

SOUTH YORKSHIRE PENSIONS AUTHORITY

CORPORATE PLANNING AND GOVERNANCE BOARD

23 JULY 2015

PRESENT: Councillor R Wraith (Chair)
S Ellis (Vice-Chair)
Councillors: E Butler, B Lodge, J Wood and K Wyatt

Officers: F Foster (Treasurer), A Frosdick (Monitoring Officer),
M McCarthy (Deputy Clerk), J Hattersley (Fund Director),
G Chapman (Head of Pensions Administration), B Clarkson
(Head of Finance), R Winter (Head of Internal Audit),
D Hanson (HR Business Partner) and A Shirt (Senior
Democratic Services Officer)

N Doolan (Unison), F Tyas (UCATT) and G Warwick (GMB)

R Khangura (KPMG)

Observers: G Boyington, S Carnell, J Thompson and S Ross
(Members of the South Yorkshire Local Pension Board)

Apologies for absence were received from Councillor H Mirfin-
Boukouris, J Bell and L Wild

1 WELCOME AND APOLOGIES FOR ABSENCE

The Chair welcomed Members of the South Yorkshire Local Pension Board to the meeting.

Apologies for absence were noted as above.

2 ANNOUNCEMENTS

None.

3 URGENT ITEMS.

None.

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

RESOLVED – That agenda item 23 ‘Value Added Tax’ be considered in the absence of the public and press.

5 DECLARATIONS OF INTEREST

None.

6 MINUTES OF THE MEETING HELD ON 18 JUNE 2015

RESOLVED – That the minutes of the meeting of the Board held on 18 June 2015 be agreed and signed by the Chair as a correct record.

7 WORK PROGRAMME

The Board considered its Work Programme to 24 March 2016.

RESOLVED – That the contents of the Work Programme be noted.

8 ANNUAL REVIEW OF ILL HEALTH RETIREMENTS

A report of the Head of Pensions Administration was submitted informing the Board of the number and cost of ill-health retirements during the period 1 April 2014 to 31 March 2015.

Members noted that there had been 138 referrals in 2014/15 to the Fund's Medical Advisors, compared with 133 in the previous year. 61% of referrals had met the assessment criteria, which was up from 52% in the previous year. 88% of referrals had been recommended for ill-health retirements.

Across the employers for the period 1 April 2014 to 31 March 2015 there had been a total of 39 ill-health retirements at a cost of £5,507,967, compared to the period 1 April 2013 to 31 March 2014 of 38 ill-health retirements totalling £2,682,909.

Members were informed that the cost of ill-health retirement was managed through an addition to the employers' contribution. Large employers and transferee admission bodies have an individual allowance, whilst other smaller employers participate in a group 'insurance' initiative. There was one further ill-health retirement where the employer had used up all its actuarial allowance and required a cash injection into the fund amounting to £31,285.00.

RESOLVED – That the report be noted.

9 ANNUAL REVIEW OF APPEALS

A report of the Head of Pensions Administration was submitted which provided Members with an annual review of appeals dealt with through the dispute resolution procedure and customer service complaints.

Members noted that during 2014/15 over 75,000 items of casework had been processed by the Authority, ranging from complex benefit calculations to simple data amendments. From this casework the Authority received the following appeals and complaints:-

Appeal Type	2014/15	2013/14
Stage 1 Appeal	2	2
Stage 2 Appeal	2	0
Complaints	13	8
Pensions Ombudsman	1	0

In addition to appeals against decisions made by the Authority, the Fund Director had also been required to issue stage 2 determinations regarding decisions made by other employers within the fund on 14 occasions.

Members wished to thank SYPA staff for effectively resolving a significant number of informal complaints regarding issues arising from implementing the new Pensions Administration System and for resolving these issues first time, without them escalating to the formal appeals process.

RESOLVED –

- i) That the contents of the report be noted.
- ii) That staff be complimented on their handling of informal complaints, thus limiting the number of formal ones received.

10 EMPLOYERS SLA PERFORMANCE AND OUTSTANDING WORKLOAD

A report of the Head of Pensions Administration was presented to update the Board on employers' performance and any known levels of outstanding workload during the quarter 1 April 2015 to 30 June 2015.

The Head of Pensions Administration reported that, with effect from 1st July 2015, the Authority would have a new way of recording employers' performance, which would produce reliable results without the need for any manual recording of key dates, upon which the old system relied. As part of this new methodology, the Authority had now enforced the electronic provision of member data across all of its EPIC user employers.

