

# **SOUTH YORKSHIRE PENSIONS AUTHORITY**

## **LOCAL PENSION BOARD**

**15 OCTOBER 2020**

PRESENT:

Councillor M Chaplin (Sheffield City Council), N Doolan-Hamer (Unison), D Gawthorpe (Unite), A Gregory (Scheme Member Representative), N Gregory (Academy Representative), S Loach (Barnsley MBC), G Warwick (GMB) and D Webster (Scheme Member Representative)

Officers: J Bailey (Head of Pensions Administration), G Graham (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 R Fennessy and Councillor T McDonald

### 1 **WELCOME AND APOLOGIES**

The Chair welcomed everyone to the meeting.

Apologies were noted as above.

### 2 **ANNOUNCEMENTS**

G Graham informed the Board that all staff were again remote working after the recent increased restrictions.

### 3 **URGENT ITEMS**

None.

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

None.

### 5 **DECLARATIONS OF INTEREST**

C Scott informed the Board that she was also an advisor to Cumbria Pension Fund who were also part of the Border to Coast Pensions Partnership but there was no direct conflict of interest.

6 MINUTES OF THE MEETING HELD ON 23 JULY 2020 AND ACTIONS AND MATTERS ARISING

G Graham confirmed that, at its meeting on 30<sup>th</sup> September, the Pensions Authority had agreed to continue with the current arrangements with regard to Trade Union representation on the Authority and Local Pension Board and had requested that officers identify appropriate arrangements to manage any potential conflicts of interest.

RESOLVED – That the minutes of the meeting held on 23<sup>rd</sup> July 2020 be agreed as a true record.

7a FEEDBACK FROM RECENT PENSIONS AUTHORITY MEETINGS

This was an opportunity for any Board member who had observed an Authority meeting to provide feedback.

There had been two meetings in September. The first one had been heavily focused on investment items, the fundamental issues had been the annual review of the Border to Coast Partnership and a review of the Agriculture property portfolio.

The second meeting had a range of items on the agenda, the most significant of which was around the Responsible Investment policies. The Authority had made a decision to set a goal of making its investment portfolios net zero in terms of carbon by 2020 and had asked officers to bring back a plan within six months on how this could be achieved.

Cllr M Chaplin had observed the meetings and this had broadened his understanding of the Responsible Investment policies and fiduciary duty.

G Graham explained that in the last few years the Law Commission had clarified the way in which non-financial factors could be taken into account when making decisions and that had in turn clarified the nature of fiduciary duty.

7b ANNUAL REVIEW OF THE GOVERNANCE COMPLIANCE STATEMENT

A report was considered which provided an opportunity to review and update the Authority's Governance Compliance Statement.

Members were informed that the Authority was required by the Local Government Pensions Scheme Regulations to maintain a Governance Compliance Statement which set out the details of its overall governance arrangements and how they met certain criteria. It was noted that following the Good Governance Review an enhanced version of the statement would be subject to external review every two years.

The updated Governance Compliance was attached at Appendix A to the report. Members noted that the changes from the previous version were principally to provide more consistent terminology and to clarify wording which was previously not as clear as it could have been. There had been no changes to the assessment of the degree of compliance.

RESOLVED – That the Board:

- i) Note the contents of the proposed revised Governance Compliance Statement.
- ii) Agree that the contents of the Governance Compliance Statement reflected the actual arrangements in place.

7c REVIEW OF THE ANNUAL REPORT AND ACCOUNTS

A report was submitted that provided an opportunity for the Board to review the Authority's Annual Report against the requirements of the relevant guidance prior to publication and make any recommendations in line with the Board's responsibilities.

The Board was informed that the Authority was required to produce an Annual Report which included the accounts of the Pension Fund. The relevant regulations and guidance produced by CIPFA (at Appendix A to the report) set out the significant volume of information required to be provided in the document.

The Director informed the Board that the Annual Report was a working draft. The Board noted that the Audit Committee would be asked to approve the Annual Report and accounts alongside the External Auditor's Annual Report and Letter of Representation at its meeting next week.

The Annual Report was a long report and contained information that was already available on the website, this was due to the way the Regulations were written and meant that they had to be included within the report.

