

SOUTH YORKSHIRE PENSIONS AUTHORITY

CORPORATE PLANNING AND GOVERNANCE BOARD

14 FEBRUARY 2019

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

N Doolan-Hamer (Unison) and D Patterson (UNITE)

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

A Lince (Deloitte)

Apologies for absence were received from Councillor S Durant and N Copley

1 APOLOGIES

Apologies 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 THE MEETING HELD ON 18 OCTOBER 2018

RESOLVED: That the minutes of the meeting held on 18th October 2018 be agreed as a true record and signed by the Chair.

7 REVIEW OF PENSIONS ADMINISTRATION

A report was considered which updated the Board on administration issues for the period 1st October 2018 to 31st December 2018.

The Head of Pension Administration informed the Board that there had been two senior staff resignations in the period. Both posts had been replaced internally on an acting up basis pending a wider review of all administration teams.

Priority casework was up to 94% during the quarter, although overall performance had shown a slight drop to 80% due to the commencement of the aggregation project.

Members were informed that the administration team had undertaken a survey of scheme members to understand their expectation around performance. The outcome of this would be presented to the Authority in March with proposals for an updated set of performance targets for 2019/20.

The aggregation project had shown positive progress, with just over half of the 8,000 cases being completed. The project team would stay in place until the legacy cases were resolved and aggregations could be handled on a business as usual basis.

Members were informed that in conjunction with Civica, the administration teams were developing a workflow tool designed to measure the performance of all employers across all administration functions. It was hoped that this would be live for new casework from 1st April 2019.

Performance from employers on monthly Data Collection remained high with the administration team actively engaged with supporting the small number of employers (and their payroll providers) who were not meeting the monthly submission requirements.

In response to a question from a member, J Bailey reported that with regard to Capita, progress was being made, they had made up a lot of ground but there was still work to be done.

The Board were informed that there had been six formal complaints during the period. There were no recurring themes that would be a cause for concern.

RESOLVED: That the report be noted.

8 SCHEME RETURNS

A report was submitted to update Members on the results of the 2018 Benchmarking Return and the Scheme Return and Governance and Administration Survey completed for the Pensions Regulator.

Members were reminded that SYPA had participated in the LGPS Benchmarking club run by CIPFA for a number of years. The Benchmarking club was voluntary and only 33 funds had chosen to participate in the 2018 exercise; this limited the conclusions to be drawn from a national perspective.

The Authority had actively participated in recent discussions with CIPFA aimed at introducing requirements to report on administrative costs and performance in the Pension Fund Annual Report. It was hoped that in future years this would assist in providing a more detailed national picture.

With regard to cost comparisons, the report showed that the total cost per scheme member for 2018 was £18.67 compared with an average of £17.42 for the comparator group.

The report also showed that the total staff cost per member was £11.87 compared with an average of £8.98 for the comparator group. The increase in staffing costs during 2018 was understandable given the restructure of the administration department led to an increase in staff to implement monthly data collection.

The report demonstrated that SYPA had a higher proportion of longer serving and higher paid staff than the average. The Head of Pensions Administration would be seeking to realign the balance over the longer term by substituting a number of higher paid posts with less specialised entry level career graded positions.

Members were reminded that each November SYPA was required to submit an Annual Return to the Pensions Regulator which focused on standard data and, for the first time, information on the measure of data quality.

SYPA measured its common and conditional data using a combination of DART reports and existing guidance.

The 2018/19 Return was:

Common Data	96%
Conditional Data	87%

Members noted that the Regulator would be expecting a focus on continuous improvement to data quality and expected all funds to have a Data Quality Improvement Plan in place. The first iteration of the Improvement Plan had been submitted to the Local Pension Board for comment and consideration in January; a copy was provided as an appendix to the report.

The Regulator had also issued a Governance and Administration Survey which focused on areas of governance and administration which the regulator was likely to take an active interest in. SYPA responses were provided with the report.

RESOLVED: That the report be noted.

9 BUDGET MONITORING

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

Members were informed that the report had been designed to show expenditure heads in the way that they had been presented to the Authority when determining the budget in November and reporting final outturn in July. The reporting format had been changed for the budget approval process in November 2018 and the new format would be introduced in 2019/20.

The report showed expenditure to 31 December 2018 compared to the full revised budget. On current information, projecting forward to year end it was anticipated that expenditure overall would remain within the budget.

RESOLVED: That the report be noted.

10 CORPORATE PLANNING FRAMEWORK

The Board considered a report which sought to secure approval of the various documents which made up the Corporate Planning Framework for the next three years.

The Corporate Planning Framework comprised the following documents:

- The Corporate Strategy which set out the Authority's overall mission and objectives and the actions that would be taken over the next three years in order to achieve those objectives.
- The Medium Term Financial Strategy, which in addition to setting out a range of financial forecasts, also set out a framework of rules within which the Authority would determine the resources to fulfil its functions.
- The Human Resources Strategy which set out the steps to be taken to develop, recruit and retain the workforce.
- The ICT Strategy which set out how the Authority would improve the way it uses technology.
- The Equality and Diversity Scheme which set out the steps that the organisation would take in order to ensure that it meets its responsibilities under equality legislation.

The Corporate Strategy had been drawn up by the Senior Management Team following engagement with staff and elected members and limited consultation with other key stakeholders.

RESOLVED:

- i) That the Board note that the following documents constitute the Authority's Corporate Planning Framework:
 - a) The Corporate Strategy
 - b) The Medium Term Financial Strategy
 - c) The Human Resources Strategy
 - d) The Equality and Diversity Scheme
- ii) That the Board note the intention that future reporting of corporate performance should reflect the progress against the action plans within each of the documents as well as performance against specific measures and changes in identified risks.

11 EXTERNAL AUDIT PLANNING

Deloitte's External Audit Plan 2019 was presented for consideration.

The report detailed the scope of the audit, key developments, significant audit risks and other audit focus areas and set out the planned timing of the audits.

The significant risks identified included the valuation of direct property, management override of controls and the valuation of pension liability.

Members also noted the proposed fee for the audit.

RESOLVED: That the External Audit Plan and fees for 2018/19 be agreed.

12 INTERNAL AUDIT ANNUAL PLAN 2019/20

A report was submitted which presented the indicative Internal Audit Plan for 2019/20.

The Board were informed that the detailed plan had been drafted after consultation with Members and the Senior Management Team and covered the same number of planned days as the previous year.

RESOLVED:

- i) That the indicative Internal Plan for 2019/20 be approved in principle whilst acknowledging the need for the Head of Internal Audit, in consultation with the Fund Director and Treasurer, to exercise his professional judgement during the year to apply the Plan flexibly according to priority, risk and resources available.
- ii) That the Audit Committee receive quarterly 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.

13 INTERNAL AUDIT PROGRESS REPORT

A report was submitted which provided a summary of the Internal Audit activity completed and the key issues arising from it for the period 1st October 2018 to 31st January 2019.

Members noted that 42% of the planned days had been completed; the Plan was profiled more heavily to quarters 3 and 4.

The report detailed the work completed, recommendations made and the work in progress.

RESOLVED: That the report be noted.

CHAIR