

Public Document Pack

Date: 30 May 2018

To: MEMBERS OF THE SOUTH YORKSHIRE
LOCAL PENSION BOARD



SOUTH YORKSHIRE
LOCAL PENSION BOARD

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This matter is being dealt with by: Gill Richards

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Dear Member

SOUTH YORKSHIRE LOCAL PENSION BOARD

Thursday 7 June 2018

A meeting of the South Yorkshire Local Pension Board will be held at 12.00 pm (or the later conclusion of the Pensions Authority) on Thursday 7th June, 2018 in Meeting Room 11, Town Hall, Barnsley, S70 2TA. A buffet will be served at 11:45am in **Meeting Room 4** on the first floor of the Town Hall.

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

The agenda is attached.

Yours sincerely

D Terris
Clerk

Encs

Distribution: 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. Compliance with Regulations and Legislation

- 1.1 Review Management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations and relevant legislation.
- 1.2 Assist with the development of, and continually review, documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Investment Strategy Statement.
- 1.3 Review the implementation of revised policies and procedures following changes to the Scheme.

2. Administration

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

3. Auditors

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

4. Internal Controls and Risk Register

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

5. Communications

- 5.1 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.
- 5.2 Produce an Annual Report upon its activities to be submitted to the Pensions Authority.
- 5.3 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.

6. Budgets

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

SOUTH YORKSHIRE LOCAL PENSION BOARD

THURSDAY 7 JUNE 2018 AT 12.00 PM IN TOWN HALL, BARNSELEY, S70 2TA

AGENDA

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14	Breach Reporting Log	Verbal Report

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SOUTH YORKSHIRE PENSIONS AUTHORITY

PENSION BOARD

15 MARCH 2018

PRESENT: G Boyington (Scheme Member) (Chair)

G Berrett (Employer, SYP), N Gregory (Academy Representative), N Doolan-Hamer (Unison), K Morgan (Unite), S Ross (Scheme Member), N Simpson (Academy Representative), J Thompson (Employer, Action Housing) and G Warwick (GMB)

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

Apologies for absence were received from Councillor P Lofts

1 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting including George Graham SYPA, Fund Director and Nicola Simpson, Board member to their first meeting.

Apologies were noted as above.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 ANNOUNCEMENTS

The Chair announced that this was the last meeting of his term of office. He would not be putting himself forward for another term and he would be resigning from the Board.

4 MINUTES OF THE MEETING HELD ON 18 JANUARY 2018

M McCarthy informed the Board that the GDPR training would be held in May after the local elections.

It was noted that details of the Board's public indemnity insurance had been emailed to the Board as requested.

With regard to the £50,000 limit, officers felt that this was a proportionate amount in the context of the powers of the Board.

In answer to a question from a Board member, G Graham commented that none of the four Boards that he had been involved with had deemed it necessary to take out such insurance.

It was noted that the policy would be reviewed on an annual basis.

RESOLVED: That the minutes of the meeting of the Board held on 18 January 2018 be agreed as a true record.

5 WORK PROGRAMME

It was noted that a Treasury Management report would be brought to the October meeting.

The Learning and Development Annual report would be presented to the June meeting of the Board when it was hoped it would be known if BCPP were repeating the 2-day training course they had provided in 2017.

RESOLVED – That the Work Programme be noted.

6 SUCCESSION PLANNING

Following G Chapman's retirement at the end of March, his successor Jason Bailey would take up his post in the first week of May; he was currently Head of Pensions Administration at Surrey CC which also administered East Sussex and two London boroughs as part of a shared services agreement.

Officers would again attempt to recruit to the vacant employer and employee vacancies on the Board.

7 MEETINGS OF THE LOCAL PENSION BOARD IN 2018/2019

A report was considered which set out the meeting cycle for the Board of 2018/19.

It was noted that there was the option to arrange extra meetings if required.

Board members would be invited to attend any extra meetings of the Pensions Authority and its Boards, which would most likely be around pooling.

RESOLVED – That the meeting cycle for 2018/19 be agreed.

8 LPB BUDGET

Members were presented with the Board's expenditure to 28 February 2018.

RESOLVED – That the position be noted.

9 MEMBER LEARNING & DEVELOPMENT

M McCarthy reminded the Board of the training undertaken during the year and the training planned for 2018/19.

Members were informed that S Ross would be attending the LGA's Cross-Pool Open Forum on 27 March 2018 to represent the Board.

The Forum had been arranged after the Scheme Advisory Board had commented that there was merit in bringing together Authority Chairs and the Chairs of Local Pensions Boards to share information and experiences regarding the pooling process.

The Board requested that she questioned what the other pools position was regarding Trades Union representation on Joint Committees or Boards.

It had been well documented that in South Yorkshire both the Authority and the Local Pension Board were strongly in favour of some form of member nominated representation at pool level; the Board requested that this was communicated at the Forum.

10 POOLING UPDATE

A report was considered to update the Board on progress towards the pooling of the Fund's assets within the Border to Coast pool.

The Board noted the key areas of progress on areas including investment related progress, staffing matters, non-executive directors and tax strategy.

RESOLVED – That the report be noted.

11 ANNUAL FUND MEETING SURVEY

A report was considered which informed the Board of the results of the survey carried out amongst scheme members who had attended the Annual Fund Meeting.

Members noted that the overall response had been good and Board members who had attended had thought the meeting had been worthwhile.

It was noted that, as in the previous year, some Scheme members had a strong interest in responsible and ethical investments.

RESOLVED – That the report be noted.

12 EMPLOYERS FORUM SURVEY

A report was submitted to inform the Board of the results of a survey carried out amongst the Scheme employers who had attended the Annual Employers Forum.

Members were informed that all delegates who attended the Forum had been issued with an online survey after the event and were also invited to comment on any element of the day in order for SYPA to improve future Employer Forums.

From the 68 employers who had attended the Forum, 14 returned a completed survey; the overall results were good.

J Thompson commented that the Forum had been excellent and topics covered had been better than the previous year. The challenge was to encourage more employers to attend.

Members noted the survey analysis which was attached as an Appendix to the report.

RESOLVED – That the report be noted.

13 GDPR UPDATE

The Board considered a report which gave an update on the work being undertaken to prepare for the implementation of the General Data Protection Regulation on 25th May 2018.

The project was well underway and the report detailed progress made in specific areas. The Board noted that the project was on track.

RESOLVED – That the report be noted.

14 BREACH REPORTING

The Board considered the completed Breach Reporting Procedure noting this would be important as the Pensions Regulator would be focusing on the LGPS in the next 12 months.

The Register of Breaches would be a standing item on the Boards agenda, where appropriate, in future.

RESOLVED – That the report be noted.

15 INTERNAL AUDIT UPDATE

L Booth, Audit Manager BMBC, updated the Board on the work completed by the Internal Audit team to date.

The Team had completed a total of 140 days' work to date with a further 25 days planned before the end of the month.

There had been no significant control or compliance issues and there were no longstanding recommendations.

The Board requested that the Internal Audit Progress report be a standing item on their agenda.

RESOLVED – That the report be noted.

16 RISK REGISTER

The Board considered the Authority's Risk Register.

M McCarthy informed Members that at its last meeting, the Corporate Planning and Governance Board had approved the removal of Risks 10 and 11.

There were no additional risks reported although updates had been made where appropriate.

The Board commented that the Risk Register was now much improved.

RESOLVED – That the report be noted.

17 ANY OTHER BUSINESS

As reported earlier the Chair was to stand down.

M McCarthy would circulate a request for nominations for Chair and Vice-Chair which would need to be returned at least two weeks before the next meeting of the Board on 7 June 2018.