Members noted that the district councils' overall performance for the period with regards to retirements was 93%. District councils' overall performance regarding deaths in service was 17%. It was acknowledged that the district councils continued to struggle to meet the tight timescales for the notification of deaths.

Other employers' overall performance with regards to retirements for the period was 93%. Deaths in service were 50%.

Councillor Wraith asked for reassurances that Barnsley MBC were still on track to meet its targeted implementation date of the end of September 2015 for the automation of its processes.

F Foster confirmed that work on Barnsley MBC's automation would be complete and implemented by the end of September 2015.

RESOLVED – That Members noted the contents of the report and note the steps which are being taken to address any performance shortfall.

11 PENSIONS ADMINISTRATION UPDATE

A report of the Head of Pensions Administration was submitted to update Members on administration issues for the period 1 April 2015 to 30 June 2015.

Members noted that in terms of overall performance for the quarter, the Authority had achieved 53%. It was explained that the fall in performance had been due to the on-going implementation of the new UPM system and complications arising from LGPS 2014.

The total backlog of casework currently outstanding was 13,499 cases. 4,678 cases had commenced and were awaiting further information/decisions. A further 8,821 cases were awaiting commencement. Members noted that the target for clearing the backlog was 31st December 2015.

With regards to employers registered for EPIC, it was reported that the Authority had now placed an embargo on the submission of paper forms for any employer registered to use the EPIC system. From 1 July 2015 paper forms submitted would no longer be accepted by the Authority. 308 employers were registered to use EPIC, leaving just 15 employing organisations who were currently not registered covering just 25 active members.

Members noted that the Annual Fund Meeting had been arranged to take place at Doncaster Racecourse on 22nd October 2015.

During the period, nine employers had been admitted to the Fund and no employers had left the Fund.

In relation to staff development and training, Members were pleased to note that one member of staff had successfully passed their first exam in pursuit of the professional pensions' qualification supported by the Authority. Another member of staff had passed her final internal career grade scheme exam and had been promoted as a result.

Members asked that their congratulations be passed on to the two members of staff on their recent achievements.

Councillor Ellis commented that SYPA staff be congratulated for all their efforts during this period, given the difficulties experienced with the new Pensions Administration system.

RESOLVED –

- i) That the contents of the report be noted.
- ii) That the Head of Pensions Administration passes on the Board's congratulations to the two members' of staff on their recent examination achievements.
- iii) That SYPA staff be congratulated for all their efforts during the period.

12 CONSULTATION & COMMUNICATION POLICY

A report was submitted to obtain Members continuing approval of the Authority's current Consultation and Communication policy document and to enquire if there was any formal consultation Members would like the Authority to undertake on their behalf.

Members noted that the Policy now included live streaming of this year's Annual Fund Meeting as an additional means of communication with all Fund Members.

RESOLVED – That the amended Consultation and Communication Policy be approved.

13 THE LOCAL GOVERNMENT (AMENDMENT) REGULATIONS 2015

A report of the Head of Pensions Administration was presented to alert Members of changes to the Local Government Pension Scheme following the publication of the 2015 Amendment Regulations.

Members noted that the Local Government Pension Scheme (Amendment) Regulations were made on 17 March 2015 and had come into force on 11 April 2015.

The Regulations contained a combination of scheme changes and technical corrections; some regulations were backdated to 1 April 2014. A summary of the main changes were set out in the report.

RESOLVED – That Members noted the changes.

14 REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260)

KPMG's annual report to those charged with Governance (ISA 260) 2014/15 was presented. The report summarised the key issues identified during their audit of the Authority's financial statements for the year ending 31 March 2015 for both the Authority and its pension fund and their assessment of the Authority's arrangements to secure value for money (VfM) in its use of resources.

It was anticipated that an unqualified opinion would be issued on the financial statements by 31 July 2015.

R Khangura reported that the quality of accounts and supporting working papers provided to audit were satisfactory. Officers had dealt efficiently with audit queries and the audit process had been completed within the planned timescales. It was acknowledged that the Authority's organisational control environment was effective overall. KPMG had not identified any significant weaknesses in controls over key financial systems; however, they had made one recommendation for improvement in respect of introducing a control/check for the valuation of certain unquoted investments.

The VfM conclusion had indicated that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in the use of its resources. KPMG anticipated issuing an unqualified VfM conclusion by 31 July 2015.

R Khangura thanked officers and Members for their continuing support and co-operation throughout the audit work.

RESOLVED – That the Board notes KPMG anticipate:-

- i) Issuing an unqualified audit opinion on the Authority's 2014/15 financial statements by 31 July 2015.

