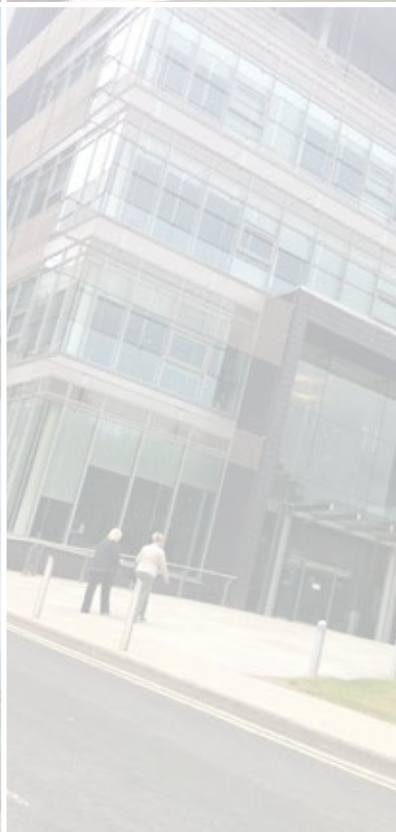
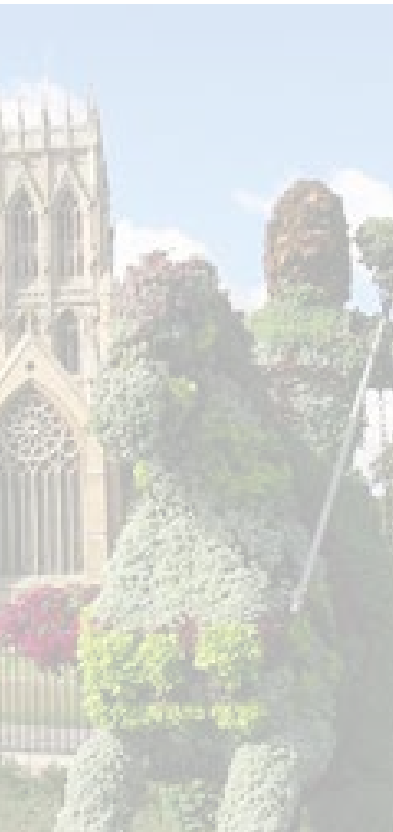
Penalties

Year End Returns 2018 Failure to submit a usable, balanced Year End Return by the deadline detailed in this document (4-00 pm, Friday 11 May 2018)	A fixed penalty of £500 plus a further fixed penalty of £50 per day for every further day late following that deadline
Queries arising from the Year End The provision of Year-End information resulting in the Administering Authority being unable to reconcile information with the member record and necessitating a query Responses to queries necessitating a re-query	£25 per case query £10 per case re-query
Monthly Returns from April 2018* Failure to submit a monthly return by the 19th of the month following the month of employees' contribution deduction	A fixed penalty of £500 plus a further fixed penalty of £50 per day for every further day late following that deadline
Service Level Agreements Failure to submit member event information in line with the requirements of the SLA through the monthly posting facility effective from April 2018	£25 per case
Discretionary Policy Statements Failure to devise and publish any statement of policy on the use of discretionary powers under the Regulations by any statutory deadline	A fixed penalty of £500 plus a Further fixed penalty of £250 for every further week late following that deadline
Payroll Provider Service Failure to ensure that any new Payroll Service Provider is able to maintain the continuity of the monthly posting system	A fixed penalty of £1000 for every monthly report that fails to be submitted from month 1 of the new contract by the standard monthly deadline plus the standard penalty for late submission of monthly returns

*SYPA anticipates and expects that there could be initial teething problems with the submission of monthly returns.

For 2018 only, and for the month of April only, the first submission under the new monthly return procedure will, if late, not incur a penalty where the Employing Organisation or its Payroll Provider, is having difficulties and communicates those difficulties to SYPA immediately they are aware of them. Where such communication is made SYPA will endeavour to provide all the assistance and guidance it can to ensure the problem is rectified.