CHAIR

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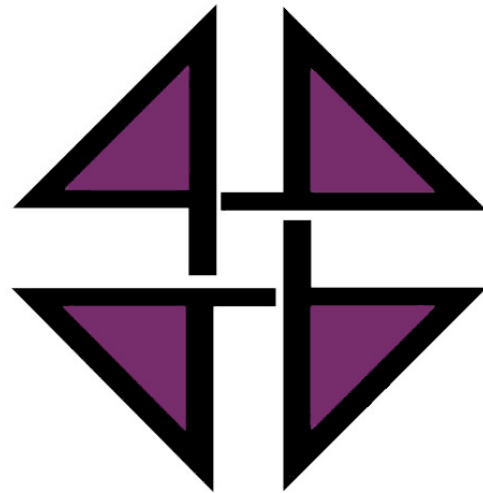
Agenda Item 6

South Yorkshire Local Pension Board Work Programme

Terms of Reference Area	Jan	March	June	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		x		x	MM/GR
<u>Administration</u>					
Employers Performance				x	JB
Pensions Administration Performance				x	JB
Review of Administration Strategy	x				JB
Pooling Update	x	x	x	x	Various
Annual Governance Statement & Accounts			x		MM/GR
Authority and Board Work Programmes				x	FB
SYP Annual Fund Meeting		x		x	JB
Employers Forum Survey		x			JB
Review of Annual Report & Accounts				x	GR
Treasury Management				x	TBC
Budget Monitoring			x		TBC
GDPR Update	x	x			JB
Breach Reporting Log			x	x	JB
Complaints and Compliments				x	JB
<u>Auditors</u>					
Internal Audit Update (incl. recommendations)			x		RW
Internal Audit Annual Report (by email)			x		RW
External Audit Annual Governance Report				x	KPMG
External Audit Annual Audit Letter	TBC				
<u>Risk Management</u>					
Annual Review of Risk Management				x	MM
Risk Register	x	x	x	x	MM
<u>Communications</u>					
Information on the SYPA Website				x	GR
Information provided on retirement, leaving etc.				x	GR

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South Yorkshire Pensions Authority



SOUTH YORKSHIRE
LOCAL PENSION BOARD

ANNUAL REPORT 2017/18

Foreword

Welcome to the 3rd annual report of the South Yorkshire Joint Local Pension Board (LPB). This will be the last report which I shall present as my three year term of office has come to an end.

The Board seeks to assist the South Yorkshire Pensions Authority to maintain effective and efficient administration and governance. Members of the scheme can have direct influence on how the fund is managed. The LPB comprises both scheme members, retired and active, together with employer representatives. Employer representation is not restricted to the four large local Councils.

This year has seen several changes and challenges including the transfer of SY Passenger Transport Pension Fund to Greater Manchester. Consequently, your LPB now only deals with issues relating to the SY Pension Authority Fund. I would like to thank Steve Carnell for his services as Transport Fund Members' representative from the creation of the Board.

As I reported last year, your pension fund has been required to enter into agreement with other Funds as a result of a Government decision. Your LPB has regularly received updates and commented on the process of establishing the Border to Coast organisation which will in future work to invest funds on behalf of SYPA and others.

We have also been involved in ensuring that an effective process for reporting and recording breaches of the law in respect of pension administration is established. This is a requirement of the Pensions Regulator. We hope that the new policy document will ensure that any systemic issues, as opposed to one-off minor errors, are quickly identified and, where appropriate, reported to the Pensions Regulator and that measures are taken to prevent recurrence. Other work of the board is mentioned elsewhere in the report.

As this is my last report, I would like to take this opportunity to thank my Vice-Chair, Jill Thompson, for all her hard work and support, the Members of the Board for their continuing commitment and the officers of SYPA for their efforts on our behalf.

Glyn Boyington, Chair



A handwritten signature in black ink, appearing to be 'Glyn Boyington', written in a cursive style.

Membership

Employee Representatives

Glyn Boyington - LGPS Member (Chair)

Garry Warwick (GMB) - Trades Union

Kevin Morgan (UCATT) - Trades Union

Nicola Doolan (Unison) - Trades Union

Susan Ross - LGPS Member

Steve Carnell - SYPTPF Member (up to October 2017)

Vacancy to replace Steve Carnell

Employer Representatives

Jill Thompson (Action Housing) - Admitted Body (Vice-Chair)

Geoff Berrett (South Yorkshire Police) - 'Other Large Employer'

Nicola Gregory – Academy

Councillor Philip Lofts - Local Authority Member (Barnsley)

Vacancy - Local Authority Member (Rotherham)

Nicola Simpson – (Academy)

Member Attendance

Attendance at the LPB meetings has been positive with members and employer representatives freely giving their time and commitment. Indeed 6 members have achieved 100% attendance over the year.

	20 July 2017	5 Oct 2017	18 Jan 2018	15 Mar 2018
Geoff Berrett	✓	✓	✓	✓
Glyn Boyington	✓	✓	✓	✓
Steve Carnell	x	x		
Nicola Doolan-Hamer	✓	✓	✓	✓
Nicola Gregory			✓	✓
Cllr Phillip Lofts	x	✓	✓	x
Kevin Morgan	✓	x	✓	✓
Sue Ross	✓	✓	✓	✓
Nicola Simpson			x	✓
Jill Thompson	✓	✓	✓	✓
Garry Warwick	✓	✓	x	✓

Role of the LPB

The role of the Local Pension Board as defined by Sections 5(1) and (2) of the Public Service Pensions Act 2013 is to:

- Secure the effective and efficient governance and administration of the LGPS for the South Yorkshire Pension Fund;
- Provide the Scheme Manager with such information as it requires to ensure that any member of the Local Pension Board or person to be appointed to the Local Pension Board does not have a conflict of interest;
- Ensure the South Yorkshire Pension Fund effectively complies with the Code of Practice on the Governance and Administration of Public Service Pensions Schemes issued by the Pensions Regulator and is effectively managed and administered in compliance with the Code.

Work of the Board 2017/18

The Board held four meetings during the year.

The Board continued to develop their **Work Programme**. This is a fluid document and one which evolves as Members knowledge and understanding of their roles evolve and also as situations arise within the Authority that require the Boards attention/consideration. Agreement has been reached to ensure specific issues set out in Government Guidance were cross referenced and gaps included in the Work Programme, for the avoidance of doubt. Members of the Board receive all **agenda papers** issued to Members of the Pensions Authority.

In considering all agenda papers presented to the Authority, the Board has in particular sought clarification on the following:

- **Annual Fund Member Survey** – Additionally Members of the Board were invited to the Annual Fund Member Event held at The Holiday Inn Barnsley.
- **2016 Actuarial Valuation** – The Board have been kept informed on progress in compiling relevant data in support of the valuation.
- **Risk Management Strategy** – The Board were kept up to date on the development and adoption of the Risk Management Strategy and reviewed the Authority's Risk Register at each meeting.
- **Internal Audit** – The Board received an Internal Audit progress report.
- **Work Programmes** – The Board considered the Work Programmes of the Authority and its Boards.
- **Investment Pooling** – The Board were regularly updated on the progress of developing the Border to Coast Pensions Partnership.
- **Budget** – the Board regularly reviewed their budget.
- **External Audit Arrangements** – The Board, through the receipt of all Authority papers was kept fully briefed on the work of the Authority's External Auditors KPMG.
- **Reporting Breaches of the Law** - The Board assisted in the development of a Reporting Breaches of the Law procedure.
- **GDPR** – The Board were kept up to date with the Authority's progress on complying with the new General Data Protection Regulation.

Training and Development

The Board has in place a Training and Development Strategy similar to that of the Authority and both bodies have acknowledged the requirement to undertake training and development in tandem for mutual benefit and to provide value for money in training delivery.