Members were reminded that SYPA was different to other LGPS pension funds and that the Annual Report had to focus on SYPA as an organisation as well as the Pension Fund, for example information on the organisation's gender pay gap and FOI requests which other funds would deal with in their Councils Annual Report.

Cllr Chaplin felt there was some sections where information was repeated from previous sections and asked if there was a way the information could be grouped together.

G Graham asked for specific examples to be emailed to him but also explained that the regulations for the Annual Report and the regulations for the accounts contained duplications, for example the membership of the Fund had to be included in both documents.

C Scott highlighted the transparency of investment costs which had been an issue for all of the LGPS and generally across the industry. There had been a greater focus on investors having transparency over what they were being charged by investment managers and questioned whether SYPA had full transparency.

G Graham confirmed that, in the main, the costs were transparent but there were a few funds in the Alternatives portfolio where it was difficult to get information; these were a very small part of the portfolio.

A Gregory queried whether the Authority had completed Annual Report Checklist that was included in the CIPFA guidance.

The Director confirmed that the Authority had completed the checklist and that it had to be supplied to the auditor along with the Annual Report. The Authority complied with all 'must do' areas and most of the 'should do' areas.

RESOLVED – That the report be noted.

8a QUARTERLY ADMINISTRATION UPDATE

J Bailey presented the Quarterly Administration Update for the period 1<sup>st</sup> July 2020 to 30<sup>th</sup> September 2020.

Members noted that all vacant senior posts had now been filled, there had been one resignation during the period and recruitment was underway for new Pensions Officers as referred to in a separate report presented to the Board.

Sickness levels had increased significantly compared to Quarter 1, though still remained well below the levels present in recent years.

With regard to case work, overall volumes processed across the quarter had improved compared to Quarter 1.

The Board was reminded that the Authority had previously approved a revised service standard for handling death cases. Mechanisms were now in place to measure the revised standard and a table within the report showed the revised output, this showed much improved figures.

S Loach commented that staff should be given credit for the performance figures, especially bearing in mind the increase in deaths compared to last year's Quarter 2 position. Their efforts should be acknowledged especially in the current circumstances.

J Bailey agreed to pass on the Board's comments.

Members were reminded that they had previously asked for additional information about reporting against statutory disclosures. Following the appointment of the Benefits Team Manager work had commenced on developing reporting on this area. Appendix A to the report showed most areas covered under the various disclosure regulations. In general the data showed 100% compliance in terms of areas that SYPA could control. Officers would continue to develop this reporting to cover all areas.

The report gave details of employer performance in respect of monthly returns received, individual query employer reporting and payment of contributions.

There had been concerns that Covid-19 would have impacted the ability of some employers to deliver the monthly submissions but that had not been the case and submissions had continued to be provided.

Details of individual employer queries were detailed at Appendix B to the report. It was agreed that future reports would only contain details of queries received during the reporting period.

With regard to customer satisfaction surveys issued to members who had recently retired these continued to show high levels of satisfaction (detailed in a table within the report). Analysis of the six members who were dissatisfied had not revealed any systemic issues to be addressed.

Satisfaction levels also remained high with the Customer Centre and the Live Chat facility. Numbers of members registering to use the online portal continued to increase, Appendix C Showed the numbers of scheme members who had registered for the portal since January 2019.

The Board were reminded that at its last meeting officers had been positive about meeting the deadline for the Annual Benefit Statements despite the difficulties of the Covid-19 impact and the challenges of the monthly data provided by Rotherham payroll services following their HR/payroll system migration.

Unfortunately it became apparent that this was not going to be possible despite devoting additional resources to resolving the data issues. A breach report was submitted to the Regulator, a copy of which was at Appendix D to the report.

A 'lessons learnt' project had been launched internally which would focus on a number of key areas which were detailed within the report. A report on the outcome of the review would be brought to the next meeting of the Board.

RESOLVED – That the report be noted.

## 8b REVIEW OF BREACHES, COMPLAINTS AND APPEALS

A report was submitted which updated members on the latest available record of reported breaches and provided details of complaints and appeals for the period 1<sup>st</sup> July to 30<sup>th</sup> September 2020.