Where no communication is made any subsequent penalty incurred as a result will stand.



SOUTH YORKSHIRE PENSIONS AUTHORITY

18 January 2018

Report of the Interim Fund Director

POOLING UPDATE

1) Purpose of the Report

To update on the progress of pooling in the Border to Coast Pension Partnership (BCPP Ltd) and related matters.

2) Recommendation

That Members note the report and consider the additional budgetary requests referred to therein:

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

3) Background information

- 3.1 Certain reports to the BCPP Joint Committee (JC), 16 January 2018, are excluded from the press and public. Three of those, including the latest BCPP project update report are included elsewhere on this agenda, in the private part, for information. These give quite detailed briefings, consequently, this report is kept as brief as possible, commenting on some of the main issues either ongoing from earlier reports or covered in the agenda for the JC, 16 January 2018. Access is available to all the public Joint Committee papers via the link below:

<http://www.southyorks.gov.uk/JAGUHome/BCPP.aspx>

4) Update

4.1 Overall project timeline/progress

No movement reported on the project plan go-live date of June 2018. An increase of £75k per partner Authority has been requested for set up costs. The detail behind this request is addressed in a BCPP project update report elsewhere on the agenda.

4.2 Amendments to the BCPP Board Structure

Members were advised at the last meeting that the JC had agreed the principle of appointing two shareholder directors; with officers being asked to work with the Governance Sub-Group and report back on method of selection and associated issues after taking advice from monitoring officers.

The Chair and Vice Chair of the JC were proposed to attend the Board with full participatory rights, save for formal voting, until such time as shareholder directors were formally appointed.

The above led to a report to the JC 16 January 2018, included elsewhere on this agenda. This addresses proposals to appoint two additional elected member Directors to the BCPP Ltd Board at the request of the Company. The proposal is that these be drawn from elected members of partner funds and that they be remunerated. The report gives further detail on the rationale, proposed appointment process, tenure of appointments, consideration of conflict of interests and proposed remuneration.

4.3 Joint Committee budget

The agenda papers for the JC 16 January 2018 include a proposal to create a budget for the JC to cover expected costs including secretarial services and external advice which may be required from time to time. £30,000 has been proposed for the period from July 2018 to March 2019. It is proposed that this be met from partner funds equally at £2,500 each.

4.4 Executive Recruitment

Members have been notified previously of appointments made for the Chairman, two Non-Executive Directors, CEO and Chief Operating Officer for BCPP Ltd. Of the remaining senior roles, an interim Chief Investment Officer, John Harrison and a permanent Chief Risk Officer, Manda McConnell, will both start in January 2018. BCPP will commence a recruitment exercise for a permanent Chief Investment Officer in the next few weeks and anticipate an appointment later in 2018.

4.5 Staff structure proposal for BCPP

A draft staffing structure was noted by the JC 20 October 2017. Staffing structures are matters for BCPP Ltd however, they are framed in the context of an overall Budget which is subject to agreement by shareholders. It was noted that BCPP's Board would further consider the structure. Further work was requested on benchmarking the proposed salaries and in considering the merits of offering an open or closed LGPS scheme: i.e. whether new appointments would be offered access to the LGPS. It had already been determined that access to the LGPS would not be offered to senior staff above a certain threshold. Further confidential reports have been prepared for the JC, 16 January 2018, setting out BCPP proposals for staffing, criteria for admission to the LGPS and issues arising from LGPS pension deficits including the Admission Authority 'guarantee' referred to below. These are included in the private part of the agenda for information.

4.6 LGPS admission and guarantee

As previously reported, SYPA has agreed to act as the Administering Authority for BCPP Ltd for their employees who are given access to the LGPS as part of their terms and conditions; subject to appropriate arrangements being in place. This is intended to include a guarantee, currently being drawn up, so that SYPA is not placed in a disadvantageous position should BCPP Ltd cease operations or exit the LGPS for any reason. LGPS pension liabilities are expected to accrue within BCPP Ltd and these are intended to be underwritten by all partners. The guarantee

documentation will set out how responsibility for the guarantee will be apportioned between the partner funds.

