

SOUTH YORKSHIRE PENSIONS AUTHORITY

CORPORATE PLANNING AND GOVERNANCE BOARD

19 JULY 2018

PRESENT: Councillor M Stowe (Chair)
Councillor S Ellis (Vice-Chair)
Councillors: A Bainbridge, S Durant, A Hurst and K Wyatt

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

Officers: G Graham (Fund Director), J Bailey (Head of
Pensions Administration), B Clarkson (Head of Finance),
N Copley (Treasurer), M McCarthy (Deputy Clerk), G Richards
(Senior Democratic Services Officer) and L Booth (Audit
Manager, BMBC)

R Khangura and R Pearson (KPMG)

Councillor A Teal and W Emery (Observers)

1 APOLOGIES

The Chair welcomed everyone to the meeting.

There were no apologies.

2 ANNOUNCEMENTS

None.

3 URGENT ITEMS.

There were no urgent items.

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 14 JUNE 2018

RESOLVED – That the minutes of the meeting of the Board held on 14 June 2018 be agreed and signed by the Chair as a correct record.

7 WORK PROGRAMME

The Board considered its Work Programme.

RESOLVED:- That the Work Programme be noted.

8 PENSIONS ADMINISTRATION

The Board considered a report which gave an update on administration issues for the period 1 April 2018 to 30 June 2018.

Members noted that the format of the administration update had been amended for the 2018-19 financial year. For reporting on the performance of the administration team the performance summary had been detailed by case type to reflect the main areas of work which were covered by the Customer Charter.

In relation to employer performance, the reporting had been updated to take account of the introduction of Monthly Data Collection (MDC).

The Board were informed that the overall performance for the period was 87%; the 2017-18 year overall performance was 82%.

The report contained a table which showed the casework areas broken down by subject type; priorities were deaths and retirements.

The table showed that the processing of deaths stood out as a concern. J Bailey reported that death cases can be complex and it was unsurprising that some had missed the target of 4 days.

Targeted action had been taken to create a priority work queue under the control of the Performance Manager. Since the introduction of this control, performance on deaths had shown a significant improvement and currently stood at 95%.

The Board were informed that the Head of Pensions Administration was currently reviewing and implementing an updated administration process for death cases to ensure the cases were being handled in the most effective manner.

Members were reminded that employers were required to meet target standards for new starters, early leavers, retirement with immediate entitlement to benefits and death in service.

However, since the introduction of MDC from 1 April 2018 the requirement to submit documentation for the first two categories had been removed in part as they were identified automatically as part of MDC collection.

Under MDC employers were required to submit monthly returns by the 19th of the month following the pay period.

Members noted that the submission rate for the new MDC process had generally been high; it was also reported that of the 42/43 returns outstanding for the first two

months, 40 of those were attributable to employers who used Capita payroll services.

Capita's poor performance had been escalated to Capita senior management and a plan of action had been agreed. As requested a separate report had been drafted for Sheffield City Council members and would be circulated upon receipt of Capita's recovery plan.

There had been a significant increase in sickness absence which had been predicted as four members of staff were on long-term sickness absence. Of the four, three had now returned to work on a full or phased basis so it was likely that Quarter 2 would show an improvement.

Members noted that there had been four formal complaints during the reporting period compared to eight in the previous quarter. All four complaints were responded to within the 3-day response time.

RESOLVED – That the report be noted.

9 ANNUAL REVIEW OF ILL HEALTH RETIREMENT AND APPEALS

The Board considered a report that gave an update on the number and cost of ill-health retirements and the number and type of appeals during the period 1 April 2017 to 31 March 2018.

Members were reminded that SYPA had a robust arrangement in place for the provision of an independent registered medical practitioners (IRMP) report prior to an employer reaching a decision on ill-health retirement; this was not universal across the LGPS.

The Board noted that there were a total of 137 cases submitted to the IRMPS in 2017-18. This was a reduction from 143 referrals in 2016-17.

Appendix A showed the number of cases split by type and showed that 91% of cases were first time assessments whilst 9% were appeals/reviews.

Appendix B showed the outcome of the assessments. Of the first time assessments, 57% of cases met the criteria. This compared with 50% in 2016-17.

Appendix C showed the tier of benefits that were recommended for ill-health benefits that were supported. 94% were awarded the highest Tier 1, this compared to the national average of 78%. Members noted that only 2% of total retirements at SYPA are ill-health compared with 3.6% nationally.

