

SOUTH YORKSHIRE PENSIONS AUTHORITY

PENSION BOARD

7 JUNE 2018

PRESENT: J Thompson (Employer, Action Housing) (Chair)
N Gregory (Academy Representative), N Doolan-Hamer (Unison), K Morgan (Unite), S Ross (Scheme Member) and G Warwick (GMB)

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

Apologies for absence were received from G Berrett and N Simpson

1 ELECTION OF CHAIR AND VICE CHAIR

RESOLVED – That Members:-

- i) Appointed J Thompson as Chair of the Local Pension Board.
- ii) Appointed S Ross as Vice Chair of the Local Pension Board.

2 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting and introductions were made.

Apologies for absence were noted as above.

3 DECLARATIONS OF INTEREST

None.

4 ANNOUNCEMENTS

None.

5 MINUTES OF THE MEETING HELD ON 15 MARCH 2018

L Booth requested that the minutes be amended to reflect her attendance at the last Board meeting.

M McCarthy stated that A Hunt, the Risk and Governance Manager at BMBC had considered that the Authority's public indemnity insurance, up to a figure of £2m, was sufficient.

RESOLVED – That subject to the above amendment, the minutes of the Board held on 15 March 2018 be agreed as a true record.

6 WORK PROGRAMME

The Board considered its Work Programme which provided an overview of the topics for discussion over the ensuing year.

RESOLVED – That the Work Programme be noted.

7 SY LOCAL PENSION BOARD ANNUAL REPORT 2017-2018

Members were presented with the South Yorkshire Local Pension Board's Annual Report 2017/18. Members' comments were sought on the Annual Report, prior to the document being made available on the Authority's website.

S Ross suggested that the style and format of the Annual Report should be discussed over the year.

K Morgan requested that the Annual Report be amended to indicate that he was now a Unite Trades Union representative.

RESOLVED – That:-

- i) Members' comments were sought on the Annual Report.
- ii) The Annual Report would be amended to reflect that K Morgan was now a Unite Trades Union representative.

8 INTERNAL AUDIT UPDATE

At the last Board meeting L Booth had been requested to regularly attend future meetings to provide Internal Audit progress updates. An annual Internal Audit report would be presented to the Corporate Planning and Governance Board meeting on 14 June 2018.

L Booth reported that the work in relation to the Internal Audit Plan 2017/18 was now complete, and that the 2018/19 Internal Audit Plan would commence, as agreed with officers and the Corporate Planning and Governance Board. All opinions from each Internal Audit review had been positive, and no fundamental recommendations had been made during the year. In 2016/17 a total of 28 recommendations had been made, compared to 23 recommendations in 2017/18. L Booth considered, from an Internal Audit perspective, that the Authority's direction of travel was exceptional.

The Internal Audit Plan for the Authority for 2018/19 would focus upon supporting the Border to Coast Pensions Partnership (BCPP), to include how the relationship with BCPP and the Authority was managed, together with the timescales for making proactive decisions.

J Thompson requested that update reports should be provided to future Board meetings.

RESOLVED – That Members:-

- i) Noted the update.
- ii) Noted that update reports would be provided to future Board meetings.

9 ANNUAL REVIEW OF THE CONSTITUTION AND TERMS OF REFERENCE

Members were presented with a report to review the Board's Constitution and Terms of Reference, which was reviewed annually. Several changes had been made since the Board's inaugural meeting in July 2015, which included strengthening the Terms of Reference, with the inclusion of a compliance section with the Regulations and relevant legislation, and updates to reflect the transfer of the Passenger Transport Pension Fund to the Greater Manchester Pension Fund.

The report sought Members' consideration to determine whether to increase the membership back to 12 Members, or to reduce it to 10 Members and to recruit one Scheme Member to fill the vacancy.

Members agreed to reduce the Board's membership to 10 Members, and to recruit one Scheme Member.

M McCarthy would review the Board's membership composition in relation to the appointment of the Scheme Member vacancy.

An induction session would be provided to the newly appointed Members onto the Board, and various events would be made available to all Members during the course of the year. M McCarthy referred to an opportunity to explore a number of issues around the pensions sector, which may impact upon the Authority; he would work with the Chair and Vice Chair on the matter, and report back to the Board accordingly.

S Ross suggested that a tailored approach to training would be helpful to enhance Members' understanding of the pensions sector.

M McCarthy stated that a pro-forma questionnaire would be despatched to Members to identify any individual training requirements.

The Pensions Regulator had indicated that the staffing level would significantly increase by 20%, and that training knowledge for the public sector would be focussed upon over the next 12 months to 2 years.

J Bailey highlighted the importance for Members to undertake GDPR training in relation to pensions administration. An exercise was currently underway to screen the Authority's pensions data against the deaths of Scheme Members.

J Thompson suggested that it would be useful to have a thematic approach to the Work Programme, to enable a thought process from a customer perspective and the quality of data. She suggested that the Constitution be amended to include GDPR within the Data Protection section.

G Graham stated that a review of the Authority's Constitution arrangements would be undertaken over the next 12 months, to include the Terms of Reference.