4.7 SYPA post pooling structure and related matters

The Authority agreed a report at its last meeting, 5 October 2017, addressing post pooling issues and related staffing matters. The advert for the Fund Director closed on 17.11.17 and the final interviews were scheduled for 11 January 2018.

The advert for Head of Pensions Administration closed 4.1.18 with interviews scheduled for 29 January 2018. Timing of the latter aims to allow for some engagement of the newly appointed Fund Director in the recruitment of the Head of Pensions as well as other new posts reported at the last meeting e.g. the Investment Performance Manager.

5. Implications

5.1 Financial

As previously reported the transition to pooling will incur additional set up costs and increased ongoing costs over at least the medium term. Monitoring the performance of BCPP and the costs of the service will be a key issue moving forward. Some additional budgetary implications are referenced in this report.

5.2 Legal

SYPA is in a contractual relationship with 11 other partners who form the shareholders of BCPP Ltd. Governance arrangements have been separately reported to the Authority (March 2016) when seeking approval to formalise arrangements with BCPP Ltd.

5.3 Diversity

There are no particular diversity implications.

5.4 Risk

There are a range of risks involved in setting up new arrangements which are being managed by the project team. There is an unquantifiable risk that the Fund might not perform as well under new arrangements.

Steve Barrett
Interim Fund Director
Telephone contact 01226 772887

Background papers used in the preparation of this report are available for inspection at the offices of the Pensions Authority.

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SOUTH YORKSHIRE PENSIONS AUTHORITY

JOINT LOCAL PENSION BOARD

18 January 2018

RISK REGISTER

1. Purpose of the Report

To monitor and review the Authority's Risk Register as per 3.1 of the Local Pension Board's Terms of Reference.

2. Background Information

The Corporate Planning and Governance Board is responsible for the oversight of the Authority's Risk Register and is involved in the identification of high level strategic risks. To enable the Corporate Planning & Governance Board to carry out these responsibilities the Risk Register is a regular item on Board agendas.

3. Risk Update

One new risk has been added. This reflects the risk around maintaining the fully funded position until the 2019 valuation with a view to reducing planned deficit recovery contributions.

Scores for all other risks remain the same.

4. Comments

Members are asked to comment and/or make suggestions on the content of the Risk Register.