Members note that there had been four individual breaches, in addition to the breach in relation to the Annual Benefits Statements, during the period which were listed in the Breaches Report at Appendix A. There had also been a cyber security incident during the period which involved the hacking of the SYPA website and creation of temporary web pages.

A full investigation was carried out by the ICT Manager and the cause identified and addressed via an upgrade and some additional security measures. It was noted that no personal data was at risk of being lost or disclosed and none of the existing SYPA website information was impacted.

Appendix B provided a summary of complaints. There had been five complaints during the Quarter, of these three were outside the control of SYPA.

Members noted that there had been five formal appeals during the period none of which had been upheld.

RESOLVED – That the Board:

- i) Note the Breaches Summary.
- ii) Note the outcomes of complaints received.

8c THE IMPACT OF REGULATORY CHANGES ON THE ADMINISTRATION SERVICE

A report was submitted to inform the Board of the forecast impacts on the Administration Service of various regulatory and other changes which were currently in progress and the steps being taken to ensure the maintenance of standards of customer service.

In planning for the resourcing levels to sustain a high quality service to members and employers, there were a number of key ‘unexpected’ developments within the LGPS which would require significant additional work to be undertaken within the service.

Members were reminded that the most significant new administrative challenge faced by LGPS funds was the forthcoming impact of the McCloud judgement.

SYPA had established a working group to plan for the anticipated workload that would impact when the remedy was finally agreed, expected to be later this year. The working group had estimated that over 40,000 records would have to be reviewed.

There was also other discrimination cases ongoing and in July 2020 the Treasury confirmed that the remedy required as a result of a Teachers Pension Scheme case would need to be applied to all public sector schemes.

With regard to GMP reconciliation, this was finally reaching Stage 3 (rectification) where the impacts would be felt directly by pensioners and beneficiaries and where the administration team would need to be involved in the recalculation of pensions.

To ensure maintenance of standards and customer service the Authority had approved the recruitment of up to three junior level Pensions Officers posts at its meeting on 30<sup>th</sup> September. The resource allocations would be kept under constant review for effectiveness. A recruitment process was already underway.

An extra section would be added to the Quarterly Administration report to inform members of progress around these areas.

Cllr Chaplin asked how the additional resources would impact on the Risk Register.

J Bailey commented that the Risk Register would be updated to reflect the impact of the McCloud judgement and if there were any concerns regarding workload these would also be reflected.

G Graham informed the Board that, at this stage, actions taken provided sufficient mitigation for what was known.

The Risk Management Framework allowed the creation of specific Risk Registers around individual projects and it would be discussed as part of the project planning as to whether a specific Risk Register would be needed around any of the projects.

RESOLVED – That the Board note the forthcoming administrative impacts that LGPS funds were facing and the steps approved by the Authority to address them.

9 FEEDBACK ON TRAINING UNDERTAKEN AND SHARING OF LEARNING

The Board was informed that this was an opportunity for members to share their experiences of any training undertaken.

A Gregory informed the Board that he had attended three one-hour Fundamentals training session the previous week which he had found useful and informative.

Members noted that there would be a seminar via Microsoft Teams on 29<sup>th</sup> October which would focus on the McCloud and Goodwin cases, the £95k cap and other administrative issues. If there were any other administrative issues that members would like covering during the session they were asked to email J Bailey within the next few days. The seminar would begin at 10am and would be recorded for later circulation.

The seminar on 12<sup>th</sup> November was specifically for Authority members and would concentrate on defining the Authority's Responsible Investment beliefs.

More generally if there were any topics members wanted covering in future session they were asked to contact G Richards. Members were also encouraged to attend external seminars which were communicated via the monthly bulletin.

The Chair queried whether the Authority would be responding to the £95k cap as it had now passed through both Houses of Parliament.

G Graham explained that this was an employer issue and the Authority would concentrate on dealing with the consequences.

10 CONSIDERATION OF ANY RECOMMENDATIONS TO BE MADE ARISING FROM THE ITEMS ON THE AGENDA

None.

CHAIR