RESOLVED – That Members:-

- i) Commented and made suggestions for amendments to the Terms of Reference and Constitution.
- ii) Agreed to reduce the Board's membership to 10 Members, and to recruit one Scheme Member.
- iii) Noted that the Board's membership composition would be reviewed in relation to the appointment of the Scheme Member vacancy.
- iv) Noted that an induction session would be provided to the newly appointed Members onto the Board, and various events would be made available to all Members during the course of the year.
- v) A pro-forma questionnaire would be despatched to Members to identify any individual training requirements.
- vi) Noted that the Constitution be amended to include GDPR within the Data Protection section.
- vii) Noted that a review of the Authority's Constitution arrangements would be undertaken over the next 12 months, to include the Terms of Reference.

10 POOLING UPDATE

G Graham referred Members to the detailed pooling update report that had been presented to the Authority meeting held today, and was available on the Authority's website. A further report would be presented to the Investment Board meeting on 21 June 2018.

TUPE transfer arrangements had been agreed for six of the Authority's Investment staff to the Border to Coast Pensions Partnership (BCPP) on 2 July 2018, to transfer on their current terms and conditions, and appropriate roles had been identified. BCPP would relocate to their new offices at Toronto Square in central Leeds at the beginning of June 2018.

It had been agreed, as a result of the TUPE process, that the Authority would continue to manage the emerging market equities until September 2018, to enable BCPP to have a full staffing resource in place to manage the assets. A due diligence process was in place to determine the transfer of assets. A meeting would shortly be held with the Independent Advisors to secure sign off of the

proposal to transfer the assets, at which point G Graham would consult with the Chair and Vice Chair of the Authority.

Nominations had been sought from the Authority's Members to appoint two 'shareholder' non-executive directors to the BCPP.

G Graham referred to the Authority's in-house Investment Team, which operated differently in comparison to other pension funds and authorities in the way that independent advisors were utilised. The Authority was required to take appropriate advice in coming to decisions and the role of the advisers would develop to support this. Any unresolved matters at the point of transfer to BCPP would be reported to the Investment Board, and any significant variances would be reported to the Board, with a series of decisions published on the Authority's website.

RESOLVED – That Members noted the report.

11 ANNUAL GOVERNANCE STATEMENT

The Board considered a report on the Annual Governance Statement (AGS) that 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. In preparedness of the AGS for 2018/19, a new template would be utilised to provide a more thematic approach.

M McCarthy sought Members' comments on the AGS, to enable any amendments to be made and fed into the Corporate Planning and Governance Board meeting on 14 June 2018.

J Thompson queried whether it was appropriate for the Board to have sight of the Service's Risk Register. She requested that the confidential reporting procedures in relation to the Whistleblowing policy be presented to the next Board meeting for Members' consideration and comment.

M McCarthy stated that work was underway to merge the two risk registers.

RESOLVED – That Members:-

- i) Considered and commented on the Annual Governance Statement for 2017/18.
- ii) Noted that the confidential reporting procedures, in relation to the Whistleblowing Policy, be presented to the next Board meeting.

12 BUDGET MONITORING

Members were presented with the Board's expenditure for quarter ending 31 March 2018.

RESOLVED – That Members noted the position.

13 GDPR UPDATE

M McCarthy stated that GDPR would be addressed within the induction process for new Members and as part of the wider learning strategy.

J Bailey highlighted that the way in which the Authority held personal and sensitive data would continue to evolve. The Authority's staff had undertaken base level training on the GDPR requirements, which would continue to be enhanced. A privacy notice had been published to all Scheme Members to inform them how and why the Authority handled their personal data, together with a Memorandum of Understanding (MOU) to all employers within the Fund. Rob Winter, Head of Internal Audit and Corporate Anti-Fraud at BMBC, had agreed to act as Data Protection Officer for the Authority. Work would continue with the legal advisors to ensure that all of the data exchange was GDPR compliant.

J Thompson queried whether the Authority had cyber-crime insurance. M McCarthy would ascertain the position.

The Authority's data was backed up on a daily basis and stored off site. In the event of a fire or other incident, a contract was in place to enable the Authority to relocate from its headquarters in Barnsley to alternative premises in Wakefield.

RESOLVED – That the Members:-

- i) Noted the update.
- ii) To be informed as to whether the Authority had cyber-crime insurance.

14 BREACH REPORTING LOG

J Bailey informed Members of the requirement to incorporate data breach reporting, post GDPR.

Since the launch of the new process, a breach report had been received in relation to a Scheme Member's personal data that had been issued to another individual in error. The Authority had apologised to the Scheme Member concerned and no further issues had been raised; if the Board considered it appropriate, the matter would be reported to the Pensions Regulator.

Internal changes were currently being implemented to minimise the risk of a future occurrence. The Pensions Regulator had suggested that the Authority utilise a traffic light system to highlight the level of risk in relation to data breaches.

G Graham stated that the risk of a future data breach could be minimised further by transferring Scheme Members to electronic communication.

15 RISK REGISTER

Members considered a report to review the Authority's Risk Register. Since the Risk Register had last been presented to the Board, Risks 10 and 11 had been removed.

M McCarthy reassured Members that A Hunt would work with the Authority towards a merged Risk Register.

At the Authority meeting held today, it had been agreed to add an additional risk around workforce issues onto the Risk Register. In relation to Risk Number 07 'Failure to ensure the Authority protects the data it owns and the data it handles' the wording would be revised.

Members noted that a training session in relation to risk would be held during the course of the municipal year.

RESOLVED – That Members:-

- i) Reviewed the Risk Register.
- ii) Noted that the wording in relation to Risk Number 07 would be revised.
- iii) Noted that a training session in relation to risk would be held during the course of the municipal year.

CHAIR