

SOUTH YORKSHIRE PENSIONS AUTHORITY

CORPORATE PLANNING AND GOVERNANCE BOARD

15 FEBRUARY 2018

PRESENT: Councillor R Wraith (Chair)
Councillor S Ellis (Vice-Chair)
Councillors: T Hussain, K Richardson, Z Sykes and K Wyatt

N Doolan-Hamer (Unison), D Patterson (UNITE) and
G Warwick (GMB)

Officers: G Graham (Fund Director), G Chapman (Head of
Pensions Administration), B Clarkson (Head of Finance),
M McCarthy (Deputy Clerk), G Richards (Democratic Services
Officer), I Rooth (Head of Financial Services, BMBC) and
P Rogers (Principal Auditor)

R Khangura and R Pearson (KPMG)

1 APOLOGIES

There were no apologies.

2 ANNOUNCEMENTS

M McCarthy welcomed George Graham, the newly appointed Fund Director, to the meeting.

The Board were informed that the Authority was required to appoint a Head of Paid Service in accordance with Section 4 of the Local Government and Housing Act 1989; the Authority's Constitution designated this role to the post of Fund Director. A report would be submitted to the March meeting of the Authority for approval.

The Chair informed the Board that the KPMG Annual Audit Plan would be moved up the agenda to item 8.

3 URGENT ITEMS.

None.

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

None.

5 DECLARATIONS OF INTEREST

None.

6 MINUTES OF THE MEETING HELD ON 19 OCTOBER 2017

RESOLVED: That the minutes of the meeting of the Board held on 19 October 2017 be agreed and signed by the Chair as a correct record.

7 WORK PROGRAMME

RESOLVED – That the Board’s Work Programme be noted.

8 KPMG ANNUAL AUDIT PLAN

R Khangura introduced Rachel Pearson to the Board who had replaced Lizzie Wharton.

The Board considered KPMG’s Audit Plan for 2017/18.

Members noted that the audit had two key objectives, requiring KPMG to audit/review and report on:

- Financial statements, including the Annual Governance Statement: Providing an opinion on the accounts; and
- Use of resources: concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).

The initial VfM risk assessment had been completed and had not identified any significant risks.

Risks that required specific audit attention and procedures to address the likelihood of a material financial statement error had been identified as:

- Pension Liabilities – The valuation of the Authority’s pensions liability as calculated by the Actuary.
- Valuation of hard to price investments – The Pension Fund invested in a range of assets and funds, some of which were inherently harder to value due to there being no publicly available quoted prices.

Members noted the audit fee for 2017/18 which was in line with the scale fees published by the Public Sector Audit Appointments.

RESOLVED: That the report be noted.

9 REVIEW OF PENSIONS ADMINISTRATION

The Board considered a report which gave an update on administration issues for the period 1st October 2017 to 31st December 2017.

By the end of December, 96.5% of the Annual Benefit Statements had been issued; this had now risen to 98.5%. The Pensions Regulator had been briefed as requested and had now indicated that they did not require any further information.

Performance continued to improve and was currently running at just below 90% despite the fact that the department was hit by a flu outbreak during December – this was also reflected in the sickness absence statistics.

Members noted that the failure rate improved from 18.5% last quarter to 12.5% in this quarter; it was hoped that this improvement would continue.

Following a request by a Member at the last meeting, the report now included the outstanding work within the unit – this would form the baseline to be reported on in the future.

The outstanding work was split into three categories –active cases, pending and awaiting software updates. Members were informed that:

Active cases were able to be processed.

Pending cases were unable to be processed and awaiting further information; and Awaiting software update were purposely on hold awaiting a software update which would cut the processing time from one hour per case to minutes.

Overtime was expected to continue until the end of the financial year. Other projects, such as GMP reconciliation, could necessitate further overtime later in the year.

The Board noted the work of the IT, UPM, Communications, Technical and Payroll and Administration teams and the work of the staff in the satellite offices.

There were three formal complaints during the reporting period; all were responded to in the three working days allowed for under the service standards.

RESOLVED – That the report be noted.

10 EMPLOYERS SLA PERFORMANCE AND OUTSTANDING WORKLOAD

A report was submitted to update Members on employers' performance and any known levels of outstanding workload during the quarter 1st October 2017 to 31st December 2017.

Members noted that overall performance had fallen by 4% from the last quarter. District council performance was up 9% but this was counteracted by a fall of 17% from the non-district council employers. There was no apparent reason for this fall; the poorest area was retirements which was a concern as this category impacted most on scheme members. An investigation was currently taking place and training updates would be offered to employers that needed assistance.

Sheffield's performance had increased during the period, but it was noted that there was still room for further improvement.

G Chapman reminded the Board that the implementation of monthly contribution reconciliation applied to all employers and was intended to improve overall performance.

The testing of the monthly process was going well and a number of employers were submitting test files through the new portal which could be read and uploaded. The district councils were all engaged in the project and preliminary submissions had been received; none had yet completed the full process.

Although 1st April 2018 was the formal implementation date, contribution rates would not be received until mid-May which would give some time for any remaining issues to be resolved.

The revised Administration Strategy would come into force on 15th March 2018; the Authority would be lenient with any late submissions for the first month and employers would be given assistance where required.

RESOLVED – That the report be noted.

11 CONSULTATION PROGRAMME - AFM SURVEY

A report was submitted to inform Members of the results of the survey carried out amongst the scheme members that attended the Annual Fund Meeting with a view to testing customer satisfaction.

From the 77 delegates that attended the meeting, 53 returned a completed survey.

The survey asked members to rate various elements of the meeting, such as start time, venue and speakers and presentations. Appendix 1 gave the detailed analysis of the responses and also provided individual comments received as feedback. Of the 53 members who completed the survey and had attended the AFM before, 16 said it was better and 33 said it was about the same.

