

## SOUTH YORKSHIRE PENSIONS AUTHORITY

### LOCAL PENSION BOARD

17 OCTOBER 2019

PRESENT: G Warwick (GMB) (Chair)

T Damms (Sheffield City Council), N Doolan-Hamer (Unison), R Fennessy (South Yorkshire Police), A Gregory (Scheme Member Representative), S Loach (Barnsley MBC), K Morgan (Unite) and D Webster (Scheme Member Representative)

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

C Scott (Independent Advisor to the Board)

Apologies for absence were received from Councillor T McDonald

#### 1 ELECTION OF CHAIR

M McCarthy reminded the Board that at their last meeting they had been unable to come to a decision with regard to the position of Chair.

Since then an informal meeting had been held to discuss the matter.

M McCarthy asked for nominations for the position of Chair.

Cllr Damms nominated Garry Warwick. This was seconded by Nicola Doolan-Hamer.

RESOLVED: That Garry Warwick be elected as Chair of the South Yorkshire Local Pension Board for the ensuing year.

#### 2 WELCOME AND APOLOGIES

The Chair introduced Clare Scott to the meeting who had been appointed as an Independent Advisor to the Board and who had extensive experience of the pensions industry.

C Scott gave a brief history of her roles within the industry and commented that she was looking forward to working with the Board. She would welcome any questions or comments from the Board at any time.

**Action: G Graham to circulate C Scott's contact details to Board members.**

The Chair welcomed everyone to the meeting, especially the new members. Round the table introductions were made.

The Chair suggested a short informal meeting at the close of today's meeting to discuss how the meeting had gone, future agenda items and training needs. This was agreed.

Apologies were noted as above.

3 DECLARATIONS OF INTEREST

None.

4 ANNOUNCEMENTS

None.

5 MINUTES OF THE MEETING HELD ON 25 JULY 2019

RESOLVED: That the minutes of the meeting of the Board held on 25 July 2019 be agreed as a true record.

6 FORMALISATION OF THE MEMBERSHIP OF THE LOCAL PENSION BOARD

The Board considered a report which formalised the membership of the Board following the appointment of several new members.

RESOLVED: That the revisions to the membership of the Board are noted.

7 SOUTH YORKSHIRE LOCAL PENSION BOARD CONSTITUTION

A report was submitted to seek approval for an updated Constitution for the Local Pension Board.

Members were reminded that discussions had taken place over the past few meetings of the Local Pension Board to address issues arising from some instability in membership.

As a consequence of this, it was necessary to formally update the Constitution to reflect the changes agreed and to ensure that the arrangements set out in the Constitution reflected current practice.

The revised Constitution, included at Appendix A to the report, now incorporated:

- The current agreed membership of the Board.
- The arrangements for the register of interests reflected in the Conflicts of Interest policy presented to the Local Pension Board for approval at its October 2019 meeting, including provision for publication.
- The Board's up to date Terms of Reference.

C Scott queried whether there should be an expectation of the amount of member attendance and the consequences of non-attendance within the Constitution.

G Graham agreed that this was a valid point and would be consistent with the Authority's Constitution which stated that a member would be removed from the Authority if they had not attended a meeting for six months.

RESOLVED: That the Board recommend that the Constitution, as set out at Appendix A to the report, be put to South Yorkshire Pensions Authority for approval.

## 8 QUARTERLY ADMINISTRATION UPDATE

J Bailey presented the Quarterly Administration report which updated the Board on administration performance and topical issues for the period 1 July 2019 to 30 September 2019.

### Staffing Issues

Members were reminded that the administration service had been undertaking a consultation on a restructuring of the service following approval by the Staffing, Appointment and Appeals Committee in June 2019.

The consultation had now closed without the requirement for revision to the original proposals and the new structure was in the process of implementation. Appendices to the report detailed the previous structure, the final new structure and a list of the new and deleted reports.