- ii) Issuing an unqualified audit opinion in relation to the Fund's financial statements, as contained both in the Authority's Statement of Accounts and the Pension Fund Annual Report, by 31 July 2015.
- iii) Issuing an unqualified opinion on the VfM conclusion by 31 July 2015.

15 RISK MANAGEMENT

A report of the Clerk was submitted to review the Authority's Risk Register.

Members noted that no new risks had been added onto the Risk Register since the Board's last meeting.

Councillor Wyatt commented that the Authority's current Risk Register did not include any of the Pensions Service operational risks, for example, the new Pensions Administration System.

M McCarthy informed Members that officers were consulting with Internal Audit about revising the Risk Register's content and format. It was hoped that the review would be completed by March 2016.

RESOLVED – That Members:-

- i) Approved the Risk Register; and
- ii) Noted that a revised Risk Register format was being developed.

16 FINANCIAL CONDUCT AUTHORITY: CLIENT ASSETS REPORT

The Board considered the Clients Assets report prepared by the Authority's external auditor (KPMG) as required under Rule SUP 3.11.2 of the Financial Conduct Authority.

The report confirmed that the Authority did not hold client money or custody assets.

RESOLVED – That the report be noted.

17 STATEMENT OF ACCOUNTS 2014/15

A report of the Treasurer was submitted seeking the Board's approval of the audited Statement of Accounts for 2014/15.

The Treasurer thanked B Clarkson for producing the Statement of Accounts to a very high standard, given the difficulties with accessing financial information from the new Pensions Administration System.

RESOLVED - That the audited Statement of Accounts for 2014/15 be approved and that the Chair of the Board be authorised to sign them.

18 SOUTH YORKSHIRE PENSION FUND ANNUAL REPORT 2014-2015

A report of the Treasurer was submitted to present the draft South Yorkshire Pension Fund Annual Fund Report 2014/15 for Members' consideration.

It was noted that CIPFA had issued guidance, suggesting that it was good practice that the Annual Fund Report be formally reviewed by those charged with governance of the Fund prior to publication.

RESOLVED – That Members approve the draft Annual Fund Report submitted today for publication.

19 LETTER OF REPRESENTATION

A report of the Treasurer was submitted seeking approval of the Treasurer's formal letters to the Auditor confirming:

- i) the accuracy of the information in the final accounts for 2014/15 regarding the Authority's liabilities and any outstanding legal issues, and
- ii) the disclosure of information regarding the Authority's operations in relation to the Financial Conduct Authority (FCA) and that the Authority does not hold client money or custody assets.

It was noted that this was now part of the annual statutory audit.

RESOLVED –

- i) That Members note and approve both of the above-mentioned formal letters to the Auditor; and
- ii) That the first letter be signed by the Chair of this Board and the Treasurer.

20 EXTERNAL AUDIT ARRANGEMENTS: HOUSE OF COMMONS BRIEFING PAPER

A report of the Treasurer was presented advising Members of the external audit arrangements going forward following the demise of the Audit Commission. Members noted that the House of Commons had published a briefing guide on the subject, which was attached at Appendix A to the report for information.

RESOLVED – That Members note the report.

21 BUDGET MONITORING

A report of the Treasurer was submitted to advise Members of current expenditure levels against the approved budget up to 30 June 2015.

A summary of the major budget variances was discussed.

RESOLVED – That the report be received.

22 FINANCIAL REGULATIONS: INTERIM REVIEW

A report of the Treasurer was submitted requesting Members to consider and approve an amended version of the Authority's Financial Regulations.

Members noted that in addition to minor name changes, the Regulations had also been updated to include specific clauses governing the transfer of reserves.

RESOLVED – That Members approve the revisions to the Authority's Financial Regulations.

23 EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED – That, under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A of the Act, and the public interest not to disclose information outweighs the public interest in disclosing it.

24 VALUE ADDED TAX

A report of the Treasurer was presented advising Members that the latest VAT "health-check" had not revealed any causes for concern and that a potential tax recovery opportunity had been identified.

RESOLVED –

- i) That Members sought further information regarding the potential litigation costs that might be incurred should the claim be lost, but agreed in principle to proceed with the action as proposed, subject to receipt of a satisfactory answer to the above;
- ii) That the Chair and Vice-Chair of the Board be authorised to instruct officers to proceed if the outcome to the cost enquiry was satisfactory; and
- iii) That a further report be presented to the next meeting of the Board.

CHAIR