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Priority	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Current Score	Probability and Impact	Target Score	Probability and Impact	Risk Mitigation Action	Owner	Risk Change	Review Date	Commentary (If Applicable)
	001	Failure to ensure there are appropriate succession plans in place to ensure employees are given opportunities to 'step-up' to more senior roles	Leading to... Knowledge gaps; Negative impact on existing / remaining employees; Business Continuity and resilience issues; Negative impacts on service delivery; Poor performance and non-delivery of targets; Reputational damage; Potential knock on effects where knowledge gaps could appear in areas where employees have been promoted from;	Head of Paid Service	Training of employees; Sharing of information; Use of minutes and central resources to ensure employees are well informed; Involvement in all issues of management teams to ensure continuity; No immediate competitors for recruitment in the Pensions industry; Procedures well documented; Currently carrying some vacancies to provide some flexible options; Need to provide full Business Case prior to any recruitment being undertaken; External HR support in place; Authority Management Committee in place; BMBC HR support;	2	P - H F - M OI - M	4	P - H F - L OI - L	Access to online training for all staff now available. Fund Director to report to the Authority 5/10/17 on structural proposals post pooling including succession planning and qualification levels for new posts. Delivery of internal Training Programme 17/18	Head of Paid Service Head of Paid Service / Head of Pens Admin	No change	31/03/2018 31/03/2018	This has been updated to recognise the development of the online training plan. The risk scoring remains the same until the training has been implemented and then reviewed at that point. The restructure in pensions administration has elevated a number of key staff which is positive for retention
	002	Failure to ensure that the Elected Members knowledge and understanding of Pensions related activities is robust, and meets the statutory requirements in terms of Section 248a of the Pensions Act 2004	Leading to... Improper scrutiny and challenge by Elected Members; Mistakes, Errors and omissions and non-compliance with statutory requirements; Failure to ensure contributions are collected; Failure to ensure benefits are calculated properly; Failure to ensure surplus monies are properly and prudently invested; Reputational damage in terms of censure from regulators;	Clerk to the Authority	Induction training provided to new Members which comprises a three day external training course; One day internal refresher course in 2013; Periodic awareness presentations delivered to Members; A self assessment framework for Members and Chairs is in operation but needs refining - this should assist in identifying training requirements; Lead Member for training identified; Working to the spirit of the CIPFA Code of Practice (Code of Practice on Public Sector Pensions Finance Knowledge and Skills, revised in 2013) - Treasurer is the nominated CIPFA officer; Production of Annual Report which includes commentary on Members training activities; External training augmented by internal training;	5	P - M F - VL OI - L	6	P - L F - VL OI - L	Review of Members self assessments	Treasurer	No change	31/03/2018	
	003	Failure to ensure that required pay and contributions data from customers is provided in an accurate and timely manner	Leading to... Negative impacts on operational targets; Inaccurate information being given to employees and pensioners resulting in complaints, customer dissatisfaction and reputational damage;	Head of Paid Service	District Group Meetings between officers; Regular reports on progress submitted to Corporate Planning and Governance Board; Standard item on South Yorkshire Treasurers Association meetings; Practitioner officer working group established; Ongoing liaison with External Audit; Pensions regulator responsible for regulating schemes and is able to fine and censure those responsible for inaccurate or late information; Enhanced and more robust Service Level Agreements between customers and Authority; Pension Strategy approved by Authority - reviewed and revised version in place for 01/04/2016 - incorporates SLA's and improves upon them in terms of fines being levied for customers who are non-compliant;	2	P - M F - H OI - M	3	P - L F - H OI - H	Pensions Administration Strategy Implemented Monthly postings to be implemented for 18/19	Vice Chair (Corporate Governance and Planning Board) Head of Pens Admin	No change	31/03/2018 31/12/2017	Positive steps forward in this area but the risk remains high until the change to monthly posting has been implemented. The software has been delivered and testing is going well. Employers are keen to be part of the test.
Page 37	004	Failure to ensure that social, environmental and other factors such as the use or endorsement of fossil fuel, obesity and tobacco by companies in which the Fund invests are considered when making investment decisions	Leading to... Non-achievement of investment objectives; Failure to protect and enhance the economic value of the companies the Fund invests in; Reputational damage;	Fund Director	Internal policy documents in place; Awareness information circulated within Investments Team; Membership of various pressure groups; Reports to Members Oversight Board; Awareness of balance between risk (investing in companies that may have an interest in fossil fuel, obesity and tobacco) against reward (high yield investments); Members have embraced the approach exhorted by Professor John Kay in his 2012 'Review of equity markets and long term decision making' and the phrase 'voice over exit'; Pensions Climate Change Policy Document published and feedback received; Statement of Investment Principles in place; Performance reports include information on investments made;	4	P - M F - M OI - M	5	P - L F - L OI - L	Reports to members have been submitted during the year.	Head of Investments	No change	30/11/2017	Members are kept up to date with reports as appropriate.
	005	Failure to ensure that the deposits held with banks and other financial institutions is repaid on the agreed due date (Credit Risk)	Leading to... Financial loss; Negative impact on overall financial viability of the scheme;	Fund Director	Treasury Management Strategy requires that deposits are not made with financial institutions unless they meet identified minimum criteria set by the Authority; Maximum sum to be invested identified for each institution; Credit monitoring arrangements in place; Financial references obtained for institutions that the Authority may potentially invest in;	5	P - L F - M OI - L	6	P - L F - L OI - L	Ongoing monitor and review	Head of Investments	No change	31/03/2018	Treasury Management strategy reviewed and approved March 2017. Monitoring reports submitted during the year.
	006	Failure to ensure that the Authority has appropriate access to its cash resources to meet its commitments to make payments (Liquidity Risk)	Leading to... Financial loss; Negative impact on overall financial viability of the scheme; Inability to meet pensioner payroll costs and investment commitments;	Fund Director	The Fund has immediate access to its cash holdings with the majority of cash being deposited for no longer than a week, and no cash being deposited for more than a month; The latest triennial actuarial valuation undertaken in 16/17; Assumptions within Actuarial report (mortality and commutation rates) unchanged for previous evaluations; The Authority works to the principle of 'collect, handle, secure and invest';	5	P - L F - M OI - L	6	P - L F - L OI - L	Actuarial review in 2016 completed ; new contribution rates in place from April 2017. Treasury management operations kept under review. Deposits of more than one month will be considered within the Treasury Management policy limits	Head of Investments	No change	31/03/2018	Actuarial review completed by March 2017