The restructure had been designed to facilitate improved resource allocation to customer focus (for both employers and scheme members) and the increased application of technology to improve efficiency.

In response to a question from C Scott, J Bailey commented that although it had been an unsettling time for staff, they now seemed positive about the future and had come to terms with the need to change.

The Board noted that overall sickness absence had reduced for the quarter but unfortunately two new cases of long term absence had arisen towards the end of the quarter.

### Case Work Performance

The report detailed the case work performance for the quarter, with figures from the previous year shown for comparison.

Overall performance had dipped significantly in Quarter 2; this was mainly due to data cleansing work which had been undertaken during the period and the fact that the team were carrying a number of vacancies.

During a previous meeting, the Board had asked to see the volumes of cases that were outstanding. This data was now included within the report and detailed the volume of cases which were pending (awaiting a third party response) and those which were either being processed or ready to be processed.

G Warwick questioned how many deferred members had been lost track of.

J Bailey replied that it was in the region of 5,000 and also informed the Board that the Service was currently engaged in a collaboration to procure a tracing agency.

N Doolan-Hamer queried how many new joiners who were auto-enrolled subsequently pulled out of the Scheme.

J Bailey explained that these figures weren't recorded as it was an employer matter but average retention figure were around 85%. It was confirmed that only very small numbers of employees took up the 50-50 pension option.

### Employer Performance

Members were reminded that employers had responded well to the switch to monthly data collection and although responsiveness remained high in general, one of the councils had recently switched payroll system and had not been able to deliver their most recent monthly returns in a timely manner. SYPA were working with the employer to help ensure the short term problem was remedied as soon as possible.

C Scott enquired how the Authority dealt with employers who were persistently late with data or contributions.

J Bailey replied that there was no significant issues with collecting contributions; at the moment they were consulting through the Employers Forum with regard to switching contribution payments to direct debit.

With regard to data submissions, the Authority had a strong Administration Strategy that enabled the Authority to fine employers for non-compliance. There was rarely a need for this to be used.

### Scheme Member Engagement

The Board was reminded that a survey had been issued to members who had recently retired to measure their levels of satisfaction with the process.

During the period approximately 500 members had retired and 69 of them had responded to the survey.

Overall positive satisfaction levels were over 92% which was pleasing, but the responses for those less satisfied suggested that the retirement documentation would benefit from a review. This would be undertaken by the newly-appointed Customer Services Manager.

The Annual Benefit Statements were issued online in 2019 and an exercise had been carried out to encourage all scheme members to sign up to use the online portal. Appendix D showed the number of registration since October 2018.

The online registrations continued to increase and further communications would be issued to members and employers to encourage everyone to register for the portal.

### The Pensions Regulator

The Fund Director had circulated the link to the Pensions Regulator's report on the engagement that had taken place with 10 local government funds. Officers would be pleased to include further information in any future reports on any area highlighted by the Regulator as worthy of consideration.

D Webster queried whether it was good practice for the Board to review the Risk Register.

The Fund Director replied that the Pensions Authority's Audit Committee focused on the Risk Register but noted the need for the Board to have assurance that appropriate risk management and governance were in place.

The Head of Pensions Administration commented that members of the Board were welcome to attend Audit Committee meetings for assurance.

The Chair thanked J Bailey for a comprehensive report.

RESOVLED - That the report be noted.

## 9 REVIEW OF BREACHES, COMPLAINTS AND APPEALS

The Board considered a report to update members on the latest available record of reported breaches and provided details of complaints and appeals for the period 1<sup>st</sup> July 2019 to 30<sup>th</sup> September 2019.

Appendix A detailed nine breaches, five of which were not Authority related. Of the four that were, only one required a change to an existing process. It was not necessary to report any of the breaches to the Pensions Regulator or the Data Protection Officer.

Following audit recommendations, a revised draft Reporting Breaches Procedure which explicitly referenced requirements under the General Data Protection Regulation, was attached at Appendix B and which highlighted the proposed changes to the procedure.

