

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

23 JULY 2020

PRESENT:

M Chaplin (Sheffield City Council), N Doolan-Hamer (Unison), R Fennessy (South Yorkshire Police), A Gregory (Scheme Member Representative), N Gregory (Academy Representative), S Loach (Barnsley MBC), G Warwick (GMB) and D Webster (Scheme Member Representative)

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

C Scott (Independent Advisor to the Board)

I Colvin (Hymans Robertson)

Apologies for absence were received from D Gawthorpe and Councillor T McDonald

1 **ELECTION OF THE CHAIR OF THE LOCAL PENSION BOARD**

M McCarthy asked for nominations for the position of Chair of the Board.

N Doolan-Hamer nominated G Warwick. This was seconded by N Gregory.

RESOLVED – That G Warwick be appointed as Chair of the Board for the ensuing year.

2 **ELECTION OF VICE-CHAIR OF THE LOCAL PENSION BOARD**

M McCarthy asked for nominations for the position of Vice-Chair of the Board.

N Gregory nominated R Fennessy. This was seconded by N Doolan-Hamer.

RESOLVED – That R Fennessy be elected as Vice-Chair of the Board for the ensuing year.

3 **WELCOME AND APOLOGIES**

In the temporary absence of the Chair, due to technical difficulties, R Fennessy took the Chair and welcomed everyone to the meeting.

Apologies were noted as above.

4 DECLARATIONS OF INTEREST

None.

5 ANNOUNCEMENTS

G Graham informed the Board that the government had announced a remedy for the McCloud case.

There would also be changes to the survivor benefits for widowers, the benefits would be brought in line with widows for opposite sex married couples. It was not clear how many this would affect and could involve having to trace survivors of female scheme members who had died.

It had also been announced that the £95k cap on exit payments was to be implemented, it was not yet clear how this would work in the LGPS.

J Bailey commented that the government had now issued enough information to start preparing for McCloud and an internal working group of managers had been set up to start preparations for implementing the McCloud judgement.

6 MINUTES OF THE MEETING HELD ON 13 FEBRUARY 2020

RESOLVED – That the minutes of the meeting of the Board held on 13th February 2020 be agreed as a true record.

7 MEMBERSHIP OF THE LOCAL PENSION BOARD

A report was submitted which updated the membership of the Board

Members were informed that following the resignation of Cllr Tony Damms and the early retirement of Kevin Morgan, Sheffield CC had appointed Cllr Mike Chaplin and Unite had appointed Danny Gawthorpe to the Board.

The Board welcomed Cllr Chaplin to his first meeting.

RESOLVED – That the report be noted.

8 LOCAL PENSION BOARD WORK PROGRAMME

The Board considered a proposed Work Programme for the year which aimed to provide additional clarity for members around future agendas for the Board. The Work Programme set out items which would be considered at every meeting and those that would be considered less frequently and had been constructed with reference to the Pensions Regulator's guidance and expectance.

RESOLVED – That the Work Programme be approved.

9 LOCAL PENSION BOARD CONSTITUTION

A report was submitted which sought approval for revisions to the Board's Constitution which was attached as an Appendix to the report.

Members were informed that there was one proposed change which was to include a provision (at 5.6) to allow for the automatic removal of a member for non-attendance for a period of 6 months, subject to a dispensation being agreed by a meeting of the full Board (for example in the case of a long term illness). This was in line with the Authority's Constitution.

It was confirmed that, if approved, the revised Constitution would take effect from the date of approval.

G Warwick suggested that the rule stating that members could only serve two terms of three years should be amended to three terms of three years. The change to the maximum tenure would not be out of line with corporate governance best practice and would provide more stability and consistency for the Board.

G Graham commented that this was a matter for the Board to decide but any change would need to go to the Authority for approval.

It was agreed that a paper would be drafted considering the options and circulated to Board members for comments.

RESOLVED – That the Board approve the revised Constitution.

10 QUARTERLY ADMINISTRATION UPDATE

A report was considered which updated the Board on administration performance and issues for the period 1st January 2020 to 30th June 2020.

J Bailey informed the Board that the vacant Pensions Officer posts and Customer Services officers had been appointed during the period. Unfortunately the appointments had been made three days before lockdown and had resulted in significant challenges in terms of being able to train and support the new staff.

A Support and Engagement Manager had also been appointed and would attend a future meeting of the Board to update members on engagement with employers.

It was noted that there had been a significant reduction in short and long term sickness during lockdown.

The Board was informed that, with regard to casework, there had been an impact on productivity during the period; technical work took longer when working remotely and staff not being able to engage with colleagues as easily.

Instant messaging and video calls had been utilised to assist with this but was no substitute for face-to-face engagement. It was hoped to get some staff back in the office in the near future.