Priority	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Current Score	Probability and Impact	Target Score	Probability and Impact	Risk Mitigation Action	Owner	Risk Change	Review Date	Commentary (If Applicable)
	007	Failure to ensure the Authority protects the data it owns, and the data it handles	Leading to... Loss of personal information resulting in reputational damage and censure by Information Commissioner; Loss of trust from partnering organisations; Successful attacks by hackers or third parties; Disruption and delays;	Head of Paid Service / Fund Director	Data back up undertaken daily and backed up information removed from site; Disaster Recovery procedures and Business Continuity Plan in place; External Audit by third party organisations the Authority works with; Security of emails via GSX accounts or the use of Mimecast software; IT Security Policy in place; Reporting of incidents to Information Commissioner; Information Governance training included in training programme; BOLD training available via BMC; Data Protection Officers no longer in post within SY Pensions; Contract management arrangements regarding the software provided by SY Pensions to third parties includes performance management consideration; Liaison with Landlord regarding improvements to physical security of Regents Street Offices such as lock on doors undertaken; Mandatory Data Protection training in place;	3	P - L F - H OI - H	5	P - VL F - M OI - H	Bi-Annual review of BCP Roll-out of Windows 10 to enable hard drives to be encrypted Review of where data is stored to ensure is can not be extracted Provision of online training to employees 16/17. Investigate GDPR and provide relevant training if necessary	IT Manager	No change	31/03/2018	The IT plan is tested on an annual basis. No issues from the last test. The review of data storage is well underway. The online training course has been completed. The impact of GDPR from May 2018 needs to be considered.
	008	Failure to ensure that the reconciliations between SY Pensions and the DWP relating to the end of the contracting out window (31/03/2016) are undertaken within an appropriate timescale	Leading to... SY Pension will have to guarantee minimum pension levels, and essentially have to underwrite the risk of miscalculation or lack of / poor information;	Head of Paid Service	Details from central Government are still emerging; Current lack of resources within SY Pensions makes this a challenging area to comply with; Approval received to outsource arrangements to I.T.M. Ltd;	2	P - H F - M OI - M	4	P - M F - M OI - M	Review of work undertaken by I.T.M. Ltd to ensure members benefits are correct. Reconciliation work has been undertaken and recalculations ready to be done.	Head of Pens Admin	No change	31/03/2018	Progress has been made but recalculations are now in a queue along with other work waiting to be done. Recalculation plan being developed.
	009	Transition to the new investment 'pooling' arrangements is not well managed	Poorer value for money Negative impact on the staff involved in the transition Reputational damage for SYPA and the LGPS	Clerk to the Authority	Member Steering Group in place (MSG) Chair of SYPA fully engaged in MSG Officer Steering Group with SYPA senior officers involved Sec151/Monitoring Officer oversight of arrangements Regular reports to SYPA & LPB	3		3		Member and officer participation in pooling arrangements and supports individual workstreams	Fund Director	No change	31/01/2018	Regular reporting in place at SYPA meetings. Key BCPP appointments now made. SYPA structure post transfer being reported to the authority for approval on 5th October.
	10	Transfer of the Sheffield City Region Comined Authority (SCRCA) Passsenger Transport Fund to the Greater Manchester pension Fund effective 1.4.17	Whilst this relates to the PTF rather than SYPA there is nonetheless a potential reputational impact if this is not well managed by SYPA officers.	Fund Director	Project Magpie has been set up by GMP supported by Hymans (Actuary) and the Head of Pensions is a member of the project team. Consultation is currently underway via DCLG expecting to confirm the transfer, retrospectively, from 1.4.17 with some months of post transfer transition.	4		6		Maintain as standing item on SMT Head of Pensions a member of the project team and reports to SMT Head of Investments engaged as required on asset transfers. Head of Finance exercises oversight of financial implications.	Fund Director/ Head of Pensions / Head of Investments/ Head of Finance	No change	31/01/2018	SMT standing agenda item. Data transfer to take place during October 2017 and Asset Transfer no later than 31st January 2018Member data now transferred. Asset transfer nov/Dec