There had been eight complaints during the period, details of which and actions taken were detailed at Appendix C.

RESOLVED – That the Board:

- (i) Note the summary of breaches.
- (ii) Note the proposed update to the breach reporting procedure.
- (iii) Note the outcome of complaints received.

## 10 DATA QUALITY AND IMPROVEMENT

A report was submitted which gave an update on progress with the Data Improvement Plan ahead of the Pensions Regulator's annual return.

The Board were reminded that the Pensions Regulator had required Funds to report on the quality of common and conditional data for the first time in 2018/19.

The scores reported to the Regulator last year were:

Common Data:	96%
Conditional Data:	87%

For the 2019-20 exercise, which would be submitted to the Regulator in November, the Scheme Advisory Board had developed draft guidance consisting of a reduced set of 22 conditional data items which were to be used by LGPS funds as a basis for measuring their data.

SYPA's in-house data quality software tool (DART) was being further developed to cope with the changes.

Members were reminded that a draft Data Improvement Plan was provided in January 2019 based on the outcomes of the scoring. This was intended as a working document and it was likely that the actions under the Data Improvement Plan would need to change again once the results of the latest scoring were known.

The previous improvement plan had been updated and progress against common and conditional data were detailed in the appendices.

RESLOVED – That the Board:

- (i) Note the proposed changes to the measurement of conditional data.
- (ii) Note the progress made with the existing Improvement Plan.

## 11 LOCAL GOVERNMENT PENSION SCHEME - GOOD GOVERNANCE REVIEW

A report was submitted which informed the Board of the conclusions of the Good Governance Review carried out on behalf of the Scheme Advisory Board. The full report by Hymans Robertson, including the results of the survey, was included as an appendix.

The proposals detailed in the review and their implications for SYPA were set out in the report.

One of the proposals was that Authority members should be trained to the standard required of members of Local Pension Boards. The Board discussed the difficulties this could present, especially with the high turnover of Authority members each year.

The Board also discussed their own training requirements and the importance of training being pitched at the right level, members needed enough knowledge and confidence to be able to ask the right questions.

G Graham commented that short one hour sessions could be arranged for either before or after Board meetings.

G Richards would send out a training needs analysis form for members to fill in to see which areas should be focused on.

Other proposals included:

- The introduction of new statutory governance guidance.
- An enhanced annual governance compliance statement.
- The development of a formal Conflicts of Interest policy.
- An overall assessment of the effectiveness of the Authority's governance from an independent source.

The Fund Director reminded the Board that SYPA (along with the Environment Agency and the London Pension Fund Authority) were different other Authorities and there were a number of areas where the proposed framework was unlikely to fit for SYPA.

This would be raised with the Scheme Advisory Board and SYPA would work with the other unique administering authorities to ensure the final guidance would accommodate not just the "standard" administering authority that forms part of a council but also the various other arrangements that are in place across the scheme.

RESOLVED – That the contents of the Good Governance Review are noted.

## 12 REVIEW OF CONFLICTS OF INTEREST POLICY

The Conflicts of Interest Policy was presented to the Board after review.

The Board were informed that following review the Conflicts of Interest Policy required no significant amendment and was attached at Appendix A for approval. The approved version would be published on the internet for the purposes of transparency.

Members noted that the Monitoring Officer had reviewed the interests declared by members of the Board and concluded that there were no declared interests which require specific measures to be put in place.

RESOLVED – That the Board:

- (i) Approve the Conflicts of Interest Policy following review.
- (ii) Note that following review of the declared interests of members by the Monitoring Officer there were no issues that required additional measures to ensure they are managed at this point.
- (iii) Agree that in future both the Policy and the register of interests should be reviewed on an annual basis and the results of the review reported to the Board to ensure public accountability.
- (iv) Agree that the register of interests should be publicly available in the same way as for elected members of the Pensions Authority to ensure transparency.

CHAIR