During the year, Board Members have received the following training/development support:

- Treasury Management Training
- BCPP 2-day training event in York
- CIPFA/Barnett Waddingham Local Pension Board Spring Seminar

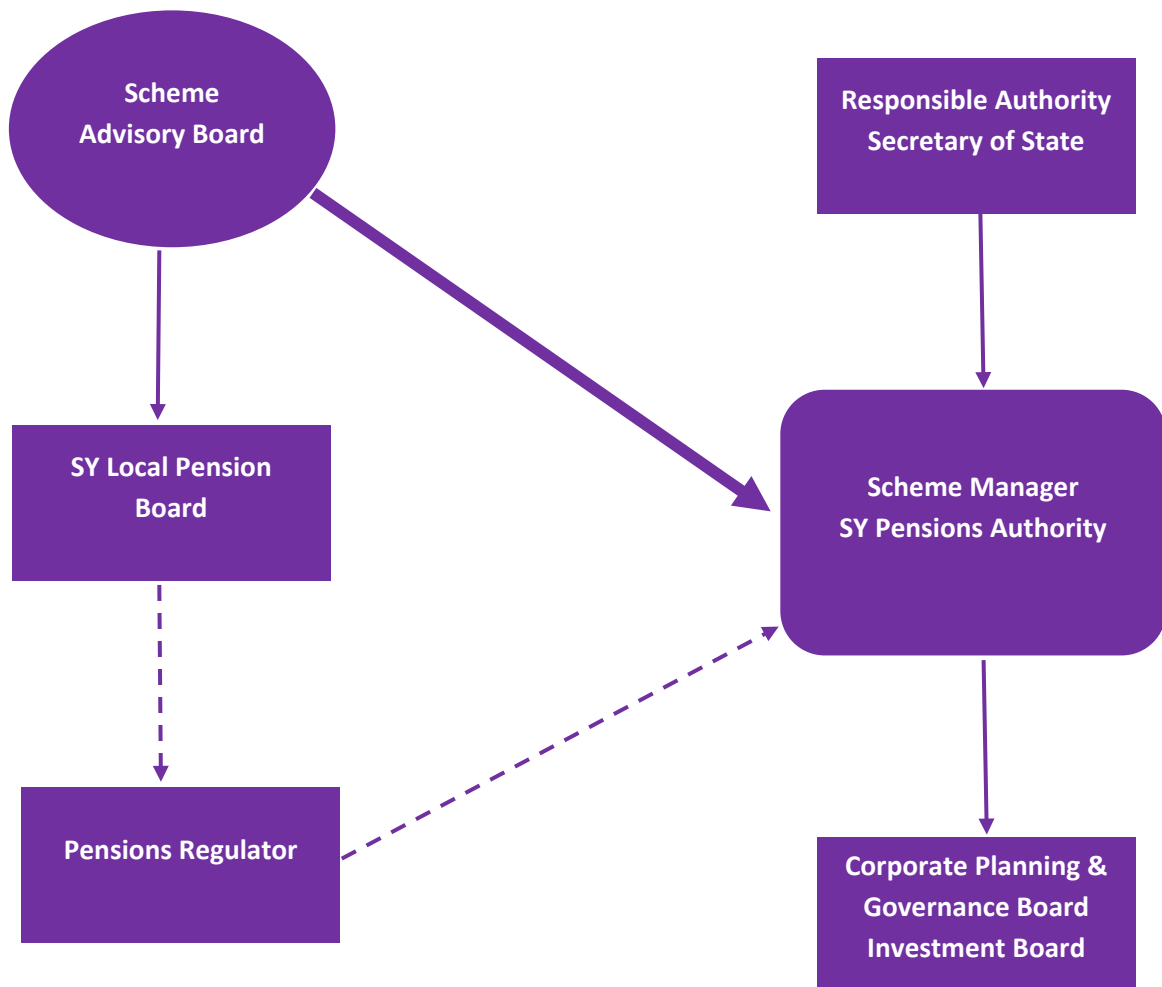
In addition, the Chair and Vice-Chair attended the CIPFA/Barnett Waddingham event – Local Pension Boards Two Years on.

Future Plans

We aim to:

- Continue to work with the Officers and Members of the Authority.
- Become more integrated into the Authorities decision making forums in order to be able to have influence on the outcome of events.
- Marketing the work of the LPB through articles within the news letters issued by the Pensions Authority and participation at the annual fund meeting.
- Undertake training/workshop style events for members of the LPB as appropriate.

Governance Structure



SOUTH YORKSHIRE PENSIONS AUTHORITY
LOCAL PENSION BOARD EXPENDITURE TO Q/E 31.03.18

	ORIGINAL OUTTURN	REVISED OUTTURN	ACTUAL OUTTURN	2017-18 VARIANCE	Note
LOCAL PENSION BOARD					
Travel, Accommodation & Subsistence	3,500	2,500	796	1,704	1
Training	8,000	5,000	913	4,087	1
Professional Advice	3,500	2,500	1,018	1,482	2
	15,000	10,000	2,727	7,273	

1. Expenditure has been minimal against this budget as the Local Pension Board has only incurred travel expense claims, subsistence and training expenses at 31 March 2018.
2. Professional Indemnity Insurance expenditure for LPB.

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

7 June 2018

ANNUAL REVIEW OF THE CONSTITUTION AND TERMS OF REFERENCE

1. Purpose of the Report

To review the Board's Constitution and Terms of Reference.

2. Background

The Board approved its Constitution and Terms of Reference at its inaugural meeting in July 2015; there have been several changes since then, including updates to reflect the transfer of the Passenger Transport Pension Fund to Greater Manchester Pension Fund and the Terms of Reference were strengthened with the inclusion of a section on compliance with the Regulations and relevant legislation.

Currently, the Board has three vacancies, one for an employer and two for Scheme members. The Board may wish to discuss whether to recruit back up to 12 members or to reduce the membership to 10 and recruit one Scheme member to fill that vacancy.

The Board may also want to consider whether the Terms of Reference should be updated to include the Authority's engagement with the Border to Coast Pensions Partnership which might, for example, include such issues as performance monitoring.

3. Comments

Members are invited to comment and/or make suggestions for amendments to the Terms of Reference and Constitution.

Gill Richards
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SOUTH YORKSHIRE
LOCAL PENSION BOARD

CONSTITUTION

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1. Name

- 1.1 The name of the Board is “the South Yorkshire Pensions Authority Local Pension Board” and is established by South Yorkshire Pensions Authority (“the Authority”) as the administering authority under the provisions of Section 5 of the Public Sector Pensions Act 2013 (“the Act”).

2. Purpose and Role

- 2.1 The role of the Local Pension Board as defined by Sections 5(1) and (2) of the Public Service Pensions Act 2013 is to:
 - 2.1.1 Secure the effective and efficient governance and administration of the LGPS for the South Yorkshire Pension Fund
 - 2.1.2 Provide the Scheme Manager with such information as it requires to ensure that any member of the Local Pension Board or person to be appointed to the Local Pension Board does not have a conflict of interest.
 - 2.1.3 Ensure the South Yorkshire Pension Fund effectively complies with the Code of Practice on the Governance and Administration of Public Service Pensions Schemes issued by the Pensions Regulator and is effectively managed and administered in compliance with the Code

3. Powers of the Local Pension Board

- 3.1 Where any breach of legislation or duties is committed or is alleged to have been committed by the Pensions Authority or its Boards the Local Pension Board shall:
 - 3.1.1 Within one month of the possible breach, meet with the Authority Chair (supported by the Section 151 officer) to discuss the breach.
 - 3.1.2 Ask the Authority Chair to explain the actions taken and provide evidence of the legitimacy of the actions taken.
 - 3.1.3 Consider the matter on the facts available and evidence provided by the Chair and shall:
 - 3.1.3.1 Refer it back to the Authority to consider afresh and correct any areas of concern/breaches of duty; or
 - 3.1.3.2 Determine that no breach of duty has taken place.
- 3.2 If under clause 3.1 above it is decided that a breach has occurred, the Local Pension Board shall (as required by the Code of Practice and the Pensions Act 2004):
 - 3.2.1 Report the breach to the Scheme Manager who should take prompt and effective action to investigate and correct the breach and its causes and, where appropriate, notify any affected members; or
 - 3.2.2 Where prompt and effective action to remedy the breach has not been taken and/or where scheme members have not been informed when they should have been, report the breach as a breach of material significance to the Pensions Regulator.