With regard to reporting performance against statutory disclosure requirements as requested by the Board, J Bailey commented that this had been more difficult than anticipated. The newly appointed Benefits Team Manager who commenced work on 1st July 2020 had been assigned the task as a priority development and it was expected that data on the reporting against statutory disclosures would be presented at the Board's October meeting.

It was noted that the majority of employers had continued to provide monthly data returns despite the difficult circumstances. A table within the report showed the current position of monthly returns received in respect of the last six months and included an additional column that showed the number of scheme members affected.

Members were informed that a new monitoring tool had been in operation with employers whereby individual queries from SYPA were issued to employers through the employer portal. Feedback had been received from employers which suggested that some further development work was required. The newly appointed Support and Engagement Manager had been tasked with developing formal engagement and escalation approach. Appendix A showed the current status of the queries being reported from the new monitoring tool.

C Scott queried whether external influences had affected the issue of the Annual Benefit Statements.

J Bailey commented that it had been hoped to commence the production process in May but in fact had started earlier this month, three quarters of deferred member statements had been issued and active member statements had just commenced. He was confident that all statements would be issued in time to meet the deadline. The plan for next year's exercise would be shared with the Board.

The Board were reminded that SYPA was moving to the collection of contributions via Direct Debit from 1st April 2020. Whilst recognising the difficulty that some employers may have completing the Direct Debit mandates during lockdown, the decision had been made to proceed with implementation. A table within the report showed the number of employers who were now paying by Direct Debit.

With regard to the exercise to encourage all scheme members to sign up to use the online portal, Appendix B showed the numbers of scheme members who had registered to use the portal since January 2019. The increase in numbers had slowed down over the last six months, but it was thought that the issue of online Annual Benefit Statements may lead to an increase in numbers of registrations.

R Fennessy queried whether there was a plan to encourage members who were reluctant to engage.

J Bailey replied that the portal was being developed further to offer more functionality and move more of communications for new members to the portal. More targeted communications would be issued during the next 12 months.

C Scott commented that employers should have a role in communications drive. SYPA could help with this by providing employers with more information to use.

S Loach commented that as everyone was working at home during lockdown most communications were being done by email and perhaps SYPA could tap into that. BMBC as an employer were actively encouraging staff to use online methods where possible, he would be happy to contact colleagues in the Communications Department to promote use of the portal.

R Fennessy thanked J Bailey for a very comprehensive, relevant report which was a useful source of information.

RESOLVED – That the report be noted.

11 REVIEW OF BREACHES, COMPLAINTS AND APPEALS

A report was submitted to update the Board on the latest record of reported breaches and details of complaints and appeals for the period 1st January 2020 to 30th June 2020. The Board also considered the Cyber Security Incident Management Policy.

J Bailey informed the Board that the Authority's main website had recently been hacked. No personal details had been lost and there had only been temporary disruption. There would be an investigation and a report on how the incident had come about.

Members noted there had been six breaches during the period and two cyber security incidents, details of which were attached at Appendix A.

Appendix C gave details of complaints received during the period. The complaints were broadly the same as in previous periods and were mostly out of the Authority's control.

As there were no face-to-face appointments available until next year, N Gregory asked what was available in their place.

J Bailey replied that there was telephone calls, emails, an online chat service and appointments could be booked for video meetings.

Appendix B provided a copy of the draft Cyber Security Incident Management Policy which set out the internal process for reporting incidents and the actions SYPA would take in response.

In answer to a question from C Scott, J Bailey confirmed that internal audit had seen the policy. The Authority had Cyber Essentials+ accreditation and also been independently assessed by an external provider.

RESOLVED – That the Board:

- i) Note the breaches summary.

- ii) Note the draft Cyber Security Incident Management Policy.
- iii) Note the outcome of the complaints received.

12 GOVERNANCE REVIEW

The Board considered the findings of the Governance Review undertaken by Hymans Robertson.

I Colvin thanked everyone who had assisted with the review for their time.

The review had found that SYPA were well governed in all aspects of governance and the Committees and Board were engaged and clear on their roles.

Leadership was strong, and the Director of the Fund had a clear vision of how the organisation should be run in order to be ready for the challenges of the future.

There was pride within the Authority about the culture and history of the organisation but there was also a recognition that as the LGPS changed the organisation would also need to adapt, while staying true to its ultimate objective of delivering a first class LGPS service to its members.

The review suggested 5 recommendations to improve on already strong governance. These were:

1. The Authority should consider adopting a funding objective.
2. The Authority should consider reviewing its LGPS employer discretion policy to include all areas over which it had discretion.
3. Review the arrangements whereby the roles of Clerk, Monitoring Officer and s73 Officer are filled to ensure that the Authority had access to the expert advice and support that it required.
4. Amend the Local Pension Board Constitution to require that a member of the Local Pension Board may not also be an observer at meetings or sub-committees of the Authority. This would have the effect of requiring a new observer to attend Authority meetings.
5. The Learning and Development Policy be extended to cover all those who attend Pension Committee and Board.

