

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

13 FEBRUARY 2020

PRESENT:

T Damms (Sheffield City Council), N Doolan-Hamer (Unison), R Fennessy (South Yorkshire Police), A Gregory (Scheme Member Representative), N Gregory (Academy Representative), G Warwick (GMB) and D Webster

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

C Scott (Independent Advisor to the Board)

Apologies for absence were received from Councillor T McDonald and K Morgan

1 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting. Apologies were noted as above.

M McCarthy informed the Board that this would have been the last meeting of Kev Morgan, one of the founder members of the Board. Unfortunately he was unable to attend today's meeting due to work commitments.

Kev had been an enthusiastic member of the Board with an excellent attendance record. M McCarthy would like it placed on record the Board's thanks and appreciation for all his contribution to the Board's work. A letter would be drafted to be sent in the Chair's name to relay those thanks.

2 DECLARATIONS OF INTEREST

None.

3 ANNOUNCEMENTS

None.

4 MINUTES OF THE MEETING HELD ON 11 DECEMBER 2019

With regard to the Funding Strategy Statement, G Graham confirmed that the Authority had approved this at its January meeting.

The Authority had also approved the Local Pension Board Budget for inclusion in own budget at the same meeting.

RESOLVED – That the minutes of the meeting of the Board held on 11th December 2019 be agreed as a true record.

5 UPDATE ON HYMANS WORK ON THE GOOD GOVERNANCE REVIEW

Members were reminded that the Scheme Advisory Board (SAB) had commissioned Hymans Robertson to review the effectiveness of the current governance structures within the LGPS.

Hymans had completed their research and the findings were in the process of being analysed. A final report was expected between the March Authority meeting and the June Annual meeting. Officers would determine how best to deliver this to the Board and the Authority.

SAB were currently defining the details of the requirements which would be placed on Authorities, some of which would be through legislation. It was expected any legislation would pass through Parliament early in the next calendar year.

The Chair informed the Board that at its last meeting the SAB had set up two small working parties, one to consider Hymans Robertson's recommendations and the other to look at implementation to ensure the policy would be applicable to all.

6 QUARTERLY ADMINISTRATION REPORT

A report was submitted to update the Board on administration performance and issues for the period 1st October 2019 to 31st December 2019.

Members noted that the content of the report had been updated to provide a wider view of the issues the Administration were handling.

With regard to staffing issues, the report contained details of the starters and leavers during the period.

It was noted that there were two leavers from the payroll team and a third staff member had resigned in January 2020. Because of this, the Customer Centre and the Benefits team had taken responsibility for a number of functions previously handled by the payroll team to ensure there was enough capacity within the payroll team to focus on that function. The formal review of payroll was scheduled for the summer of 2020.

The Board were informed that sickness absence during Q3 had been much higher than average. It was hoped that this had been caused by seasonal infections; officers would monitor the situation.

The Head of Pensions Administration informed the Board that the Pensions Administration restructure was now complete and there were 12 FTE vacancies which were being externally recruited.

The report detailed the case work performance and it was noted that whilst completion of priority work had remained at around 90%, overall performance had dipped during the current financial year. It was anticipated that a combination of the recruitment to vacant posts together with the application of improved automation would lead to an improvement in case work performance from the beginning of the new financial year.

The report also contained details of the cases outstanding and highlighted three key areas (deferreds, transfers in and aggregations) which would be the focus of attention once the new staff had been appointed.

The Board commented on the 3768 deferred cases which were pending awaiting information from external parties and requested a breakdown of what they represented and how the situation was being dealt with in the next report.

With regard to the additional information about reporting performance against statutory disclosure requirements, Members were informed that SYPA was currently testing some additional reporting which would provide the level of detail requested and it was hoped that this would be available for the next Board meeting.

With regard to the consultation on the proposal to switch to collecting employer contributions by direct debit, there had been 10 responses. Seven were concerned about the tight deadline to submit monthly returns, two employers were against the switch but gave no reason for this and one requested more engagement around how the arrangements would work.

J Bailey informed the Board that the deadline for submissions had originally been set at the 5th of each month, but there was flexibility in this and could be revised to the 9th or 10th of the month.

The Board felt that they could support the switch to collecting employer contributions by direct debit as long as flexibility was incorporated within the process.

The Authority had continued to survey members who had recently retired to understand their experiences and the report contained details of the results for October, November and December 2019.

The quality of documentation issued to members at retirement was also being reviewed to simplify the language and presentation of information. The Head of Pensions Administration thanked Andrew Gregory for his assistance with this review.

Members noted that the number of members registering to use the online portal continued to increase but still remained a relatively low proportion of overall membership. The campaign to encourage members to register would continue.