3.3 As per Regulation 106(6) and subject to the terms in this Constitution, the Local Pension Board shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

4. Scheme Manager Consents

4.1 The Local Pension Board shall not:

- 4.1.1 Consider or become involved in any internal dispute resolution appeals or the process itself.
- 4.1.2 Enter into contracts on behalf of the Administering Authority.
- 4.1.3 Use the Local Pension Board to act on behalf of a particular constituency or Pension Fund member in general or in relation to a specific complaint at any time.
- 4.1.4 Compromise the Pensions Authority's ability to comply with its fiduciary duty to the Pension Fund and its members.

4.2 The Local Pension Board must seek written consent from the Scheme Manager before it:

- 4.2.1 instructs the Pension Fund actuary to provide a report of any kind;
- 4.2.2 requests any external advisor to attend a meeting of the Local Pension Board which shall require any remuneration of any level;
- 4.2.3 incurs a cost to the Pension Fund;
- 4.2.4 can amend this constitution.

5. Membership

5.1 In accordance with Regulation 107 of the LGPS (Governance) Regulations 2014 the South Yorkshire Local Pension Board will be made up of an equal number of employer and member representatives which is no less than four in total. The South Yorkshire LPB will comprise of 12 members in total.

5.1.1 Employer representatives will consist of:

- 2 Local Authority members (rotated every 2 years)
- 1 'Other Large Employer' (appointed for 3 years)
- 2 Academy (appointed for 3 years)
- 1 Admitted Body (appointed for 3 years)

5.1.2 Employee representatives will consist of:

- 3 Trades Unions who must be LGPS Scheme members (appointed for 3 years)
- 3 members selected from active, pensioner and deferred members (appointed for 3 years)

5.1.3 Appointment of employer and Trades Union representatives will be by nomination, Scheme member representatives will be appointed by an application process.

- 5.1.4 A member may serve a maximum of two terms of office.
- 5.2 No officer or elected Member of an administering authority who is responsible for the discharge of any function under the Regulations may be a Member of a Local Pension Board.
- 5.3 Members of the Local Pension Board will be voting members; each member shall have one vote. It is expected that the Board will, as far as possible, reach a consensus; the Chair of the Board will have the final deciding vote which will be reported to the Administering Authority.
- 5.4 Regulation 107 requires that the administering authority, South Yorkshire Pensions Authority, ensures that all employer or member representatives sitting on the Board have relevant experience and capacity to represent the employers or members of the Fund.
- 5.5 Substitute members will not be permitted.
- 5.6 Each Local Pension Board member shall endeavour to attend all LPB meetings during the year.

6. Chair

- 6.1 The Board shall elect a Chair from amongst its members.
- 6.2 The Board shall elect a Vice-Chair from amongst its members.
- 6.3 When the Chair of the Board is from the employer representatives, then the Vice-Chair will be elected from the member representatives, and vice versa.

7. Leaving the Board

- 7.1 A member of the Board shall cease to hold office if:
- 7.1.1 He or she notifies the Board of a wish to resign.
- 7.1.2 He or she is an elected councillor and is appointed to the Pensions Authority.
- 7.1.3 He or she ceases to be employed by the body on behalf of whom he/she acts as a representative, including but not limited to Trade Unions or Scheme employers.
- 7.1.4 A member fails to attend meetings or otherwise comply with the requirements of being a Board member, for example fails to attend the necessary knowledge and understanding training.
- 7.1.5 A member dies or becomes incapable of acting.
- 7.1.6 There exists a conflict of interests in relation to a Board member which cannot be managed within the internal procedures of South Yorkshire Pensions Authority.

8. Standards and Interests

- 8.1 Members of the Board shall comply with their Local Authority's Code of Conduct for Members; members of the Board who are not Councillors shall comply with any Code of Conduct applicable to their professional body and/or the organisation they represent. All members of the Board will adhere to the Seven Principles of Public Life. These are:
- Selflessness
 - Integrity
 - Objectivity
 - Accountability
 - Openness
 - Honesty
 - Leadership
- 8.2 Members of the Board shall register their disclosable pecuniary interests with South Yorkshire Pensions Authority's Monitoring Officer as required under the Code, the Localism Act 2011 and Regulations made under the Localism Act 2011.

9. Conflicts of Interests

- 9.1 Further to the Regulations, a member shall not be appointed who has an existing conflict of interest.
- 9.2 For the avoidance of doubt, being a member of the Pension Scheme is not a conflict of interest.
- 9.3 Where a member becomes conflicted during their appointment, they shall inform the Scheme Manager without delay and their tenure shall end with immediate effect.
- 9.4 Where a member has been removed from the Board under this clause 9, they will be entitled to be reappointed once the conflict has been resolved.
- 9.5 Such reappointment shall be made to the Board only where written approval from the Scheme Manager (advised by the Monitoring Officer) has been provided.

10. Meetings and Procedures of the Board

- 10.1 The Board shall hold meetings quarterly. Additional meetings may be called at any time by the Chair.
- 10.2 In the absence of the Chair at a meeting of the Board, the Vice-Chair will preside over that meeting. In the event that both the Chair and Vice-Chair are absent then the Board will appoint one of its members to preside at that meeting.
- 10.3 The quorum for a meeting of the Board shall be at least 2 employer and 2 employee representatives.

- 10.4 Board meetings shall be held in public. The public may be excluded from the meeting when matters are considered that, in the opinion of the Scheme Manager, contain information covered by exempt/confidential information procedures under Schedule 12A of the Local Government Act 1972 (as amended) or represent data covered by the Data Protection Act 1998.
- 10.5 All agendas and papers for Board meetings will be made publically available on South Yorkshire Pensions Authority's website unless, in the opinion of the Scheme Manager, they are covered by exempt/confidential information procedures under Schedule 12A of the Local Government Act 1972 (as amended) or represent data covered by the Data Protection Act 1998.
- 10.6 Minutes of proceedings at meetings of the Board shall be kept in accordance with statutory requirements. Following the approval of the minutes by the Chair of the Board, they shall be forwarded to all Pension Board members.
- 10.7 Minutes of meetings of the Board shall be published on South Yorkshire Pensions Authority's website.

11. Knowledge, Skills and Training

- 11.1 To be appointed as a member of the Board a person must have knowledge and understanding of and be fully familiar with:
- 11.1.1 the rules of the scheme;
 - 11.1.2 any document recording policy about the administration of the Scheme which is for the first time being adopted in relation to the Scheme;
 - 11.1.3 the law relating to pensions; and
 - 11.1.4 any other matters which are prescribed in regulations.
- 11.2 Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.
- 11.3 Pension Board members will comply with the Scheme Manager's training policies and attend all training provided by the Scheme Manager.
- 11.4 A written record of relevant training and development will be maintained for each member of the Board.
- 11.5 Training where needed, that is provided by the Scheme Manager will be charged to the Pension Fund.
- 11.6 Subject to the Regulations or any advice or requirement issued by the Pensions Regulator, the Board must agree and implement a programme of training in respect of all members of the Board to ensure that they are adequately trained to perform their respective duties.

12. Accountability

12.1 The Local Pension Board will be collectively and individually accountable to the Scheme Manager and the Pensions Regulator.

13. Expenses and Funding

13.1 Members of the Board will be reimbursed for reasonable subsistence and travel expenses in accordance with relevant policies of the Administering Authority.