Appendix D provided an analysis of the costs falling on the pension fund (and therefore on the employer) as a result of ill-health retirements which were over and above the funding of age retirements.

In relation to appeals concerning ill-health retirements, Members noted that there had been eight during 2017-18; one of these was supported and seven were not.

In addition to ill-health appeals, there was one Stage 1 appeal and one Stage 2 appeal against SYPA during the year. The Stage 1 appeal related to the SYPA decision around the distribution of a death grant and was dismissed. The stage 2 appeal related to the incorrect payment of benefits and was also dismissed.

RESOLVED – That the report be noted.

10 BUDGET MONITORING

A report was submitted to advise Members of current expenditure levels within the Authority against the approved budget.

The Board noted that there were no unexpected major variances and that the budget was where it was expected to be for the first quarter of the year.

With regard to budgetary provision for the cost of the office move, Councillor Ellis commented that the Authority should not be out of pocket as they were acceding to a request from Barnsley MBC.

RESOLVED – That the report be noted.

11 RISK MANAGEMENT

A report was submitted to enable the Board to review the Authority's Risk Register.

The Board noted that two additional risks had been added around workforce issues and Annual Benefit Statements; commentary had been amended to several of the risks.

Members noted that a detailed review of the Risk Register was scheduled for the autumn and a workshop was planned.

RESOLVED – That the report be noted.

12 KPMG ANNUAL GOVERNANCE REPORT (ISA 260)

R Khangura presented the External Audit ISA260 report. The report summarised the key issues identified during their audit of the Authority's financial statements for the year ending 31 March 2018.

The Board were informed that it was anticipated that an unqualified opinion on the Authority's financial statements would be issued by 31 July 2018.

Cllr Ellis questioned the lateness and validity of KPMG's request to make an amendment to the accounts regarding actual fund returns to March.

R Khangura explained that the real return was higher than the Mercer's assumptions which made a difference of £108,000 which was above the materiality level of £100,000.

Officers and members expressed disappointment with the situation and questioned the reasoning behind the decision to require an amendment at such a late stage.

Cllr Ellis commented that it had marred the end of what had previously been a good relationship with KPMG.

N Copley also expressed disappointment but informed the Board that the issue was not unique to SYPA as Barnsley MBC and South Yorkshire Fire and Rescue Authority had both had the same issue raised by KPMG.

The Board were informed that KPMG had concluded that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources and anticipated issuing an unqualified value for money opinion.

KPMG had reviewed the Authority's Annual Governance Statement and confirmed that it complied with the guidance issued by CIPFA/SOLACE.

RESOLVED:- That the report be noted.

13 STATEMENT OF ACCOUNTS 2017/18

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

The Board were informed that, due to a last minute request from KPMG to make an amendment to the Authority's accounts, they were being asked to approve the accounts that had been tabled at the meeting and not those contained within the agenda pack.

Members noted that the Statement of Accounts had to be signed off by the External Auditor by 31 July 2018 to meet statutory requirements. The Auditor had completed the audit and their findings had been reported earlier in the meeting in the report to those charged with governance (ISA260) prior to giving their final opinion.

One presentational amendment had been made to the Statements as a result of the audit along with the amendment to the Actual Fund returns as requested by KPMG.

The Board noted the Summary Fund Account and Net Assets Statement at Appendix A and the Summary of Administration and Investment Management Expenses together with explanations of major variances attached at Appendix B.

RESOLVED:- That the Statement of Accounts for 2017/18, as tabled at the meeting, be approved and that the Chair of the Board be authorised to sign them.

14 LETTER OF REPRESENTATION

A report of the Treasurer was submitted to seek approval for the Treasurer's formal letter to the Auditor giving representations regarding the information in the final accounts for 2107/18, as set out in the Accounts and Audit Regulations 2015.

Members noted that as part of the external audit process the auditor was required to receive a management representation letter in respect of the audit it undertook.

The letter gave assurances on the financial statements and how they had been prepared. It also gave assurances relating to internal controls with regard to fraud or suspected fraud.

RESOLVED:- That the Treasurer's Letter of Representation is noted and confirmed and would be signed by the Chair.

15 SOUTH YORKSHIRE PENSIONS FUND ANNUAL REPORT 2017/18

A report was submitted to present the draft South Yorkshire Pensions Fund Annual Report for 2017/18 for Member's consideration.

It was noted that CIPFA had issued guidance which suggested 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 the Board approve the Annual Fund Report submitted today for publication.

CHAIR