G Graham asked the Board for any comments or specific recommendations to the Authority. He also pointed out that the observers referred to in recommendation 4 related to the Trades Union representatives that attended meetings as observers. Recommendation 3 would be discussed with Barnsley MBC colleagues.

G Warwick commented that he disagreed with recommendation 4. He believed there was no conflict of interest as they were there in a non-voting capacity. He

would bring the matter up at the next Scheme Advisory Board meeting to seek their views.

The Deputy Clerk commented that with regard to recommendation 3, this would also have to be discussed with the South Yorkshire Leaders.

C Scott thought that the recommendation around training was positive but there would be an extra onus on the Board and they would need support and to receive the necessary resources from the Authority. The Board also needed to reflect on their position regarding recommendation 4. C Scott also advised the Board that the governance arrangements should withstand individuals who act without integrity.

Several members of the Board felt that they didn't have enough knowledge to form an opinion on recommendation 4.

The Deputy Clerk suggested that the matter could be discussed at the Authority when the Board's minutes were submitted to the next meeting.

G Warwick stated that even if the Board could not form a view on the matter, the Trades Union representatives strongly disagreed with recommendation 4. N Doolan-Hamer agreed with this. It was not known what Unite's position was in regard to this matter.

The Chair thanked I Colvin for a very positive report.

RESOLVED – That the contents of the Governance Review are noted.

13 TPR CODE OF PRACTICE 14

A report was submitted to update members on current levels of compliance with the TPR Code of Practice 14 and the intended next steps.

Members were reminded that The Pensions Regulator (TPR) was required to issue one or more codes of practice covering specific matters relating to public service schemes.

TPR had indicated that the code of practice 14 was directed particularly at scheme managers and members of pension boards. A copy of the code of practice had been placed in the SYPA Reading Room. The document itself covered the following four main areas:

- Governing the Scheme
- Managing Risks
- Administration
- Resolving Issues

Appendix A to the report had been constructed by extracting individual subject areas of the code of practice and providing commentary on existing SYPA compliance for the subject areas.

The Appendix also included a proposed set of actions to either ensure compliance with the code of practice or to further develop improved governance and administration.

The proposal was to create a more detailed Action Plan from the proposed actions which could then be shared routinely with the Board. This would provide assurance that the main areas of best practice detailed within the code of practice were being complied with.

RESOLVED – That the proposal to create an Action Plan for future monitoring is noted.

14 RISK MANAGEMENT

A report was submitted to allow members of the Board to consider the Corporate Risk Register.

The Risk Register, which was attached as an appendix to the report, was reviewed monthly by the Senior Management Team and adjusted in the light of experience. In addition a separate risk register related to the Covid 19 situation had been created, this was elsewhere on the agenda.

The Board noted that the impact of climate change was considered to be the biggest single risk to the Authority's investments.

The Board discussed the different perceptions of this risk and the ways of mitigating it, work was ongoing to reduce carbon exposure in various investment portfolios.

RESOLVED – That the Corporate Risk Register be noted.

15 VALUATION 2019 - REVIEW OF OUTCOMES

A report was submitted to update the Board on the final outcomes of the 2019 valuation process.

This item was taken as read and the Board were asked to feedback any concerns or questions outside of the meeting.

RESOLVED – That the Board note the completion of the valuation process and the range of outcomes that apply to both individual employers and to groups of employers in the Fund.

16 THE PENSIONS AUTHORITY AND THE COVID 19 PANDEMIC

The Board considered a report which gave an update on the impact of the Covid 19 pandemic on the Authority's operations.

This item was taken as read and the Board were asked to feedback any concerns or questions outside of the meeting.

RESOLVED – That the Board note the contents of the report and the actions taken to protect the Authority’s services and staff in response to the Covid 19 pandemic.

17 FEEDBACK ON MEMBER TRAINING

Members gave feedback on training events they had attended.

Several members had attended various CIPFA/Barnett Waddingham events and all gave positive feedback.

Details had recently been circulated of future events and members were asked to contact Gill Richards to book places on any of these events.

C Scott suggested moving the next meeting of the Board to after the next meeting of the Audit Committee as the approval of the accounts had been delayed.

R Fennessy commented that he had found observing the Audit Committee earlier in the day very useful and suggested attending the Audit Committee meeting in the morning and the Local Pension Board meeting in the afternoon.

G Warwick thanked R Fennessy for chairing the meeting at such short notice, commenting that the meeting had been very well managed.

CHAIR