13.2 For the avoidance of any doubt, Pension Board members shall not receive an annual allowance of any kind.

13.3 The Board will be provided with adequate resources to undertake its role, these will include as a minimum:

- Accommodation and administrative support to conduct its meetings;
- Training; and
- Legal, technical and other professional advice.

13.4 The expenses of the Local Pension Board shall be regarded as part of the costs of the administration of the Fund.

14. Variations

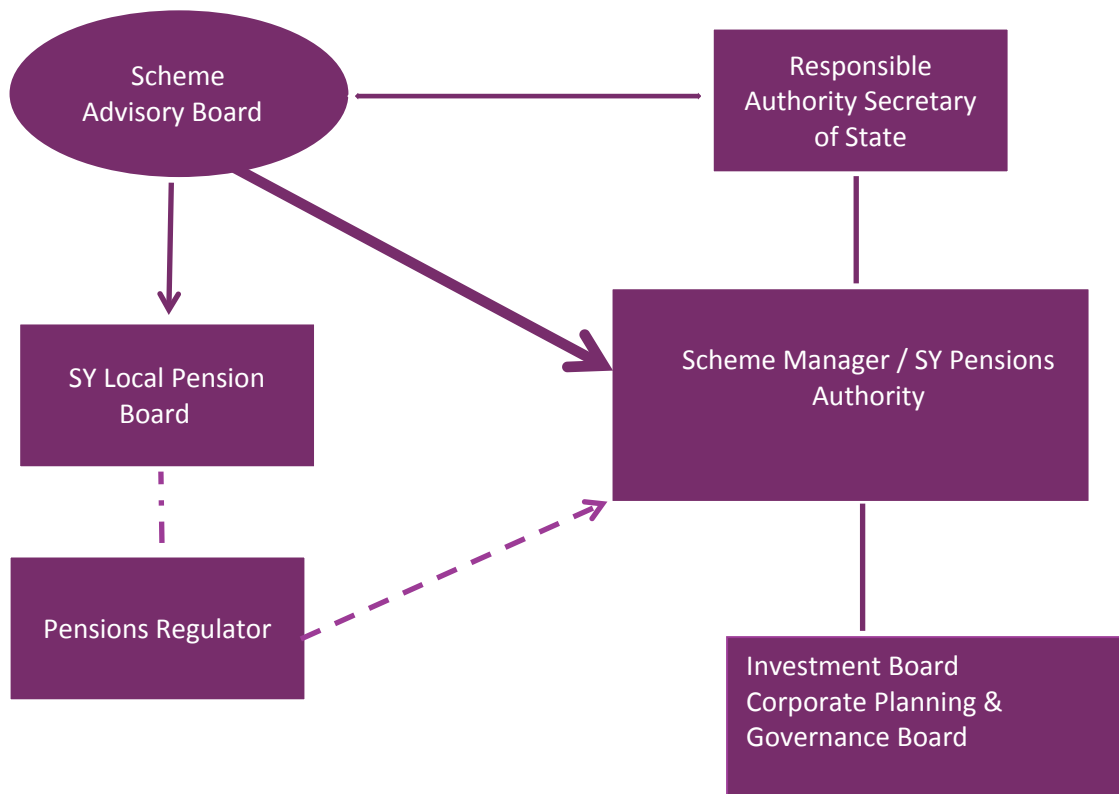
14.1 Any variation to this Constitution, considered necessary by the Board, shall be reported to the Scheme Manager for consideration and written consent.

14.2 No variation made by the Board will be valid without the express consent of the Scheme Manager.

15. Data Protection

15.1 The Local Pensions Board will adhere to the Data Protection Policies held by the Administering Authority.

16. Governance Structure



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South Yorkshire Local Pension Board Terms of Reference

1. Compliance with Regulations and Legislation
 - 1.1 Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations and relevant legislation.
 - 1.2 Assist with the development of and continually review documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.
 - 1.3 Review the implementation of revised policies and procedures following changes to the Scheme.
2. Administration
 - 2.1 Monitor and review the performance of Scheme administration including suggesting any changes to the Pensions Administration Strategy.
 - 2.2 Monitor, review and report on the receipt of contributions.
 - 2.3 Monitor investment manager reports.
 - 2.4 Review the format, timing and source of management information presented to the Board.
3. Auditors
 - 3.1 Monitor and review the appointment and performance of the auditors.
 - 3.2 Monitor and review the Annual Report and accounts.
 - 3.3 Review the recommendations produced by audit and give consideration to what action should be taken and make recommendations to the Scheme Manager as appropriate.
 - 3.4 Monitor and review the Work Programmes for the Pensions Authority and its Boards.
4. Internal Controls and Risk Register
 - 4.1 Monitor and review the Authority's Risk Register.
 - 4.2 Monitor the internal controls and procedures of the Pensions Authority.
5. Communications
 - 5.1 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.
 - 5.2 Produce an Annual Report upon its activities to be submitted to the Pensions Authority.
 - 5.3 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.
6. Budgets
 - 6.1 Agree a yearly budget for the operation of the Local Pension Board and submit to the Authority for approval.
 - 6.2 Monitor the level of fees against the annual budget set for the Pensions Board.

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SOUTH YORKSHIRE LOCAL PENSION BOARD

7 June 2018

ANNUAL GOVERNANCE STATEMENT 2017/18

1. Purpose of the Report

To consider the Annual Governance Statement (AGS) for 2017/2018.

2. Recommendations

Members are recommended to:

- a) **Consider and comment on the Annual Governance Statement for 2017/2018.**
-

3. Background Information

- 3.1 The AGS is published with the annual statement of accounts and relates to the governance framework as it applied during the year 1 April 2017 to 31 March 2018.

4. The Draft Annual Governance Statement

- 4.1 A draft AGS is attached to this report for the consideration of the Board. The Statement outlines the following:
 - i. The purpose of the governance framework
 - ii. The Governance Framework
 - iii. The process of annually reviewing the effectiveness of the Governance and Internal Control Framework
 - iv. Identifying development and improvement issues, arising from the annual evaluation, to be addressed during 2018-19.

5. Review Process

- 5.1 The AGS is an integral part of the Authority's governance framework as it seeks to provide a high degree of assurance to stakeholders that its decision making procedures have integrity.
- 5.2 An action plan has been prepared to capture the issues raised through the review process. This document will form the basis for Corporate Planning & Governance Board monitoring during the year. The action plan is provided as an Appendix to the AGS.

Officer responsible: Martin McCarthy, Deputy Clerk
01226 772808

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SOUTH YORKSHIRE PENSIONS AUTHORITY

ANNUAL GOVERNANCE STATEMENT 2017/18

1. SCOPE OF RESPONSIBILITY

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk. Apart from employing its own officers and advisors the Authority also receives support services from officers of Barnsley Metropolitan Borough Council (BMBC).

The Authority's Local Code of Governance complies with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) Framework *Delivering Good Governance in Local Government* Framework 2016.

A copy of the Authority's code is on our website at www.southyorks.gov.uk. This statement explains how the Authority has complied with the code and meets the requirements of regulation 6(1) of the Accounts and Audit (England) Regulations 2015 in relation to the preparation and approval of an annual governance statement.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values, by which the Authority is directed and controlled and its activities through which it accounts to and engages with employing bodies, pensioners, contributors and other stakeholders. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk: it can only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is ongoing and is designed to identify risks to the achievement of the Authority's policies, aims and objectives. The system attempts to evaluate the likelihood of those risks being realised and the impact should they be realised and how to manage them efficiently, effectively and economically.

The governance framework has been in place during the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

3. THE GOVERNANCE FRAMEWORK – OUTLINE

The Authority's framework of governance continues to evolve in line with best practice and is based upon CIPFA / SOLACE guidance.

The Authority's arrangements take cognisance of the 7 Core Principles embodied within their 2016 report, *Delivering Good Governance in Local Government: Framework*.