RESOLVED:

- (i) That the report be noted.
- (ii) That additional information regarding the outstanding deferred cases be included in the next Administration Update.
- (iii) That the Board support the switch to collecting employer contributions by direct debit providing flexibility was incorporated within the process.

7 REVIEW OF BREACHES, COMPLAINTS AND APPEALS

The Board considered the review of breaches, complaints and appeals for the period 1st October 2019 to 31st December 2019.

It was noted that there had been two breaches during the period, a reduction from the previous quarter. It was thought that the switch to hybrid mail had reduced the potential for errors. Both breaches had been dealt with and the issues addressed with the staff members.

During the period there had been eight complaints, four of which were out of SYPA'S control. Details of all complaints and actions taken were contained within the report.

There had been one formal Stage 1 appeal under the Internal Disputes Resolution Procedure. This appeal had not been upheld and would now progress to Stage 2 of the procedure.

RESOLVED – That the report be noted.

8 ACCOUNTABILITY ARRANGEMENTS IN THE CONTEXT OF INVESTMENT POOLING

The Fund Director presented a report which had been requested by the Board to explain the arrangements for accountability in relation to Border to Coast as the operating company for the LGPS pool in which the Authority participated.

The report set out in simple terms how SYPA and Border to Coast relate to each other.

At different times SYPA fulfilled each of the following roles in relation to Border to Coast:

- An investor in regulated products.
- A limited partner within un-regulated products.
- A shareholder, which gives the Authority a vote in key decisions such as the approval of the Company's budget and strategic plan.

Members were informed that Border to Coast had produced a Governance Charter (attached as an appendix to the report) which set out the roles of different players in the overall governance and oversight of the partnership. The Charter was subject to annual review and approval by the Joint Committee – this emphasised

that Border to Coast was ultimately the expression of the wishes of the 12 Partner Funds.

A diagram within the report set out the differing roles that the Company/Partnership played in relation to SYPA. It was explained that there was no fundamental conflict between the roles but because Border to Coast was fulfilling all those roles it created specific risks for the Authority.

SYPA's Risk Register took account of these risks and mitigations were in place to reduce them where possible.

Regular performance reports were considered by the Authority and the Annual Performance report would be submitted to the September meeting of the Authority.

With regard to the Board's role in arrangements for holding Border to Coast to account, it was noted that as the Board's role was focused on governance and compliance rather than actual decision making any role would be indirect. The report listed areas where the Board would wish to be assured that the Authority had effective processes and controls in place.

RESOLVED – That the report be noted.

9 CONSULTATION AND COMMUNICATIONS STRATEGY

The Head of Pensions Administration presented a report which provided the Board with the opportunity to comment on the updated Consultation and Communication Strategy.

Members were informed that Regulation 61 of the LGPS Regulation 2013 (as amended) set out that an administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with members and their representatives, prospective members and scheme employers.

SYPA met these requirements through the Consultation and Communication Strategy which was first published in 2009 and was reviewed periodically.

The Strategy had been updated to reflect the move towards digital communications and interactions with members as well as to recognise the creation of the Customer Centre. The strategy was included at Appendix A to the report.

Members noted that the Strategy had been issued to employers and around 200 scheme members who made up the Focus Group for comments. No responses had been received from employers to date and the comments made by members of the Focus Group were included within the report.

It was agreed that Board members would be included in future Focus Group correspondence.

RESOLVED – That the report be noted.

10 DRAFT SOUTH YORKSHIRE LOCAL PENSION BOARD ANNUAL REPORT 2019/20

The Board were presented with the draft South Yorkshire Local Pension Board's Annual Report for 2019/20.

M McCarthy informed the Board that its Terms of Reference included the requirement to produce an Annual Report on the Board's activities during the year, this also included attendance statistics and training undertaken.

N Doolan-Hamer queried whether the reasons for significant non-attendance had been taken up with the appointing authority.

G Graham informed the Board that officers would look at including minimum attendance requirements during the next update of the Board's Constitution.

Slight amendments were suggested to the training records and C Scott suggested that future annual reports could also capture self-learning such as completion of the Pensions Regulator's Trustee Toolkit or the use of material in the Board's online reading room.

The Board noted that the attendance and budget sections would be updated to reflect attendance at today's meeting at the end of the financial year before the Annual Report was submitted to the Authority and published on the website and referenced in the Authority's Annual Report and accounts.

RESOLVED – That the Board:

- (i) Approve the Annual Report subject to the changes suggested to the training records.
- (ii) Authorise officers to finalise the report for publication, including full-year information, in consultation with the Chair and the Board's Independent Advisor.

11 ANY OTHER BUSINESS

R Fennessy informed the Board that the SYP's Head of Finance may replace him on the Board whilst he was on a temporary secondment to another position.

C Scott commented that she would be in touch with Board members to work together on the Work Programme and Training Plan.

CHAIR