

SOUTH YORKSHIRE PENSIONS AUTHORITY

CORPORATE PLANNING AND GOVERNANCE BOARD

14 JUNE 2018

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

N Doolan-Hamer (Unison) and G Warwick (GMB)

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

Councillor R Wraith (Observer)

Apologies for absence were received from Councillor S Durant, D Patterson, B Clarkson, A Frosdick, G Richards, R Winter, R Khangura and R Pearson

1 APOLOGIES

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.

None.

5 DECLARATIONS OF INTEREST

None.

6 MINUTES OF MEETING HELD ON 15 FEBRUARY 2018

RESOLVED – That the minutes of the meeting of the Board held on 15 February 2018 be agreed and signed by the Chair as a correct record.

7 WORK PROGRAMME

The Board considered its Work Programme to 14 February 2019.

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

8 REVIEW OF PENSIONS ADMINISTRATION

The Board considered a report which gave an update on administration issues for the period 1st January 2018 to 31st March 2018.

Members were made aware that the report presented at today’s meeting now included The Pensions Administration Report and the Employers’ Performance Report. It was noted that the Head of Pensions Administration proposed to refresh the contents of future reports presented to the Board.

Since the last report, one Pensions Officer had resigned which, together with existing vacancies, the Administration Team was currently operating with 3 FTE vacant posts. Members noted that steps were being taken to fill these vacancies.

During the period, priority performance had increased to 92%, which was the highest level for 2 years. Overall performance was 88%. It was noted that fewer cases had been processed in total compared to the previous reporting period. It was highlighted that this was not representative of a decline in performance, but due to the seasonal impact of the new school year which feeds through to the number of joiners and leavers processed in quarter 3.

Members noted that the Authority had a total of 10,044 pieces of outstanding case work categorised under ‘Active cases’ and ‘Pending’. In addition, 5395 cases were currently on hold due to the Authority awaiting a software development update which was scheduled to be released in July 2018.

In relation to employer performance against their SLAs, Members’ noted that a total of 4,533 cases had been submitted by the Fund’s employers in the reporting period. Of these, 2,440 were submitted within the SLA targets giving an overall performance figure of 53.83%.

Members were made aware that there had been a fall in the performance of Sheffield City Council from 71% last quarter to 36% in this quarter. As a result the overall performance of the four Councils had fallen from 85% last quarter to 75% this quarter.

J Bailey explained that the primary reason for the poor performance of Sheffield City Council was in relation to its poor responsiveness in terms of quantity and quality of data being received from Sheffield Schools outsourced payroll provider, Capita.

Members discussed the action which the Authority could take to address the poor performance, noting that, SYPA District staff had met with Capita to discuss the issues and problems and to assist with training and guidance where necessary, but to no impact.

Councillor Ellis requested that, for the benefit of new Sheffield City Council Members appointed to the Board, a briefing note be produced for them by the Head of Pensions Administration setting out further details of the performance of Sheffield City Council's outsourced payroll provider.

There had been eight formal complaints during the period, five of which were responded to within three working days. The other three were either one or two days over target. The majority of complaints related to delays in processing aggregations, whilst two complaints related to incorrect retirement benefit estimates.

One complaint, relating to an overstated retirement estimate, had been referred to the Pensions Ombudsman; the Authority were currently awaiting the determination. The majority of other appeals related to ill-health cases.

RESOLVED –

- i) That Members considered the contents of the report with a view to commenting on performance and indicating any areas that they may wish to receive further information on in future reports.
- ii) That the Head of Pensions Administration provides Sheffield City Council Board Members with a briefing note on the performance of Sheffield City Council's outsourced payroll provider.

9 BUDGET MONITORING

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

A summary of the major budget variances were set out in the report for Members' information.

The report highlighted that there were underspends of £143,363 when compared to the revised budget, which equated to a 1.97% saving. Full details of variations would be presented at the Authority's July 2018 Corporate Planning and Governance Board meeting.

RESOLVED – That the report be noted.

10 TREASURY MANAGEMENT: UPDATE

A report was presented to update Members on the treasury management operations of the Authority since the last report in October 2017.

Members were reminded that the Authority's Treasury Management Strategy for the financial year had been approved in March 2018.

It was noted that interest rates were still at historically low levels. The prediction of interest rates rises had slowed slightly.

Members noted that, in January 2018 the Authority had revised its counterparty limits in order for the Authority to manage effectively the substantially higher levels of cash that were being held. A list of counterparties used by the Authority over the last six months (in addition to the Authority's retained banks: Lloyds and HSBC) was attached as an appendix to the report for Members' information.

RESOLVED – That the report be noted.

11 ANNUAL GOVERNANCE STATEMENT 2017/18

A report of the Clerk was submitted to enable the Board to consider the Authority's Annual Governance Statement (AGS) for 2017/18.

The AGS was published with the annual Statement of Accounts and related to the governance framework as it applied during the year 1 April 2017 to 31 March 2018.

The draft AGS, attached at Appendix A to the report, outlined the following:-

- i. The purpose of the Governance Framework;
- ii. The Governance Framework;
- iii. The process of annually reviewing the effectiveness of the Governance and Internal Control Framework; and
- iv. Identifying development and improvement issues, arising from the annual evaluation, to be addressed during 2018-19.