3.1 Identifying and communication of the Authority's vision of its purpose and intended outcomes for employing bodies, pensioners and contributors

The Authority is responsible for administering the South Yorkshire Pension Fund in accordance with statutory Regulations. It has a fiduciary duty to the contributors and beneficiaries of the Fund to ensure that contributions are collected, that benefits are calculated correctly and paid promptly, and that any surplus monies are properly invested.

Within the statutory framework the Authority has established objectives, policies and performance standards relating to the investment and administration of the Fund. The Authority reviews these objectives on a regular basis.

The development of policy by the Authority is informed and shaped by:

- Statutory regulation
- Professional advice
- The nature of the liabilities of the Fund
- The results of the triennial actuarial valuation of the Fund
- Periodic asset and liability studies
- Consultation with employees, employers and other stakeholders
- Membership of the Local Authority Pension Fund Forum
- Customer Service Excellence criteria

The policies of the Authority are published by means of the:

- Annual Report, newsletters and Authority/Board reports
- Use of the Authority and Service websites to publish policies
- Corporate Strategy Statement
- Live webcast of Authority meetings
- The Fund's meetings for pensioners and contributors and employers.

3.2 Reviewing the Authority's vision and its implications for the Authority's governance arrangements

Changes to the Local Government Pensions Scheme and in particular the transition to Pooling arrangements for the investment arm of funds will require a significant review of the Authority's corporate policies to reflect such changes and a broader review of its governance and succession planning requirements. The Border to Coast Pensions Partnership (BCPP) has been established to take over investment responsibility for the Fund from 2 July 2018. Discussions are ongoing to ensure that governance structures established by BCPP compliment those in place in South Yorkshire and where amendments are required this will take place.

3.3 Measuring the quality of services for users, to ensure they are delivered in accordance with the Authority's objectives and that they represent the best use of resources

Service quality is monitored via annual satisfaction surveys of member organisations, contributors and recipients, the complaints system and Customer Service Excellence reviews. The key service standards are monitored and action taken where these are not met. The Authority has been awarded Customer Service Excellence status for more than ten years.

3.4 Monitoring performance against operational, financial and other strategic plans

The Authority has established and adopted six key objectives which are published on the website and in the Annual Report.

The performance management process in place provides for the Authority and its

Boards to receive reports on, and monitor performance against, the Authority's objectives and priorities. Performance reports considered during the year:

- Quarterly Planning & Performance Management Framework reports on the Authority's and Service's performance against the six strategic objectives;
- Reports on the performance of Pensions Administration measured against other local authorities through CIPFA benchmarking arrangements;
- Quarterly investment performance reports including measurement against the Fund's customised benchmark;
- Financial reports which indicate budgetary performance against forecasts;
- Monitoring reports on the achievement of the Internal Audit Plan;
- Reporting of any Breaches;
- Reports on the implementation of Internal and External Audit recommendations;
- The Annual Governance Statement review process.

3.5 Establishment of risk management processes by which key risks are identified and mitigated

Risk is managed at all levels within the Authority with one risk register being maintained by the Service and one by the Authority. The identification and monitoring of Service risks is a standing item at senior management meetings. The Authority's risk register is reviewed by officers at Pensions Planning Group and quarterly by the Corporate Planning and Governance Board (CPGB).

The Authority has thoroughly reviewed both Risk Registers including content and format in conjunction with BMBC audit. The Risk Management Strategy and Risk Register was considered and agreed by the Authority in November 2017.

3.6 Audit Committee

The CPGB functions as an audit committee and conducts its arrangements in accordance with the CIPFA good practice guidance for local authority audit committees. The CPGB produces an Annual Report on its activities and this is reported to the Authority and subsequently published on the website.

3.7 Local Pension Board

In accordance with the requirements of The Public Services Pensions Act 2013 the Authority has established a Local Pension Board. The Board's remit was adjusted during the year following the transfer of the South Yorkshire Passenger Transport Fund to the Greater Manchester Pension Fund. The Board has held regular meetings and provides oversight, challenge and scrutiny over how the administering authority exercises its responsibilities. It publishes its own annual report which is available on the Authority's website, and within the Annual Report.

3.8 Defining and documenting the roles and responsibilities of the Authority, members and officers, with clear delegation arrangements and protocols for effective communication and arrangements for challenging and scrutinising activity

The roles and responsibilities of the Authority, members and officers are set out in the Authority's Constitution which identifies matters reserved to the Authority, the terms of reference of Boards and Committees, the scheme of delegation to officers, standing orders and financial regulations.

The Authority maintains forward work programmes which outline future matters for consideration. These are regularly reviewed.

All officers have job descriptions and a training and development framework exists.

3.9 Developing communicating and embedding codes of conduct, the standards of behaviour for members and staff

Members and officers are subject to codes of conduct. Officer codes of conduct are reviewed on an ongoing basis. There is, also, a Member and Officer Relations protocol. Equality and diversity training is part of the development programme for staff. The Authority has a Member Training and Development Strategy which supports learning and maintains high levels of compliance. This includes Induction. Individual training needs analysis interviews are conducted with Members to further support this process.

3.10 Reviewing and updating standing orders, standing financial instructions, a scheme of delegation, contract/procurement regulations, and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.

Officers are charged with reviewing fundamental systems on a rolling basis and the Authority receives regular updates and considers changes when necessary. Recommendations arising out of audit reviews or changes necessitated by legislation are brought to Members' attention. As stated previously it is acknowledged that amendments will need to be made to a range of governance/constitutional documents to reflect changes stemming from legislation governing the Local Government Pension Scheme.

3.11 Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Annual Statement of Accounts, including the Annual Governance Statement is reported to Members. The statutory officers of the Authority during 2017/18 were the Clerk, Treasurer, Monitoring Officer, Fund Director, supported by the members of the Authority's senior management team. Through service level agreement arrangements with Barnsley MBC, the Authority has access to HR and Internal Audit functions. Collectively these senior officers supported by their staff, provide professional advice to the Authority on its functions, powers, internal policies and procedures. They seek to ensure that the Authority operates within the law; that expenditure is lawful and effective management procedures are maintained to identify and address any areas of non-compliance.

Formal reporting on Internal Audit, External Audit, expenditure and Treasury Management is built into the annual meetings cycle.

The role of the Head of Internal Audit is fulfilled through the Head of Internal Audit at BMBC. The Internal Audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). Internal Audit reports to management all identified weaknesses in the internal control arrangement, for resolution. The plan of work, progress against the plan and an annual report, including the Head of Internal Audit's opinion on the internal control arrangements, are reported to CPGB.

The Authority's assurance arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)*.

Having obtained legal advice the Authority has determined not to comply with regulation 6 of the Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2009 and does not operate a separate bank account for its pension fund.

3.12 Ensuring that a Whistleblowing policy, supported by other processes for receiving and reporting complaints, is in place

Confidential reporting procedures are in place for all Service personnel and BMBC staff. Complaints procedures exist both within the Service and BMBC, with the aim of ensuring prompt response, appropriate action, and recording. The Anti-Fraud and Corruption Strategy incorporates the best practice guidance issued by CIPFA. It incorporates the whistle blowing policy and additional guidance on expected behaviour and reporting.

3.13 Ensuring the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)

The above CIPFA Statement sets out five principles that define the core activities and behaviours that belong to the role of the Chief Financial Officer and the governance arrangements needed to support them. These are that the Chief Financial Officer should:

- Be a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;
- Be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risk are fully considered, and alignment with the organisation's financial strategy;
- Lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively;
- Lead and direct a finance function that is resourced and fit for purpose.
- Be professionally qualified and suitably experienced.

The Authority has the following financial arrangements which demonstrate compliance with the above key principles:

- The Chief Executive of Barnsley MBC is designated as the Clerk to the Authority and the Treasurer function and that of Monitoring officer is also provided by BMBC;
- The Clerk to the Authority is responsible for monitoring the effectiveness of governance arrangements and the preparation of the Annual Governance Statement;
- The Treasurer is professionally qualified and suitably experienced.