Page 38	11	The MiFID II (Markets in Financial Instruments Directive) arrangements are somewhat complex European driven changes which could impact adversely on all LGPS funds.	The changes are currently set to take effect from 3 January 2018, part of a process of harmonising regulations for investment services across market operations in the European Economic Area. The main issue that funds could face is a re-classification from 'per se professional' to 'retail' client status. Funds could see significant restrictions on their investment activities as retail clients e.g. in terms of the types of investment funds and asset classes which they could invest in.	Fund Director / Head of Investments	The Financial Conduct Authority (FCA) is the body responsible for implementing the requirements in the UK, in the context of the EU and UK regulatory frameworks. Funds will however, have the opportunity to "opt-up" to 'elective professional client', i.e. professional client status. The FCA believes that the ability to access financial markets will not be fundamentally affected by broader changes if classified as a professional client. The specific procedure for opting-up will include both qualitative and quantitative assessments	3		5		There are no immediate financial consequences for the Fund. BCPP officers working with the FCA and others to forge an acceptable way forward for the operation of LGPS funds within MiFID II is crucial to future operating practices. Opt up process to be reported to Investment Board 14.9.17	Fund Director / Head of Investments		31/01/2018	Investment Board 14 September 2017 advised of the 'opt - up' process now underway. Further report will be taken to next Investment Board 14 December 2017.
	12	he implementation of the General Data Protection Regulations (GDPR) in May 2018.	The GDPR will impact on the way that we can lawfully collect, use, retain and share information about members. With new duties to report breaches and the potential for significant financial penalties it is important to ensure that we are ready to comply with the GDPR.	Fund Director	We are compliant with the current Data Protection Act with regard to data security and staff awareness. However under GDPR all our current data sharing agreements must be reviewed and we also need to advise scheme members of their privacy rights and the possibility of them requesting that cease to hold aspects of their personal data. IT security is also being enhanced.	2		5		IT Staff are attending a three day taining course in October which will assist in the development of further IT security. Following the training a project team will be created to proportionately examine our data relationships. A BOLD training course will be rolled out to staff when available. We are party to an LGPS working group to share developments	Head of Pens Admin	No change	31/01/2018	Report to the authority on progress due November 2017
	13	Maintaining a fully funded position so far as possible	The actuary has reported a fully funded position as reported to the Investment Board in September 2016. The aspiration is to maintain this position at the 2019 valuation with a view to reducing planned deficit recovery contributions.	Fund Director/ Head of Investments	An equity protection strategy is being prepared and planned to be in place by January/February 2018	3		5		Update reports to Investment Board December 2017 re preferred protection strategy	Fund Director / Head of Investments	New Risk	31/01/2018	Reports to the Investment Board to confirm strategy and implementation.

Key:
P = Probability
F = Financial Impact
OI = Other Impacts
VL (1) = Very Low
L (2) = Low
M (3) = Medium
H (4) = High
VH (5) = Very High