Members' attention was drawn to three significant governance issues which had been included in the 2017/18 Annual Governance Statement Action Plan. It was noted that the actions taken to address these issues had, or would be reported to the Authority and the Investment and Corporate Planning and Governance Board at regular intervals throughout the year.

RESOLVED – That Members approve the Annual Governance Statement for 2017/18.

12 AUDIT COMMITTEE FUNCTION ANNUAL REPORT 2017/18

The draft Audit Committee Function Annual Report 2017/18 was submitted for approval and agreement to submit the report to the full Authority meeting on 4 October 2018.

The report covered the Board's work during the financial year 2017/18 in relation to its Audit Committee function and covered the Board's roles and responsibilities, membership, attendance and achievements.

RESOLVED – That Members:-

- i) Approved the Audit Committee Function Annual Report 2017/18; and
- ii) Agreed to submit the final report to the full Authority on 4 October 2018.

13 INTERNAL AUDIT: ANNUAL PLAN 2018/19

A report of the Head of Internal Audit was presented to inform Members of the Internal Audit Plan for 2018/19, together with a summary of audit activity in relation to the Pensions Authority/Service.

The report informed Members of the rationale and process for setting the Plan, which was based on a risk assessment process, historical data and consultation.

Members noted that a total of 228 days had been included within the Internal Audit Plan 2018/19 assigned to the Pensions Authority. This was slightly less than the number of planned days in 2017/18.

It was highlighted that, following consultation with the Pensions Management Team, three key priority areas of work (Equity Protection Scheme; Pension Fund Pooling Arrangements, and; Administering Authority for BCPP) had been identified for Internal Audit to provide the required assurances in these business areas in 2018/19.

RESOLVED –

- i) That Members agree the Internal Audit Plan 2018/19 at Appendix B to the report, and acknowledged the need for the Head of Internal Audit to exercise his professional judgement during the year to apply the Plan flexibly according to priority, risk and resources available.
- ii) That the Board receives monitoring reports from the Head of Internal Audit to demonstrate progress against the Plan including information where the Plan has materially varied from the original Plan.

14 INTERNAL AUDIT CHARTER 2018 - 2020

A report of the Head of Internal Audit and Corporate Anti-Fraud was submitted to present the Internal Audit Charter for 2018 to 2020. The update of the Charter had considered the requirements of the revised Public Sector Internal Audit Standards (PSIAS) that had become effective from 1 April 2017.

The Charter, which was complemented by regular reports and an annual report, was intended to provide the Board with assurances regarding how the Internal Audit function was resourced, managed, organised and delivered its responsibilities.

The latest review had ensured that the Charter reflected the changes within the broad client base, together with a revised structure of Internal Audit following a fundamental review through the Council's Future Council programme.

RESOLVED – That Members considered the Internal Audit Charter and were satisfied that it meets the requirements of the Public Sector Internal Audit Standards (PSIAS) and adequately represents and describes the required function to provide the Corporate Planning and Governance Board and senior management with a professional service.

15 INTERNAL AUDIT ANNUAL REPORT 2017/18

A report of the Head of Internal Audit and Corporate Anti-Fraud was submitted which reported on the Internal Audit Team's completed assignments throughout 2017/18, recommendations made and also the Head of Internal Audit's assurance opinion based on the work undertaken during the year.

Members noted that, based on the systems reviewed and reported on by Internal Audit during the year, together with management's response to issues raised, the Head of Internal Audit had given an Adequate assurance opinion.

L Booth confirmed that all audit assignments undertaken by Internal Audit during the 2017/18 financial year were now fully completed.

Councillor Ellis noted that the Audit Plan for 2017/18 contained 245 planned days of Audit work; she queried what the actual number of Audit days had been undertaken by Internal Audit in 2017/18.

L Booth replied that the original 2017/18 Audit Plan contained 245 days; with a total of 198 audit days been delivered in 2017/18. It was explained that the 2017/18 Audit Plan had also been reduced by 20 days due to management deferring audits to 2018/19. Additionally, the breadth and the outcomes of the completed reviews were sufficient to give a balanced opinion. Efficiencies had been developed within Internal Audit with regards to the coverage of Core Financial Systems.

RESOLVED – That Members considered and received the report.

16 INTERNAL AUDIT PROGRESS REPORT

A report of the Head of Internal Audit and Corporate Anti-Fraud was submitted to inform the Board of the work completed and that in progress by the Internal Audit Team from 1 February 2018 to 31 May 2018. The report also provided Members with the position with regard to the implementation of recommendations and to inform the Board about planned work and the performance of the Team.

It was noted that a total of 198 days of planned work had been completed, including 74 days since the last report to 31 March 2018, plus 27 days post 1st April 2018. In addition, 10 days of planned 2018/19 work had been delivered in line with expectations set out within the Plan profile.

Members were informed that there were no new significant control or compliance issues to bring to the Board's attention as a result of Internal Audit work completed during the period. There were also no longstanding recommendations to bring to the Board's attention.

RESOLVED – That Members considered the report.

CHAIR