3.14 Determining the conditions of employment and remuneration of officers

The Authority sets the conditions of employment and remuneration of its officers.

3.15 Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

Induction training is provided to all new Authority members. All members are required to attend the Fundamentals Training for Trustees Course prepared by the Local Government Employers organisation. Additional specific training is provided as appropriate throughout the year. Externally organised training opportunities are reported to members as they arise. Invitation to these events are extended to members of the Local Pensions Board.

Senior officers attend appropriate specialist training events and conferences to support

their strategic roles. A training budget is maintained for members and officers.

The Authority has introduced a self-assessment process for Members. The current procedures are valid and satisfy the requirements under the Myners' Principles, which the Authority has agreed to continue to use as a performance benchmark.

3.16 Establishing clear channels of communication with employing bodies, pensioners and contributors and other stakeholders, ensuring accountability and encouraging open consultation

The Authority has well developed consultation and communications procedures and has published a Communication Policy Statement.

3.17 Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the Authority's overall governance arrangements

The Authority has established a working protocol with BMBC in agreement with the other South Yorkshire local District and City Councils.

The Authority is a member of the Border to Coast (BCPP) pooling arrangements and is fully represented by members and officers in the various aspects of the governance arrangements of this partnership. The Authority has also taken steps to ensure that appropriate protocols are in place to ensure that the different roles which the Authority has within BCPP, such as investor and shareholder are carried out in different places within its governance structure.

4. REVIEW OF EFFECTIVENESS

4.1 The Authority has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review is based upon work by its senior officers, the Head of Internal Audit's annual report and any comments made by the external auditors or other review agencies.

4.2 Monitoring the effectiveness of the governance framework has been accomplished in several different ways:

4.2.1 Through the normal ongoing business of the Authority

- The Authority and Boards have met on a regular basis and have received reports from officers on issues concerning its business;
- Regular performance reports have been presented to the Authority and Boards by managers;
- The Authority reviewed its budget requirements and set a budget;
- Actuarial valuations of the Fund. The last triennial valuation was undertaken in March 2016;
- Periodic asset and liability studies;
- The review of a number of strategic policies and procedural documents during the year including:
 - Risk Management Policy
 - Treasury Policy and Strategy Statement
 - Investment Strategy Statement
 - Funding Strategy Statement
 - Statement of Investment Control – Investment Mandate
 - Shareholder Engagement – Statement on Corporate Governance and Social Responsibility

- Responsible Investment Policy review
- Commercial property health and safety review
- Voting Guidelines
- Consultation and Communications Policy

4.2.2 Through formal processes of compliance

- The work of the Internal Audit section.
The Head of Internal Audit is responsible for providing assurances on the robustness of the governance, risk and control arrangements to the Authority. An annual report on audit activity and the performance of the Internal Audit Service is also presented to the Authority.

The Head of Internal Audit has provided an interim statement subject to the production of his Annual Report to be submitted to the June meeting of the Authority's Corporate Planning and Governance Board:

"Based on the systems reviewed and reported on by Internal Audit during the year, together with management's response to issues raised, the Head of Internal Audit is able to give an indicative **adequate** assurance opinion regarding the effectiveness of the control, risk and governance environment".

4.2.3 By the adoption of Risk Management

- Risk monitoring within the Service.
- Maintenance of an Authority based risk register, which is reported to the Authority's Corporate Planning and Governance Board on a quarterly basis and the Authority's Local Pension Board;

4.2.4 By participating externally in processes which enhance the quality of governance

The Authority is a member of the Local Authority Pension Fund Forum.

4.2.5 Through other processes in support of the main review

- Officer assurance statements have been sought from the Authority's senior managers and also from the Statutory Officers (within Barnsley MBC). These require a positive return (i.e. a formal statement even if there are no issues to raise);
- Completion of Core Principle Templates which provide for greater focus in determining governance issues / actions required to evidence and measure compliance against the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) Framework **Delivering Good Governance in Local Government** Framework 2016;
- A review of Authority reports and minutes
- A review of complaints received
- A review of member declarations

4.3 The CPGGB has overseen the whole process of review, and this statement is for the purpose of advising the Authority on the implications of the review, including a plan to address weaknesses and ensure that continuous improvement takes place.

5. SIGNIFICANT GOVERNANCE ISSUES

5.1 The processes described in Section 4 have identified the following governance issues

APPENDIX

South Yorkshire Pensions Authority Annual Governance Statement Action Plan for 2018/19			
Issue	Action Required	Responsible Officer	Date for Completion
Transfer of Assets and Staff to Border to Coast Pensions Partnership and its pooling structures	Transfer of listed equities through transition manager. Subsequent transfer of listed fixed income holdings. Develop plan for transition of further asset classes, and the detailed management arrangements for assets that will not transfer. Complete TUPE transfer of investment staff to BCPP and implement new staffing structure within SYPA	Fund Director Head of Investment Strategy	Asset transition in phases from July 2018 with current planned completion during 2020, with property as the last asset class to transition. TUPE transfer of staff to be completed by July 2018.
Refresh of the Corporate Strategy and the Investment Strategy in light of changes in the funding position.	Produce new corporate strategy addressing the key risks and issues facing the Authority. Produce new investment strategy alongside the valuation process, securing external support and putting in place groundwork during 2018/19.	Corporate Strategy – Senior Management Team Investment Strategy – Fund Director and Head of Investment Strategy	Corporate Strategy by end of March 2019 Investment Strategy – external support and initial analysis in place by end March 2019. Target for final strategy January 2020 following agreement of the valuation results
Preparation for the 2019 Actuarial Valuation	Authority to agree initial framework of assumptions and “rules” for the valuation. Commence a review of employer covenant and identify key risk issues. Authority to agree an approach to addressing employer risk	Fund Director and Head of Pensions Administration Fund Director and Head of Pensions Administration	To be approved following a consultation process by 31.3.19 Commenced by 31.3.19 and then an ongoing process

		Fund Director and Head of Pensions Administration	By 31.3.19
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Draft

	ORIGINAL OUTTURN	REVISED OUTTURN	ACTUAL OUTTURN	2017-18 VARIANCE	Note
LOCAL PENSION BOARD					
Travel, Accommodation and Subsistence	3,500	2,500	796	1,704	1
Training	8,000	5,000	913	4,087	1
Professional Advice	3,500	2,500	1,018	1,482	2
	15,000	10,000	2,727	7,273	

1. Expenditure has been minimal against this budget as the Local Pension Board has only incurred travel expense claims, subsistence and training expenses at 31 March 2018

2. Professional Indemnity Insurance expenditure for LPB

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SOUTH YORKSHIRE LOCAL PENSION BOARD

7 June 2018

RISK REGISTER

1. Purpose of the Report

To review the Authority's Risk Register.

2. Recommendations

Members are asked to review the Risk Register.

3. Background Information

3.1 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 Board to carry out these responsibilities the Register is a standing item on all Board agendas. The Pensions Officer Planning Group review and update the Register before presenting it for consideration by the Board.

3.2 A copy of the Risk Register is attached for Local Pension Board Members' consideration.

4. Risk Update

4.1 Revisions have been made to the Register since it was last presented to the Board for consideration; risks 10 and 11 have been removed as previously reported.

4.2 There are no additional risks reported although updates have been made where appropriate and the 'risk change' column gives a clear visible direction of travel indicator.