Members were also asked to rate the Authority based on the overall satisfaction level of SPYA. The results were as follows:

Very Satisfied	77.36%
Satisfied	22.64%
Dissatisfied	0.00%
Very Dissatisfied	0.00%

RESOLVED – That the report be noted.

12 CONSULTATION PROGRAMME - ANNUAL PENSION FORECAST SURVEY

The Board considered a report which informed them of the results of the survey carried out amongst current scheme members who received their 2017 Annual Pension Forecast (either online or a printed postal version) with a view to testing the members overall experience.

Members were invited to complete the survey online via the website and make any suggestions on how the forecast could be improved. From over 41,000 forecasts issued only 16 members completed the survey. The analysis of the responses was attached as an Appendix to the report.

G Chapman commented that, with so few responses, the survey was not representative but all comments would be taken into account and further improvements would be looked for.

LGPS was a complicated scheme and there were statutory requirements as to what had to be included in the forecast. Every effort had been made to be as clear and concise as possible.

N Doolan-Hamer commented that she had been asked by members to explain the forecasts but also noted that most members were only interested in the forecast when they were close to retirement.

Cllr Sykes asked whether a step-by-step explanation could be made available on the website, maybe by video.

G Chapman agreed that this was a good idea and there was the facility to do that – the idea would be looked into further.

RESOLVED – That the report be noted.

13 CONSULTATION PROGRAMME - EMPLOYERS FORUM SURVEY

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

The survey was designed to gauge perceptions of the service provided by SYPA in terms of venue, directions, speakers and the subjects covered.

All delegates who attended the Forum were issued with an online survey after the event. However, employers were invited to give feedback on any area of the day in order for SYPA to improve on future Employer Forums. Disappointingly, only 16 out of 68 delegates returned a completed survey.

The analysis of the survey was carried out by the Communications and Training Team who would take on board all comments when organising future employer events.

The analysis and comments from the employers was attached as an Appendix to the report.

RESOLVED – That the report be noted.

14 RISK MANAGEMENT

The Board considered the Authority's Risk Register.

There were no additional risks reported although updates had been made where appropriate and the addition of the 'risk change' column gave a clear direction of travel indicator.

The Board noted that Risks 10 and 11 had now been dealt with and would be removed from subsequent report.

RESOLVED – That the report be noted.

15 APPOINTMENT OF EXTERNAL AUDITOR

A report was submitted to inform Members of the appointment of the external auditor from 2018/19 to 2022/23.

Members were reminded that in February 2017 the Board had agreed to opt in to the sector-led scheme for appointing auditors. The scheme was led by the Public Sector Audit Appointments (PSAA) who confirmed on 20 December 2017 that the appointed auditors for the Authority from 2018/19, for a five year period, were Deloitte LLP.

PSAA had also issued consultation on the scale of the audit fees for 2018/19 which had concluded very recently. The new scales would be published in March and it was anticipated that fees could be reduced by up to 23% as a result of the opt-in scheme, at least for the first year.

RESOLVED – That the report be noted.

16 INTERNAL AUDIT PLAN REPORT 2018/2019

Members were reminded that they had considered an Internal Audit Planning Consultation paper for 2018/19 at the last meeting of the Board and been requested to consider any areas of audit coverage for inclusion in the 2018/19 Plan.

Plan discussions with Pensions Management were still being progressed and once these meetings had been concluded, the draft Audit Plan for 2018/19 would be circulated before being brought to the next meeting of the Board for approval.

17 INTERNAL AUDIT PROGRESS REPORT

A report was submitted to inform the Board of the work completed and that in progress by the Internal Audit Team from 1 October 2017 to 31 January 2018.

It was noted that a total of 97 days of planned work had been completed, including 24 days since the last report.

Included within the planned days was time to undertake 4 formal assignments resulting in a formal internal audit report, of which 2 were complete, 1 was currently at a draft discussion stage and 1 assignment had been deferred. This was an audit of the Risk Management Framework which had been deferred due to a recent management review of the process and subsequent ongoing consolidation of procedures.

There were no new significant control or compliance issues to report.

RESOLVED – That the report be noted.

18 AGS ACTION PLAN

A report was submitted to enable the Board to consider the Annual Governance Action Plan for 2017/18.

It was noted that with regard to the implementation of the new Pensions Administration System, sufficient progress had now been made and the issue should be complete as at 31st March 2018.

With regard to the amalgamation of investment assets into the Border to Coast Pensions Partnership, the Board were informed that progress was being regularly reported to the Authority and Investment Board. Current 'go live' date remained June 2018.

The Board were informed that the transfer of the Passenger Transport Pension Fund to the Greater Manchester Pension Fund had now been completed; only minor residual issues remained.

RESOLVED – That the report be noted.

19 BUDGET MONITORING

The Board considered a report which advised of current levels of expenditure within the Authority against approved budget.

Members were aware that BMBC had other plans for the current premises and plans were being looked at to move the Authority into a different building. This would incur costs that had not been budgeted for, especially the move of IT. Any underspend in 2017/18 could be put to reserves (within pre-agreed limits) and these reserves could be used to finance the move.

There was also the potential for an increase in pooling expenses but this could carry over into the next financial year.

RESOLVED – That the report be noted.

20 ANY OTHER BUSINESS

The Chair informed Members that, although this would not be Gary Chapman's final Authority meeting, it was his final meeting of the Corporate Planning And Governance Board before his retirement. He thanked Gary for all his hard work and dedication to the Authority and his excellent support for Members and wished him a very happy retirement.

G Graham informed the Board that he would be writing to Members to inform them that Jason Bailey, from Surrey Pension Fund, had been appointed as Head of Pensions Administration with effect from May 2018.

CHAIR