Officer responsible: Gill Richards, Democratic Services Officer
01226 772806: gichards@syjs.gov.uk

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SY PENSIONS AUTHORITY RISK REGISTER AS AT 06/02/18

Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Current Score	Probability & Impact	Target Score	Probability & Impact	Risk Mitigation Action	Owner	Risk Change	Review Date	Commentary (if applicable)
01	Failure to ensure there are appropriate succession plans in place to ensure employees are given opportunities to demonstrate their capability to 'step-up' to more senior roles.	Leading to... Knowledge gaps; Negative impact on existing/remaining employees; Business continuity and resilience issues; Negative impact 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.	Fund Director	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.	3	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.	Fund Director		31/05/18	This has been updated to recognise appointments of new Fund Director and Head of Pensions Administration. There is a commitment to establishing qualification levels for all poSts and availability of formal and online training for all.
02	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 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 Member self-assessments.	Treasurer		31/05/18	
03	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.	Fund Director	District group meetings between officers; Regular reports on progress submitted to Corporate Planning & Governance Board; 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; Pension strategy approved by Authority – reviewed and revised version to be ratified by SYPA on 15 th March – 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 – L	3	P L F – H OI – H	Pensions Administration Strategy kept under annual review. Monthly posting to be implemented from 1 st April 2018.	Head of Pensions Admin		31/05/18	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 participating in the testing.
04	Failing 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 choices.	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; Report to Members Oversight Board; Awareness of balance between risk (investing in companies that may have an interest in fossil fuels, obesity and tobacco) against reward (high yield investments); Pensions Climate Change Policy document published and feedback received; Investment Strategy document in place; Performance reports include information on investments made.	4	P – M F – M OI – M	5	P – L F – L OI – M	Reports to Members have been submitted during the year.	Head of Investments		31/05/18	Members are kept up to date with reports as appropriate.
05	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 Finance		31/05/18	Treasury Management Strategy reviewed and approved March 2017. Monitoring reports submitted during the year.
06	Failing 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.	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		31/05/18	Cash levels are monitored on a daily basis.

Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Current Score	Probability & Impact	Target Score	Probability & Impact	Risk Mitigation Action	Owner	Risk Change	Review Date	Commentary (if applicable)
07	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 partner organisations; Successful attacks by hackers or third parties; Disruption and delays	Fund Director	Data backup 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 the training programme; BOLD training available via BMBC; 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 Regent Street offices such as locks 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 Business Continuity Plan.	IT Manager		31/05/18	The IT plan is tested on an annual basis. No issues from the last test. The review of data storage and roll-out of Windows 10 is complete. The GDPR project features under risk 10 below.
									Roll-out of Windows 10 to enable hard drives to be encrypted.	IT Manager		Complete	
									Review of where data is stored to ensure it cannot be encrypted.	IT Manager		Complete	
									Provision of GDPR training when available.	IT Manager		31/05/18	
08	Failure to ensure that the reconciliations between SY Pensions and the DWP relating to the end of contracting out window (31/03/16) are undertaken within an appropriate timescale.	Leading to... SY Pensions will have to guarantee minimum pension levels and essentially have to underwrite the risk of miscalculation or lack/or poor information.	Fund Director	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.	3	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 Pensions Admin		31/05/18	Progress has been made but recalculations are now in a queue along with other work waiting to be done. Recalculation plan being developed.
09	Transition to the new 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	Joint Committee established; Chair of SYPA is Vice-Chair of the Joint Committee; Officer Steering Group with SYPA senior officers involved; Section 151/Monitoring Officer oversight of arrangements; Regular reports to SYPA & LPB.	3		3		Member and officer participation in pooling arrangements and reporting to SYPA.	Fund Director		31/03/18	Regular reporting in place at SYPA meetings. Key BCPP appointments now made. SYPA structure post transfer approved October 2017 pending review by the new Fund Director.
10	The implementation of the General Data Protection Regulation (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 we cease to hold aspects of their personal data. IT security is also being enhanced.	2		5		A project team is now in place including members from all parts of the organisation. A detailed project plan is being created and work has begun with regard to the steps that need to be taken.	Head of Pensions Admin		31/03/18	IT staff have gained GDPR qualifications. Data Protection Officer support from BMBC. Regular reports to the Authority. Member and LPB training being organised.
11	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 the planned deficit recovery contributions.	Fund Director	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		31/03/18	Strategy approved by Investment Board December 2017. Expected to be implemented by February 2018.

Key to risk change indicators

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

- Risk Improved
- No Change
- Risk Increased

xxx Risk Register - Risk Assessment Details

Probability				
Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Less than a 5% chance of circumstances arising OR Has happened rarely / never	5% to 20% chance of circumstances arising OR Only likely to happen once every 3 or more years	20% to 40% chance of circumstances arising OR Likely to happen in the next 2 to 3 years OR Risk seldom encountered	40% to 70% chance of circumstances arising OR Likely to happen at some point in the next 1 to 2 years OR Risk occasionally encountered	More than a 70% chance of circumstances arising OR Potential occurrence OR Risk frequently encountered
Other Impacts				
Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Insignificant injury AND / OR Near miss, no damage incurred to Authority assets - Minimal or no effect on the achievement of Authority objectives AND / OR Minimal or no effect on the delivery of Service objectives - Little disruption to the delivery of services - Very confident the risk can be improved AND / OR Very achievable objective Very easily influenced Very tolerable / easy to accept - Insignificant environmental damage - Insignificant Reputational damage AND / OR No internal coverage / no social media attention	Minor injury - Little effect on the achievement of Authority objectives AND / OR Little effect of the delivery of Service objectives - Some disruption to the delivery of services - Confident the risk can be improved AND / OR Achievable objective Easily influenced Tolerable - Incident occurred, minor damage incurred to Authority assets - Minor damage to the immediate local environment - Minimal damage to Reputation (minimal negative coverage in local press) AND / OR Minimal internal negative coverage / minimal social media attention	Threat of violence or serious injury - Partial failure to achieve Authority objectives AND / OR Partial failure to achieve Service objectives - Significant disruption to the delivery of services - Moderate confident that the risk can be improved AND / OR Possible to achieve objective Able to influence Somewhat tolerable - Some damage incurred to Authority assets - Moderate damage to the immediate or wider local environment - Significant negative coverage in the local press or minimal negative coverage in regional press AND / OR Some internal negative coverage / some social media attention	Extensive multiple injuries - Significant impact on achieving Authority objectives AND / OR Significant impact on achieving Services objectives - Loss of critical services for more than 48 hours, but less than 7 days - Little confidence the risk can be improved AND / OR Unachievable objective Difficult to influence Out of tolerance but possible to accept - Significant damage incurred to Authority assets - Major damage to immediate or wider environment - Significant negative coverage in regional press AND / OR Significant internal coverage / significant social media attention	Fatality or multiple major injuries - Non-delivery of Authority objectives AND / OR Non-delivery of Service objectives - Loss of critical services for over 7 days - Very little confidence that the risk can be improved AND / OR Totally unachievable objective Very difficult to influence Out of tolerance - AND / OR Total loss of Authority assets - Significant damage to immediate or wider environment - Extensive negative coverage in national press and TV AND / OR Extensive internal coverage / Extensive social media attention
Financial Impact				
Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
< 1% of budget OR Up to £100,000	1% - 5% of budget OR Up to £250,000	6% - 10% of budget OR Up to £1m	11% - 20% of budget OR Up to £5m	> 20% of budget OR Over £5m

IMPACT

Risk Matrix

5 Very High	5	2	1	1	1
4 High	5	3	2	1	1
3 Medium	5	5	4	2	2
2 Low	6	5	5	4	3
1 Very Low	6	6	5	5	5
	1 Very Low	2 Low	3 Medium	4 High	5 Very High

PROBABILITY

Risk Score

Risk Score	RAG Rating
5 - 6	Green
3 - 4	Amber
1 - 2	Red

A '5X5' Risk matrix covering **Probability** and **Impact** (including 'Financial' and 'Other Impacts' is used when assessing the level of Risk.

This analysis should be undertaken by Managers and Supervisors **with experience in the area in question**.

The Risk 'Score' is identified by considering the probability of the event occurring, and the highest recorded impact of the risk, should it manifest.

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